
To: Lynda Hikichi and Tina Fung, Los Angeles County Department of Regional Planning

From: HR&A Advisors, Inc.

Date: June 13, 2023

Re: Analysis of Financially Feasible Inclusionary Requirements for Housing Prototypes in Unincorporated Areas

INTRODUCTION

This memorandum summarizes HR&A Advisors, Inc.'s ("HR&A") approach, methodology and findings related to financial feasibility testing of prototypical multifamily rental, condominium ("condo"), and single-family subdivision projects in unincorporated Los Angeles County (the "County") to determine justifiable updates to the County's Inclusionary Housing Ordinance ("IHO"). This memorandum includes HR&A's preliminary recommendations for the maximum supportable affordable housing percentage that could be required in each of six previously designated submarkets. This work builds on previous HR&A analysis used by County staff and the County Board of Supervisors to set the current IHO requirements in the unincorporated areas. Previously HR&A only tested the feasibility for multifamily rental apartments, whereas in this analysis we also tested for-sale condos and single-family home subdivision prototypes.

HR&A analysis in 2020 found that inclusionary requirements were not feasible in three submarkets. In 2022 HR&A conducted a supplemental study of changes in real estate market conditions, concluding that rent increases in certain submarkets indicated that further IHO feasibility study was warranted, to modify affordable set-aside percentages to add new IHO requirements in more submarkets. This analysis presents an updated study of these issues, utilizing even more current market data to analyze the minimum supportable affordable set-aside percentages for multifamily, condo and single-family subdivisions at a range of affordability levels in all six County submarkets.

The Findings and Recommendations section of the report also includes considerations around the following topics, in response to the August 4 and November 10, 2022 Board Motions: 1) off-site construction of affordable units; 2) requirements to achieve deeper affordability for rental and home ownership projects; 3) substantial renovation projects; and 4) replacement units.

EXECUTIVE SUMMARY

Based on updated real estate market data and assumptions, and using the same financial feasibility modeling approach used to support enactment of the County's Inclusionary Housing Ordinance, HR&A's analysis finds that:

- Affordable set-aside percentages for multifamily rental projects are only supportable in the Coastal South LA, San Gabriel Valley, Santa Clarita Valley, and East LA submarkets. Market

conditions in the Antelope Valley and South LA submarkets cannot support inclusion of affordable units even with a density bonus at this time. HR&A's 2020 analysis concluded that East LA could not support affordable set-aside percentages, but this analysis concludes that East LA can now support 10 to 20 percent affordable units at a range of Area Median Incomes ("AMI").

- Condominium projects with a 35 percent density bonus, which HR&A did not analyze in 2020, can accommodate affordable set-aside percentages, except in South LA.
- Single family subdivisions, which HR&A also did not analyze previously, can accommodate 15 to 20 percent low- and moderate-income affordable set-aside units in the Santa Clarita Valley and San Gabriel Valley, and up to 25 percent affordable units at 135 percent AMI.

The basis for these conclusions is discussed below. A series of Appendices provide further details on updated real estate market conditions, and financial feasibility modeling results.

METHODOLOGY AND ASSUMPTIONS

HR&A evaluated the financial feasibility of residential development prototypes within six submarkets of unincorporated Los Angeles County, as depicted in Appendix A to this memorandum. The submarkets include: 1) the Antelope Valley; 2) Coastal South LA; 3) East LA /Gateway ("East LA"); 4) San Gabriel Valley; 5) Santa Clarita Valley; and 6) South LA. For each development prototype in each submarket, we first tested the financial feasibility of 100 percent market rate prototypes (i.e., with no density bonus) to benchmark how market conditions have changed since the IHO was enacted. We then tested the feasibility of development prototypes with affordable units and a 35 percent density bonus to evaluate the degree to which IHO changes can be justified based on financial feasibility.

Residential Development Prototype Assumptions

HR&A defined the multifamily residential (rental and condo) prototypes based on a review of representative, recently developed or planned projects derived from Department of Regional Planning data. Recently developed multifamily rental and condo projects are, on average, approximately 20 units across the unincorporated areas. Each prototype includes assumptions for land area, gross building area, rentable area, residential unit size and mixes, and the number and location (i.e., surface or structured) of parking and bicycle spaces. These assumptions varied by submarket. Both a **base case** and a **"bonus density"** prototype (which includes 35 percent more units and a commensurate increase in overall building area) were specified for each submarket. The multifamily rental prototypes are summarized in Tables 1 and 2.

Table 1: Base Case Multifamily Rental Prototypes

	Antelope Valley	Coastal South LA	East LA / Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Land Area (SF ¹)	65,340	21,780	36,300	36,300	65,340	21,780
Gross Building Area (GSF)	19,800	20,270	18,560	23,980	19,470	18,920
Rentable Area (NSF)	18,000	18,430	16,880	21,800	17,700	17,200
Unit Mix						
Studio	0	3	0	0	0	0
1 BR	0	3	7	0	7	8
2 BR	20	14	13	11	10	8
3 BR	0	0	0	9	3	4
Total Units	20	20	20	20	20	20
Avg Unit Size (SF)						
Studio		625				
1 BR		850	600		700	750
2 BR	900	1,000	975	1,000	950	900
3 BR				1,200	1,100	1,000
Parking						
Structured Spaces	0	42	42	45	0	41
Surface Spaces	45	0	0	0	42	0
Bicycle Space Equivalent	1	1	1	1	1	1
Total Parking Spaces	46	43	43	46	43	42

¹ Square Feet

Table 2: Bonus Density Multifamily Rental Prototypes

	Antelope Valley	Coastal South LA	East LA / Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Land Area (SF)	65,340	21,780	36,300	36,300	65,340	21,780
Gross Building Area (GSF)	28,890	29,570	27,080	34,990	28,410	27,606
Rentable Area (NSF)	24,300	24,870	22,780	29,430	23,895	23,220
Unit Mix						
Studio	0	5	0	0	0	0
1 BR	0	5	10	0	9	10
2 BR	27	17	17	14	13	11
3 BR	0	0	0	13	5	6
Total Units	27	27	27	27	27	27
Avg Unit Size (SF)						
Studio		625				
1 BR		850	600		700	750
2 BR	900	1,000	975	1,000	950	900
3 BR				1,200	1,100	1,000
Parking						
Structured Spaces	0	44	44	54	0	44
Surface Spaces	54	0	0	0	45	0
Bicycle Space Equivalent	2	2	2	2	2	2
Total Parking Spaces	56	46	46	56	47	46

HR&A also created a base and density bonus prototype for condos across all submarkets based on representative projects, as shown in Tables 3 and 4.

Table 3: Base Case For-Sale Condo Prototypes

	Antelope Valley	Coastal South LA	East LA / Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Land Area (SF)	40,000	40,000	40,000	40,000	40,000	40,000
Gross Building Area (GSF)	34,740	31,360	33,440	37,570	34,740	40,000
Total Sellable Area (SF)	31,260	28,220	30,100	33,820	31,260	36,000
Unit Mix						
1 BR	0	0	0	0	0	0
2 BR	0	0	0	0	0	0
3 BR	20	20	20	0	0	20
4 BR	0	0	0	20	20	0
Total Units	20	20	20	20	20	20
Avg Unit Size (SF)						
1 BR	0	0	0	0	0	0
2 BR	1,320	0	0	1,940	830	860
3 BR	1,940	2,130	1,560	2,040	2,030	1,350
4 BR	2,490	2,400	2,110	2,680	2,670	1,660
Parking						
Surface Spaces	43	43	43	43	43	43
Total Parking Spaces	43	43	43	43	43	43

Table 4: Bonus Density For-Sale Condo Prototypes

	Antelope Valley	Coastal South LA	East LA / Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Land Area (SF)	40,000	40,000	40,000	40,000	40,000	40,000
Gross Building Area (GSF)	46,890	42,330	45,140	50,730	46,900	54,000
Total Sellable Area (SF)	42,210	38,100	40,630	45,650	42,210	48,000
Unit Mix						
1 BR	0	0	0	0	0	0
2 BR	0	0	0	0	0	0
3 BR	27	27	27	0	0	27
4 BR	0	0	0	27	27	0
Total Units	27	27	27	27	27	27
Avg Unit Size (SF)						
1 BR	0	0	0	0	0	0
2 BR	1,320	0	0	1,940	830	860
3 BR	1,940	2,130	1,560	2,040	2,030	1,350
4 BR	2,490	2,400	2,110	2,680	2,670	1,660
Parking						
Structured Spaces	0	44	44	54	0	44
Surface Spaces	54	0	0	0	45	-
Bicycle Space Equivalent	2	2	2	2	2	2
Total Parking Spaces	56	46	46	56	47	46

Finally, HR&A created single-family home subdivision prototypes for each submarket. The scale of subdivision prototypes was determined based on recently approved permits in the unincorporated area. Single-family home subdivision prototypes in the Antelope Valley and Santa Clarita Valley are much larger (approximately 50 homes) compared to smaller (approximately 20 homes) projects in the other submarkets. HR&A tested a scenario with a set-aside percentage of affordable single-family homes within the same prototype; this scenario does not include a 35 percent density bonus as subdivision developers do not typically benefit from density or height increases in the same way a multifamily developer would.

Table 5: For-Sale Single-Family Home Subdivisions

	Antelope Valley	Coastal South LA	East LA / Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Land Area (SF)	250,000	100,000	100,000	100,000	250,000	100,000
Gross Building Area (GSF)	45,680	44,460	40,450	54,820	50,880	30,590
Unit Mix						
3 BR	50	20	20	0	0	20
4 BR	0	0	0	20	50	0
Total Units	50	20	20	20	50	20
Avg Unit Size (SF)						
3 BR	1,940	2,130	1,560			1,340
4 BR				2,670	2,680	
Parking						
Surface Spaces	100	40	40	40	100	40
Total Parking Spaces	100	40	40	40	100	40

Real Estate Market Assumptions

Apartment rents have increased substantially in the East LA and Antelope Valley submarkets since 2019, and condo sale prices have increased at even greater rates in the South LA and Antelope Valley submarkets. Construction costs have also grown substantially in all submarkets, outpacing rental rate growth.

To test the impacts of changed market conditions on the financial feasibility of affordable set-aside percentages, HR&A developed financial feasibility pro forma models which account for each prototype's development costs, land acquisition costs, rental revenues, and rental annual operating costs, and solves for the return on investment to a real estate developer. The inputs to the models use updated rental market assumptions specific to each submarket. This included, for example, using comparable projects in each submarket to estimate per-square foot residential rental rates, land costs, and income capitalization ("cap") rates.

For this analysis we conducted new market research for both single-family home subdivisions and condo assumptions. Average unit sizes and sale prices are based on Zillow and Redfin data for comparable properties sold within the last two years and built within the last decade.

These updated assumptions are included in the Appendix A: Market Data.

Submarket Variation in Rents: As shown in Appendix A, rents vary widely across the County's six submarkets. Relatively low rents in South Los Angeles currently do not justify ground-up market-rate or mixed-income development. In some cases, deed-restricted moderate-income rents are similar or higher (particularly for the Antelope Valley and South Los Angeles) than market-rate rents. Given the

tight margins on Antelope Valley development, affordable set-aside units are not supportable in this submarket. Based on a lack of new multifamily rental projects in the Antelope Valley we can infer that developers do not find this type of development feasible. Most rental projects in South LA are deed-restricted affordable, not market rate, due to challenges in financial feasibility for market rate projects. These differences in market conditions across submarkets may make it challenging to develop consistent County-wide affordable housing percentage requirements.

Construction Costs: While rents have increased in recent years across the County, they have not kept pace with rising construction costs. Following supply chain disruptions, construction labor availability limitations, and other COVID-19 pandemic disruptions in 2020 and 2021, overall construction costs increased by 30 percent in a very short amount of time. Costs have slowly started to settle but remain higher than pre-pandemic norms, creating upward pressure on rents for new housing to justify development. These construction cost inflation factors may moderate over time if general economic conditions improve.

FINANCIAL FEASIBILITY ANALYSIS APPROACH

As with HR&A's previous analysis, we used a stabilized year pro forma approach to evaluate financial feasibility. For rental prototypes, the model calculations estimate the "capitalized value" (the estimated price an investor would pay for a completed project, based on its projected net operating income). For-sale prototypes use comparable market sale prices to calculate project value. If project value exceeds total development cost (i.e., hard construction costs, soft costs, financing costs, and land acquisition costs), estimated costs of sale, and an allowance for developer profit, the project is considered "financially feasible," meaning a developer is likely to attract sufficient investment capital to pursue the project.

For rental prototypes, HR&A utilized two investment return thresholds that must both be met for the prototype to be considered financially feasible. A minimum threshold for return on total development cost ("return on cost" or "ROC") that we believe would be required for feasibility was set at 0.75 percentage points more than the applicable cap rate for new development within each submarket area. This ROC threshold is a key indicator of risk about a developer's ability to attract investment capital to a project. HR&A also used a second return metric, developer profit margin, which is equivalent to developer profit (completed and stabilized prototype value less total development costs) as a share of project value. HR&A used a developer profit margin threshold of 12.5 percent, which in our experience is a minimum for Los Angeles area development projects. A project must be feasible at both return metrics to be considered feasible.

For for-sale prototypes, HR&A used the metric of "gross margin" to evaluate financial feasibility. Gross margin is equivalent to total revenue less total development costs, as a share of gross revenue. HR&A used a gross margin threshold of 10 percent, which in our experience is a minimum for Los Angeles area development projects.

FINDINGS AND RECOMMENDATIONS

Multifamily Rentals

As shown in Table 6, the supportable set-aside percentages of affordable housing vary across the submarkets of unincorporated Los Angeles County. Typical multifamily rental projects with 20 market-rate units only are feasible across the County, except for South LA. HR&A found that projects in Coastal South Los Angeles, the San Gabriel Valley, East LA and Santa Clarita Valley could support some amount of affordable housing available to households with incomes ranging from 30 percent to 120 percent of Area Median Income ("AMI"). Notably, apartments in East LA can now support inclusionary units whereas the 2019 analysis found that that was not possible. Density bonus prototypes in all submarkets can support a higher percentage of affordable units than in 2019 across most income levels. All new projects subject to the IHO for which there is an inclusionary requirement would be eligible to receive a density bonus.

However, HR&A found that in the density bonus prototypes in the Antelope Valley and South Los Angeles are not financially feasible with any affordable housing set-aside percentages despite increases in rents. These findings are consistent with records of recent construction permit applications; the Antelope Valley and South Los Angeles have seen almost no multifamily rental applications for market-rate projects in the last two years. There have been very few applications for mixed-income projects using density bonuses in these two submarkets.

Table 6: Supportable Requirement at 35 Percent Density Bonus - Rental

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Current Ordinance in Place	None	Yes ²	None	Yes ²	Yes ²	None
Market Rate Feasibility (base case, no density bonus)	FEASIBLE	FEASIBLE	FEASIBLE	FEASIBLE	FEASIBLE	NOT FEASIBLE
Inclusionary Feasibility (density bonus)	NOT FEASIBLE	FEASIBLE	FEASIBLE	FEASIBLE	FEASIBLE	NOT FEASIBLE
Affordability Level						
ELI (Max 30% AMI)	0%	20%	10%	15%	20%	0%
VLI (Max 50% AMI)	0%	25%	15%	20%	25%	0%
LI (Max 80% AMI)	0%	30%	20%	20%	25%	0%
MI (Max 120% AMI)	0%	30%	20%	25%	30%	0%

² The current ordinance in Coastal South LA, San Gabriel Valley, and Santa Clarita Valley specifies 10 percent of units at 40 percent Area Median Income ("AMI") or less; 15 percent of units at 65 percent AMI or less; 20 percent of units at 80 percent AMI or less.

For-Sale Condos

As seen in Table 7, 100 percent market-rate condo developments are feasible across the County, except for in South LA. Currently there are no inclusionary requirements in South LA for condo development. We tested feasibility across low (80 percent of AMI), moderate income (120 percent of AMI), and an average of 135 percent AMI levels for condo developments. Development is infeasible at those income levels in South LA but condo prototypes in all other submarkets can support affordable units. This includes the Antelope Valley submarket, which currently does not have an IHO requirement. We found that under today's real estate market conditions a 27-unit condo prototype with a 35 percent density bonus can support 10 percent affordable units at 80 percent AMI, and up to 35 percent at 135 percent AMI.

Table 7: Supportable Requirement at 35 Percent Density Bonus – Condo

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Current Ordinance in Place	None	20% of units at 135% AMI	20% of units at 135% AMI	15% of units at 135% AMI	5% of units at 135% AMI	None
Market Rate Feasibility (base case, no density bonus)	FEASIBLE	FEASIBLE	FEASIBLE	FEASIBLE	FEASIBLE	NOT FEASIBLE
Inclusionary Feasibility (density bonus)	FEASIBLE	FEASIBLE	FEASIBLE	FEASIBLE	FEASIBLE	NOT FEASIBLE
<u>Affordability Level</u>						
LI (Max 80% AMI)	15%	25%	15%	20%	10%	0%
MI (Max 120% AMI)	20%	30%	15%	20%	15%	0%
Max 135% AMI Average	30%	35%	15%	30%	30%	0%

Single-Family Homes

Market rate single-family subdivisions are only feasible in the Antelope Valley, San Gabriel Valley, and Santa Clarita Valley submarkets under current market conditions, but there is an IHO requirement in place for single-family homes in all submarkets, requiring five to 20 percent of units to be set aside at sale prices affordable to households at 135 percent AMI. The updated analysis shows that only San Gabriel Valley and Santa Clarita Valley single-family home subdivisions can support set-aside requirements, as shown in Table 8.

Table 8: Supportable Requirement with Affordable Units – Single-Family

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Current Ordinance in Place	5% of units at 135% AMI	20% of units at 135% AMI	20% of units at 135% AMI	15% of units at 135% AMI	5% of units at 135% AMI	20% of units at 135% AMI
Market Rate Feasibility (base case, no density bonus)	FEASIBLE	NOT FEASIBLE	NOT FEASIBLE	FEASIBLE	FEASIBLE	NOT FEASIBLE
Inclusionary Feasibility (density bonus)	NOT FEASIBLE	NOT FEASIBLE	NOT FEASIBLE	FEASIBLE	FEASIBLE	NOT FEASIBLE
<u>Affordability Level</u>						
LI (Max 80% AMI)	0%	0%	0%	15%	15%	0%
MI (Max 120% AMI)	0%	0%	0%	20%	15%	0%
Max 135% AMI Average	0%	0%	0%	20%	25%	0%

Other Considerations

As to the August 4, 2022 Board request to report on mechanisms to reduce the likelihood of off-site construction of affordable units, some cities have simply removed that option from the ordinance altogether, although doing so removes a measure of flexibility for providing needed affordable units, and doing so in a way would eliminate any achievable efficiencies in delivering services to clustered affordable units. Other cities have required that developers who elect to construct units off-site do so under a formula that requires more affordable units than would be required if the units were included within the market rate development. But any such requirement must be carefully calibrated to still fit within a financial feasibility framework to avoid imposing a governmental constraint on increasing the supply of housing.

The August 4 Board Motion also directs Regional Planning to update the economic feasibility study for the IHO and report on recommendations to amend the ordinance, including requirements to achieve deeper affordability for both rental and home ownership projects. The commissioned HR&A IHO study was developed using Extremely Low Income (Max 30 percent AMI), Very Low Income (Max 50 percent AMI), Low Income (Max 80 percent AMI), Moderate Income (Max 120 percent AMI), and 135 percent AMI affordable rents for comparability with the original study because the Board did not specify any deeper affordability level.

The August 4 Board Motion also directs Regional Planning to update the economic feasibility study for the IHO, with consideration for including substantial renovation projects in the ordinance. Substantial renovation projects were not included in the commissioned HR&A IHO update analysis due to variability between projects. It is very challenging to evaluate the financial feasibility of inclusionary requirements for substantial renovation projects since the financial impact of such a requirement depends heavily on the characteristics of the building, including building quality, cost of

new improvements, and achievable market rents, all of which vary widely across the County's six housing market subareas. Furthermore, if the Board's request to consider substantial renovation projects as part of the IHO is linked to the \$60,000 per unit construction cost threshold mentioned elsewhere in the Motion, staff found that there was only one project of that type in recent years.

The November 10, 2020 Board Motion directs Regional Planning to study the feasibility of requiring replacement units that are not subject to the IHO be comparable to market-rate units. It is very challenging to evaluate the financial feasibility of replacement unit comparability since the financial impact of such a requirement depends heavily on the specific replacement requirement under applicable law, and the characteristics of the building required to include replacement units, including building quality, cost of new improvements, acquisition cost, and achievable market rents, all of which vary widely across the County's six housing market subareas. The Board also directed Regional Planning to study the feasibility of requiring that affordable set-aside units be comparable to market-rate units in terms of unit square footage and number of bathrooms in the IHO. This memorandum assumes that all affordable units are comparable to market rate units in terms of unit size, level of finish, etc. This analysis assumes comparable cost of construction for affordable and market rate units. Therefore, a zoning code text change to require comparability among market rate and affordable units would not cause any inconsistencies with financial feasibility justification for IHO inclusionary requirements.

LIST OF ATTACHMENTS

- Appendix A: Market Data
- Appendix B: Rental Pro Forma Analysis - Antelope Valley, Coastal South Los Angeles, East Los Angeles, San Gabriel Valley, Santa Clarita Valley¹
- Appendix C: For-Sale Condo Pro Forma Analysis - Antelope Valley, Coastal South Los Angeles, East Los Angeles, San Gabriel Valley, Santa Clarita Valley²
- Appendix D: For-Sale Single-Family Subdivision Pro Forma Analysis - Antelope Valley, Coastal South Los Angeles, East Los Angeles, San Gabriel Valley, Santa Clarita Valley³

¹ HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with 15% of units affordable at Very Low Income levels (50 percent of AMI).

² HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with 15% of units affordable at Moderate Income levels (120 percent of AMI).

³ HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with the maximum supportable level of Moderate (120 percent of AMI) inclusionary housing.

APPENDIX A

Rental Assumptions

Table A1: Multifamily Rents Per Square Foot

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Studio		\$4.50				
1 bedroom		\$3.50	\$3.45		\$3.55	\$3.40
2 bedroom	\$2.25	\$3.30	\$2.80	\$2.95	\$2.70	\$2.45
3 bedroom				\$2.85	\$2.25	\$2.55

Source: CoStar, 2022

Table A2: Multifamily Rents Per Unit

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Studio		\$2,830				
1 bedroom		\$2,960	\$2,070		\$2,490	\$2,560
2 bedroom	\$1,980	\$3,270	\$2,730	\$2,940	\$2,540	\$2,220
3 bedroom				\$3,430	\$2,470	\$2,550

Source: CoStar, 2022

Table A3: Affordable Residential Rents Per Unit Net of Utilities

	Extremely Low Income (Max 30% AMI)	Very Low Income (Max 50% AMI)	Lower Income (Max 80% AMI)	Moderate Income (Max 120% AMI)
Studios	\$195	\$430	\$750	\$910
1 bedroom	\$210	\$490	\$850	\$1,030
2 bedroom	\$230	\$540	\$950	\$1,150
3 bedroom	\$250	\$590	\$1,040	\$1,270

Source: HR&A analysis of The Department of Regional Plannings 2022 Housing Cost Limits

Table A4: Land Acquisition and Construction Costs Per Square Foot

	Construction Cost PSF	Land Cost PSF
Antelope Valley	\$144	\$3
Coastal South LA	\$190	\$46
East LA/Gateway	\$155	\$42
San Gabriel Valley	\$155	\$36
Santa Clarita Valley	\$144	\$7
South LA	\$155	\$46
Surface Parking	\$5,000/Space	
Structured Parking	\$25,000 /Space	

Source: HR&A Analysis, Developer Conversations

Table A5: Cap Rates

	Cap Rates
Antelope Valley	5.00%
Coastal South LA	4.00%
East LA/Gateway	4.00%
San Gabriel Valley	4.00%
Santa Clarita Valley	4.00%
South LA	5.00%

Source: CoStar, 2022

Condo Assumptions

Table A6: Residential Sale Prices Per Square Foot

Market Group	Avg \$ / SF 3 bedroom	Avg \$ / SF 4 bedroom
Antelope Valley	\$325	\$295
Coastal South LA	\$570	
East LA/Gateway	\$420	\$290
San Gabriel Valley	\$410	\$400
Santa Clarita Valley	\$325	\$295
South LA		\$220

Source: HR&A Analysis of Zillow Data, 2022

Table A7: Residential Sale Prices Per Unit

Market Group	Avg \$ / SF 3 bedroom	Avg \$ / SF 4 bedroom
Antelope Valley	\$558,000	\$614,000
Coastal South LA	\$894,000	
East LA/Gateway	\$658,000	\$552,500
San Gabriel Valley	\$715,500	\$810,500
Santa Clarita Valley	\$558,000	\$614,000
South LA		\$521,500

Source: HR&A Analysis of Zillow Data, 2022

Table A8: Affordable Residential Sale Prices Per Unit

	Very Low Revenue from Sale (Max 50% AMI)	Lower Revenue from Sale (Max 80% AMI)	Moderate Revenue from Sale (Max 120% AMI)	Average 135% Max AMI
Condos				
1 bedroom	\$106,000	\$176,500	\$247,000	\$350,000
2 bedroom	\$119,000	\$198,500	\$278,000	\$394,000
3 bedroom	\$132,000	\$220,500	\$309,000	\$437,000
4 bedroom	\$143,000	\$238,000	\$333,500	\$473,000

Source: HR&A Analysis of The Department of Regional Plannings 2022 Housing Cost Limits

Table A9: Land Acquisition and Construction Costs Per Square Foot

	Construction Cost / SF	Land Cost / SF
Antelope Valley	\$158	\$3
Coastal South LA	\$206	\$46
East LA/Gateway	\$172	\$42
San Gabriel Valley	\$172	\$36
Santa Clarita Valley	\$158	\$7
South LA	\$172	\$46

Source: HR&A Analysis, Developer Conversations

Single-Family Assumptions

Table A10: Residential Sale Price Per Square Foot

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
3 bedroom	\$300	\$450	\$465			\$410
4 bedroom				\$510	\$365	

Source: Zillow, 2022

Table A12: Residential Sale Price Per Unit

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
3 bedroom	\$583,000	\$959,000	\$727,000			\$549,500
4 bedroom				\$1,367,000	\$978,000	

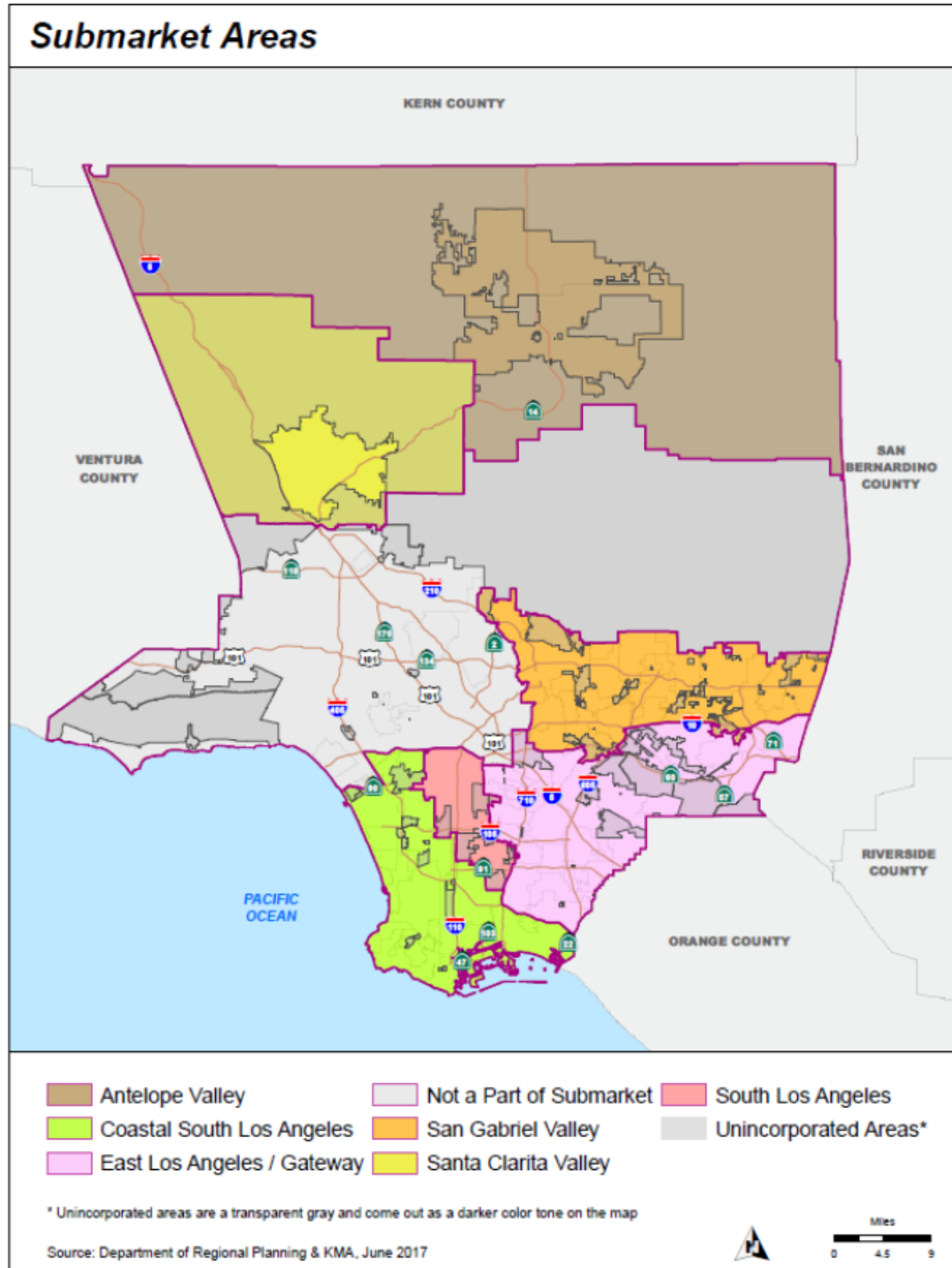
Source: Zillow, 2022

Table A13: Land Acquisition and Construction Costs Per Square Foot

	Construction Cost / SF	Land Cost / SF
Antelope Valley	\$140	\$3
Coastal South LA	\$200	\$46
East LA/Gateway	\$167	\$42
San Gabriel Valley	\$167	\$36
Santa Clarita Valley	\$162	\$7
South LA	\$167	\$46
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Structured Parking	\$25,500/space	
Surface Parking	\$5,000/space	

Source: CoStar 2022, HR&A Analysis, Developer Conversations

Submarket Areas for Financial Analysis



APPENDIX B

Rental Pro Forma Analysis - Antelope Valley, Coastal South Los Angeles, East Los Angeles, San Gabriel Valley, Santa Clarita Valley¹

¹ HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with 15% of units affordable at Very Low Income levels (50 percent of AMI).

Estimated Development Costs**Base Case: 100% Market Rate Units****Antelope Valley**

Rental Apartment Units

I. Property Acquisition Costs	65,340	SF of Land	x	\$3	/SF of Land	=	\$	186,000
II. Direct Costs								
Site Improvement	65,340	SF of Land	x	\$ 5	/SF of Land	=	\$	327,000
Parking								
Surface	46	Spaces	x	\$ 5,000	/Space	=	\$	230,000
Podium	0	Spaces	x	\$ -	/Space	=	\$	-
Hard Costs	19,800	SF of GBA	x	\$ 144	/SF of GBA	=	\$	2,851,000
Contractor/DC Contingency	10.00%	Other Direct Costs				=	\$	341,000
Total Direct Costs	20	Units		\$ 187,450	/Unit		\$	3,749,000
III. Indirect Costs								
Architecture, Engineering, & Consulting	5%	Direct Costs				=	\$	187,000
Public Permits & Fees	20	Units	x	\$ 15,000	/Unit	=	\$	300,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	\$	112,000
Marketing / Leasing	20	Units	x	\$ 3,500	/Unit	=	\$	70,000
Developer Fee	3.0%	Direct Costs				=	\$	112,000
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	\$	39,000
Total Indirect Costs							\$	820,000
								22%
IV. Financing Costs								
Land Carrying Cost	\$ 186,000	Cost		5.00%	Interest		\$	16,000
Construction Loan Interest	\$ 4,832,000	Cost		5.00%	Interest		\$	278,000
Loan Origination Fees	\$ 4,569,000	Loan		1.50	Points		\$	69,000
Total Financing Costs	94.6%						\$	363,000
V. Total Construction Cost	20	Units		\$ 246,600	/Unit		\$	4,932,000
Total Development Cost	20	Units		\$ 255,900	/Unit		\$	5,118,000

Stabilized NOI**Base Case: 100% Market Rate Units****Antelope Valley**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	0	Units	\$	-	/Unit/Month	\$	-
2 BR	20	Units	\$	1,980	/Unit/Month	\$	475,200
3 BR	0	Units	\$	-	/Unit/Month	\$	-
Laundry & Misc Income	20		\$	25	/Unit/Month	\$	6,000
Gross Income						\$	481,200
(Less) Vacancy & Collection Allowance	5.0%	Gross Income				\$	(24,000)
Effective Gross Income						\$	457,200

II. Operating Expenses

General OpEx	20	Units	\$	3,000	/Unit	\$	60,000
Property Taxes	20	Units	\$	4,730	/Unit	\$	95,000
Reserves Deposits	20	Units	\$	150	/Unit	\$	3,000
Total OpEx	20	Units	\$	7,880	/Unit	\$	158,000

III. Stabilized NOI						\$	299,200
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

Antelope Valley

Rental Apartment Projects

I. Return on Total Development Cost

Stabilized NOI		\$	307,000
Total Development Cost		\$	5,118,000
Stabilized Return on Total Investment			6.0%

Feasible?

(Minimum = Cap Rate + 0.75%)	4.65.8%	YES
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II. Developer Profit Margin

Net Operating Income		\$	307,000
Cap Rate	4.0%		
Project Value (NOI / Cap Rate)		\$	6,140,000
Less: Cost of Sale	3.0%	\$	(184,200)
Net Project Sale Value		\$	5,955,800
Less: Total Development Cost		\$	(5,118,000)
Developer Profit Margin		\$	837,800
% x Net Project Sale Value			14.1%

Feasible?

(Minimum = 12.5%)	YES
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Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****Antelope Valley**

Rental Apartment Projects

I. Property Acquisition Costs	65,340	SF of Land	x	\$	3	/SF of Land	=		\$	186,000
II. Direct Costs										
Site Improvement	65,340	SF of Land	x	\$	5	/SF of Land	=	\$	327,000	
Parking										
Surface	56	Spaces	x	\$	5,000	/Space	=	\$	280,000	
Podium		Spaces	x	\$	-	/Space	=	\$	-	
Building Costs	28,890	SF of GBA	x	\$	144	/SF of GBA	=	\$	4,160,000	
Contractor/DC Contingency	10.00%	Other Direct Costs					=	\$	477,000	
Total Direct Costs	27	Units		\$	194,222	/Unit			\$	5,244,000
III. Indirect Costs										
Architecture, Engineering, & Consulting	5%	Direct Costs					=	\$	262,000	
Public Permits & Fees	27	Units	x	\$	15,000	/Unit	=	\$	405,000	
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs					=	\$	157,000	
Marketing / Leasing	27	Units	x	\$	3,500	/Unit	=	\$	95,000	
Developer Fee	3.0%	Direct Costs					=	\$	157,000	
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs					=	\$	54,000	
Total Indirect Costs									\$	1,130,000
IV. Financing Costs										
Land Carrying Cost	\$	186,000	Cost		5.00%	Interest		\$	17,000	
Construction Loan Interest	\$	6,767,000	Cost		5.00%	Interest		\$	417,000	
Loan Origination Fees	\$	6,374,000	Loan		1.50	Points		\$	96,000	
Total Financing Costs									\$	530,000
V. Total Construction Cost	27	Units		\$	255,704	/Unit			\$	6,904,000
Total Development Cost	27	Units		\$	262,593	/Unit			\$	7,090,000

Stabilized NOI**Density Bonus: 27 Units, Variable Level of Affordable Units****Antelope Valley**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	0	Units	\$	-	/Unit/Month	\$	-
2 BR	23	Units	\$	1,980	/Unit/Month	\$	546,500
3 BR	0	Units	\$	-	/Unit/Month	\$	-

Total Market Rate Units 23

Very Low Income (Max 50% AMI)

Studios	0	Units	\$	434	/Unit/Month	\$	-
1 BR	0	Units	\$	486	/Unit/Month	\$	-
2 BR	4	Units	\$	536	/Unit/Month	\$	25,700
3 BR	0	Units	\$	587	/Unit/Month	\$	-

TOTAL AFFORDABLE UNITS 4

Laundry & Misc Income 27 \$ 25 /Unit/Month \$ 8,100

Gross Income

\$ 580,300

(Less) Vacancy & Collection Allowance 5.0% Gross Income

\$ (29,000)

Effective Gross Income

\$ 551,300

II. Operating Expenses

General OpEx	27	Units	\$	3,000	/Unit	\$	81,000
Property Taxes	27	Units	\$	4,145	/Unit	\$	112,000
Reserves Deposits	27	Units	\$	150	/Unit	\$	4,000
Total OpEx	27	Units	\$	7,295	/Unit	\$	197,000

III. Stabilized NOI

\$ 354,300

Supportable Inclusionary Housing Production Requirements
Density Bonus: 27 Units, Variable Level of Affordable Units
Antelope Valley
Rental Apartment Projects

Supportable Percentage of Inclusionary Units	15%
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I. Return on Total Development Cost

Stabilized NOI	\$	354,300
Total Development Cost	\$	7,090,000
Stabilized Return on Total Investment		5.0%

Feasible?

(Minimum = Cap Rate + 0.75%)	5.8%	NO
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II. Developer Profit Margin

Net Operating Income		\$	354,300
Cap Rate	5.0%		
Project Value (NOI / Cap Rate)		\$	7,086,000
Less: Cost of Sale	3.0%	\$	(212,580)
Net Project Sale Value		\$	6,873,420
Less: Total Development Cost		\$	(7,090,000)
Developer Profit Margin		\$	(216,580)
% x Net Project Sale Value			-3%

Feasible?

(Minimum = 12.5%)	NO
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Estimated Development Costs**Base Case: 100% Market Rate Units****Coastal South LA**

Rental Apartment Projects

I. Property Acquisition Costs	21,780	SF of Land	x	\$46.43	/SF of Land	=	\$	1,011,000
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II. Direct Costs

Site Improvement	21,780	SF of Land	x	\$	5	/SF of Land	=	\$	109,000
Parking									
Surface	0	Spaces	x	\$	5,000	/Space	=	\$	-
Podium	43	Spaces	x	\$	25,550	/Space	=	\$	1,099,000
Building Costs	20,268	SF of GBA	x	\$	187	/SF of GBA	=	\$	3,794,000
Contractor/DC Contingency	10.00%	Other Direct Costs					=	\$	500,000
Total Direct Costs	20	Units		\$	275,100	/Unit		\$	5,502,000

III. Indirect Costs

Architecture, Engineering, & Consulting	5%	Direct Costs				=	\$	275,000	
Public Permits & Fees	20	Units	x	\$	15,000	/Unit	=	\$	300,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	\$	165,000	
Marketing / Leasing	20	Units	x	\$	3,500	/Unit	=	\$	70,000
Developer Fee	3.0%	Direct Costs				=	\$	165,000	
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	\$	49,000	
Total Indirect Costs							\$	1,024,000	

IV. Financing Costs

Land Carrying Cost	\$	1,011,000	Cost	5.00%	Interest	\$	88,000
Construction Loan Interest	\$	6,901,000	Cost	5.00%	Interest	\$	397,000
Loan Origination Fees	\$	6,526,000	Loan	1.50	Points	\$	98,000
Total Financing Costs		94.6%				\$	583,000

V. Total Construction Cost	20	Units	\$	355,450	/Unit	\$	7,109,000
Total Development Cost	20	Units	\$	406,000	/Unit	\$	8,120,000

Stabilized NOI**Base Case: 100% Market Rate Units****Coastal South LA**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	3	Units	\$	2,827	/Unit/Month	\$	101,800
1 BR	3	Units	\$	2,976	/Unit/Month	\$	107,100
2 BR	14	Units	\$	3,266	/Unit/Month	\$	548,700
3 BR	0	Units	\$	-	/Unit/Month	\$	-
Laundry & Misc Income	20		\$	25	/Unit/Month	\$	6,000
Gross Income						\$	763,600
(Less) Vacancy & Collection Allowance	5.0%	Gross Income				\$	(38,000)
Effective Gross Income						\$	725,600

II. Operating Expenses

General OpEx	20	Units	\$	4,000	/Unit	\$	80,000
Property Taxes	20	Units	\$	7,711	/Unit	\$	154,000
Reserves Deposits	20	Units	\$	150	/Unit	\$	3,000
Total OpEx	20	Units	\$	11,861	/Unit	\$	237,000

III. Stabilized NOI						\$	488,600
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

Coastal South LA

Rental Apartment Projects

I. Return on Total Development Cost

Stabilized NOI		\$	488,600
Total Development Cost		\$	8,120,000
Stabilized Return on Total Investment			6.0%

Feasible?

(Minimum = Cap Rate + 0.75%)	5.8%			YES
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II. Developer Profit Margin

Net Operating Income		\$	488,600
Cap Rate	4.0%		
Project Value (NOI / Cap Rate)		\$	12,215,000
Less: Cost of Sale	3.0%	\$	(366,450)
Net Project Sale Value		\$	11,848,550
Less: Total Development Cost		\$	(8,120,000)
Developer Profit Margin		\$	3,728,550
% x Net Project Sale Value			31%

Feasible?

(Minimum = 12.5%)				YES
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Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****Coastal South LA**

Rental Apartment Projects

I. Property Acquisition Costs	21,780	SF of Land	x	\$ 46	/SF of Land	=	\$ 1,011,000
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II. Direct Costs

Site Improvement	21,780	SF of Land	x	\$ 5	/SF of Land	=	\$ 109,000
Parking							
Surface	0	Spaces	x	\$ 5,000	/Space	=	\$ -
Podium	46	Spaces	x	\$ 25,550	/Space	=	\$ 1,175,000
Building Costs	29,572	SF of GBA	x	\$ 187	/SF of GBA	=	\$ 5,536,000
Contractor/DC Contingency	10.00%	Other Direct Costs				=	\$ 682,000
Total Direct Costs	27	Units		\$ 277,852	/Unit		\$ 7,502,000

III. Indirect Costs

Architecture, Engineering, & Consulting	5%	Direct Costs				=	\$ 375,000
Public Permits & Fees	27	Units	x	\$ 15,000	/Unit	=	\$ 405,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	\$ 225,000
Marketing / Leasing	27	Units	x	\$ 3,500	/Unit	=	\$ 95,000
Developer Fee	3.0%	Direct Costs				=	\$ 225,000
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	\$ 66,000
Total Indirect Costs							\$ 1,391,000

IV. Financing Costs

Land Carrying Cost	\$ 1,011,000	Cost	5.00%	Interest	\$ 93,000
Construction Loan Interest	\$ 9,441,000	Cost	5.00%	Interest	\$ 582,000
Loan Origination Fees	\$ 8,893,000	Loan	1.50	Points	\$ 133,000
Total Financing Costs					\$ 808,000

V. Total Construction Cost	27	Units	\$ 359,296	/Unit	\$ 9,701,000
Total Development Cost	27	Units	\$ 396,741	/Unit	\$ 10,712,000

Stabilized NOI**Density Bonus: 27 Units, Variable Level of Affordable Units****Coastal South LA**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	4	Units	\$ 2,827 /Unit/Month	\$ 135,700
1 BR	4	Units	\$ 2,976 /Unit/Month	\$ 142,800
2 BR	14	Units	\$ 3,266 /Unit/Month	\$ 548,700
3 BR	0	Units	\$ - /Unit/Month	\$ -

Total Market Rate Units 22

Very Low Income (Max 50% AMI)

Studios	1	Units	\$ 434 /Unit/Month	\$ 5,200
1 BR	1	Units	\$ 486 /Unit/Month	\$ 5,800
2 BR	3	Units	\$ 536 /Unit/Month	\$ 19,300
3 BR	0	Units	\$ 587 /Unit/Month	\$ -

Total Affordable Units 5

Laundry & Misc Income 27 \$ 25 /Unit/Month \$ 8,100

Gross Income 0 \$ 865,600

(Less) Vacancy & Collection Allowance 5.0% Gross Income \$ (43,000)

Effective Gross Income 36.05 \$ 822,600**II. Operating Expenses**

General OpEx	27	Units	\$ 4,000 /Unit	\$ 108,000
Property Taxes	27	Units	\$ 6,316 /Unit	\$ 171,000
Reserves Deposits	27	Units	\$ 150 /Unit	\$ 4,000
Total OpEx	27	Units	\$ 10,466 /Unit	\$ 283,000

III. Stabilized NOI \$ 539,600

Supportable Inclusionary Housing Production Requirements
Density Bonus: 27 Units, Variable Level of Affordable Units
Coastal South LA
Rental Apartment Projects

Supportable Percentage of Inclusionary Units

15%

I. Return on Total Development Cost

Stabilized NOI		\$	539,600
Total Development Cost		\$	10,712,000
Stabilized Return on Total Investment			5.0%

Feasible?

(Minimum = Cap Rate + 0.75%)	4.8%		YES
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II. Developer Profit Margin

Net Operating Income		\$	539,600
Cap Rate	4.0%		
Project Value (NOI / Cap Rate)		\$	13,490,000
Less: Cost of Sale	3.0%	\$	(404,700)
Net Project Sale Value		\$	13,085,300
Less: Total Development Cost		\$	(10,712,000)
Developer Profit Margin		\$	2,373,300
% x Net Project Sale Value			18%

Feasible?

(Minimum = 12.5%)			YES
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Estimated Development Costs**Base Case: 100% Market Rate Units****East LA**

Rental Apartment Projects

I. Property Acquisition Costs	36,300	SF of Land	x	\$ 42	/SF of Land	=	\$ 1,537,000
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II. Direct Costs

Site Improvement	36,300	SF of Land	x	\$ 5	/SF of Land	=	\$ 182,000
Parking							
Surface	0	Spaces	x	\$ 5,000	/Space	=	\$ -
Podium	43	Spaces	x	\$ 25,550	/Space	=	\$ 1,099,000
Building Costs	18,563	SF of GBA	x	\$ 156	/SF of GBA	=	\$ 2,896,000
Contractor/DC Contingency	10.00%	Other Direct Costs				=	\$ 418,000
Total Direct Costs	20	Units		\$ 229,750	/Unit		\$ 4,595,000

III. Indirect Costs

Architecture, Engineering, & Consulting	5%	Direct Costs				=	\$ 230,000
Public Permits & Fees	20	Units	x	\$ 15,000	/Unit	=	\$ 300,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	\$ 138,000
Marketing / Leasing	20	Units	x	\$ 3,500	/Unit	=	\$ 70,000
Developer Fee	3.0%	Direct Costs				=	\$ 138,000
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	\$ 44,000
Total Indirect Costs							\$ 920,000

IV. Financing Costs

Land Carrying Cost	\$ 1,537,000	Cost	5.00%	Interest	\$ 134,000
Construction Loan Interest	\$ 5,832,000	Cost	5.00%	Interest	\$ 335,000
Loan Origination Fees	\$ 5,515,000	Loan	1.50	Points	\$ 83,000
Total Financing Costs	94.6%				\$ 552,000

V. Total Construction Cost	20	Units	\$ 303,350	/Unit	\$ 6,067,000
Total Development Cost	20	Units	\$ 380,200	/Unit	\$ 7,604,000

Stabilized NOI**Base Case: 100% Market Rate Units****East LA**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	7	Units	\$	2,073	/Unit/Month	\$	174,100
2 BR	13	Units	\$	2,730	/Unit/Month	\$	425,900
3 BR	0	Units	\$	-	/Unit/Month	\$	-
Laundry & Misc Income	20		\$	25	/Unit/Month	\$	6,000
Gross Income						\$	606,000
(Less) Vacancy & Collection Allowance	5.0%	Gross Income				\$	(30,000)
Effective Gross Income						\$	576,000

II. Operating Expenses

General OpEx	20	Units	\$	3,000	/Unit	\$	60,000
Property Taxes	20	Units	\$	6,156	/Unit	\$	123,000
Reserves Deposits	20	Units	\$	150	/Unit	\$	3,000
Total OpEx	20	Units	\$	9,306	/Unit	\$	186,000

III. Stabilized NOI						\$	390,000
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

East LA

Rental Apartment Projects

I. Return on Total Development Cost

Stabilized NOI		\$	390,000
Total Development Cost		\$	7,604,000
Stabilized Return on Total Investment			5.1%

Feasible?

(Minimum = Cap Rate + 0.75%)	4.75%			YES
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II. Developer Profit Margin

Net Operating Income		\$	390,000
Cap Rate	4.0%		
Project Value (NOI / Cap Rate)		\$	9,750,000
Less: Cost of Sale	3.0%	\$	(292,500)
Net Project Sale Value		\$	9,457,500
Less: Total Development Cost		\$	(7,604,000)
Developer Profit Margin		\$	1,853,500
% x Net Project Sale Value			19.6%

Feasible?

(Minimum = 12.5%)				YES
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Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****East LA**

Rental Apartment Projects

I. Property Acquisition Costs	36,300	SF of Land	x	\$ 42	/SF of Land	=	\$ 1,537,000
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II. Direct Costs

Site Improvement	36,300	SF of Land	x	\$ 5	/SF of Land	=	\$ 182,000
Parking							
Surface	0	Spaces	x	\$ 5,000	/Space	=	\$ -
Podium	46	Spaces	x	\$ 25,550	/Space	=	\$ 1,175,000
Building Costs	27,084	SF of GBA	x	\$ 156	/SF of GBA	=	\$ 4,225,000
Contractor/DC Contingency	5.00%	Other Direct Costs				=	\$ 279,000
Total Direct Costs	27	Units		\$ 217,074	/Unit		\$ 5,861,000

III. Indirect Costs

Architecture, Engineering, & Consulting	5%	Direct Costs				=	\$ 293,000
Public Permits & Fees	27	Units	x	\$ 15,000	/Unit	=	\$ 405,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	\$ 176,000
Marketing / Leasing	27	Units	x	\$ 3,500	/Unit	=	\$ 95,000
Developer Fee	3.0%	Direct Costs				=	\$ 176,000
Soft Cost Contingency Allowance	10.0%	Other Indirect Costs				=	\$ 115,000
Total Indirect Costs							\$ 1,260,000

IV. Financing Costs

Land Carrying Cost	\$ 1,537,000	Cost	5.00%	Interest	\$ 141,000
Construction Loan Interest	\$ 7,560,000	Cost	5.00%	Interest	\$ 466,000
Loan Origination Fees	\$ 7,121,000	Loan	1.50	Points	\$ 107,000
Total Financing Costs					\$ 714,000

V. Total Construction Cost	27	Units	\$ 290,185	/Unit	\$ 7,835,000
Total Development Cost	27	Units	\$ 347,111	/Unit	\$ 9,372,000

Stabilized NOI**Density Bonus: 27 Units, Variable Level of Affordable Units****East LA**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	9	Units	\$	2,073	/Unit/Month	\$	223,900
2 BR	14	Units	\$	2,730	/Unit/Month	\$	458,600
3 BR	0	Units	\$	-	/Unit/Month	\$	-
Total Market Rate Units	23						
Very Low Income (Max 50% AMI)						\$	-
Studios	0	Units	\$	434	/Unit/Month	\$	-
1 BR	1	Units	\$	486	/Unit/Month	\$	5,800
2 BR	3	Units	\$	536	/Unit/Month	\$	19,300
3 BR	0	Units	\$	587	/Unit/Month	\$	-
Total Affordable Units	4						
Laundry & Misc Income	27		\$	25	/Unit/Month	\$	8,100
Gross Income	0					\$	715,700
(Less) Vacancy & Collection Allowance	5.0%	Gross Income				\$	(36,000)
Effective Gross Income	35.05						\$ 679,700

II. Operating Expenses

General OpEx	27	Units	\$	3,000	/Unit	\$	81,000
Property Taxes	27	Units	\$	5,286	/Unit	\$	143,000
Reserves Deposits	27	Units	\$	150	/Unit	\$	4,000
Total OpEx	27	Units	\$	8,436	/Unit	\$	228,000

III. Stabilized NOI

\$ 451,700

Supportable Inclusionary Housing Production Requirements
Density Bonus: 27 Units, Variable Level of Affordable Units

East LA

Rental Apartment Projects

Supportable Percentage of Inclusionary Units	15%
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I. Return on Total Development Cost

Stabilized NOI		\$	451,700
Total Development Cost		\$	9,372,000
Stabilized Return on Total Investment			4.8%

Feasible?

(Minimum = Cap Rate + 0.75%)	4.75%	YES
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II. Developer Profit Margin

Net Operating Income		\$	451,700
Cap Rate	4.0%		
Project Value (NOI / Cap Rate)		\$	11,292,500
Less: Cost of Sale	3.0%	\$	(338,775)
Net Project Sale Value		\$	10,953,725
Less: Total Development Cost		\$	(9,372,000)
Developer Profit Margin		\$	1,581,725
% x Net Project Sale Value			14%

Feasible?

(Minimum = 12.5%)	YES
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Estimated Development Costs
Base Case: 100% Market Rate Units
San Gabriel Valley
Rental Apartment Projects

I. Property Acquisition Costs	36,300	SF of Land	x	\$ 36	/SF of Land	=	\$ 1,313,000
II. Direct Costs							
Site Improvement	36,300	SF of Land	x	\$ 5	/SF of Land	=	\$ 182,000
Parking							
Surface	0	Spaces	x	\$ 5,000	/Space	=	\$ -
Podium	46	Spaces	x	\$ 25,550	/Space	=	\$ 1,175,000
Building Costs	23,980	SF of GBA	x	\$ 156	/SF of GBA	=	\$ 3,741,000
Contractor/DC Contingency	10.00%	Other Direct Costs				=	\$ 510,000
Total Direct Costs	20	Units		\$ 280,400	/Unit		\$ 5,608,000
III. Indirect Costs							
Architecture, Engineering, & Consulting	5%	Direct Costs				=	\$ 280,000
Public Permits & Fees	20	Units	x	\$ 15,000	/Unit	=	\$ 300,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	\$ 168,000
Marketing / Leasing	20	Units	x	\$ 3,500	/Unit	=	\$ 70,000
Developer Fee	3.0%	Direct Costs				=	\$ 168,000
Soft Cost Contingency Allowance	10.0%	Other Indirect Costs				=	\$ 99,000
Total Indirect Costs				\$ 54,250			\$ 1,085,000
IV. Financing Costs							
Land Carrying Cost	\$ 1,313,000	Cost		5.00%	Interest		\$ 115,000
Construction Loan Interest	\$ 7,078,000	Cost		5.00%	Interest		\$ 407,000
Loan Origination Fees	\$ 6,693,000	Loan		1.50	Points		\$ 100,000
Total Financing Costs	94.6%						\$ 622,000
V. Total Construction Cost	20	Units		\$ 365,750	/Unit		\$ 7,315,000
Total Development Cost	20	Units		\$ 431,400	/Unit		\$ 8,628,000

Stabilized NOI**Base Case: 100% Market Rate Units****San Gabriel Valley**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	0	Units	\$	-	/Unit/Month	\$	-
2 BR	11	Units	\$	2,940	/Unit/Month	\$	388,100
3 BR	9	Units	\$	3,432	/Unit/Month	\$	370,700
Laundry & Misc Income	20		\$	25	/Unit/Month	\$	6,000
Gross Income						\$	764,800
(Less) Vacancy & Collection Allowance	5.0%	Gross Income				\$	(38,000)
Effective Gross Income						\$	726,800

II. Operating Expenses

General OpEx	20	Units	\$	4,000	/Unit	\$	80,000
Property Taxes	20	Units	\$	7,726	/Unit	\$	155,000
Reserves Deposits	20	Units	\$	150	/Unit	\$	3,000
Total OpEx	20	Units	\$	11,876	/Unit	\$	238,000

III. Stabilized NOI						\$	488,800
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

San Gabriel Valley

Rental Apartment Projects

I. Return on Total Development Cost

Stabilized NOI		\$	488,800
Total Development Cost		\$	8,628,000
Stabilized Return on Total Investment			5.7%

Feasible?

(Minimum = Cap Rate + 0.75%)	4.75%			YES
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II. Developer Profit Margin

Net Operating Income		\$	488,800
Cap Rate	4.0%		
Project Value (NOI / Cap Rate)		\$	12,220,000
Less: Cost of Sale	3.0%	\$	(366,600)
Net Project Sale Value		\$	11,853,400
Less: Total Development Cost		\$	(8,628,000)
Developer Profit Margin		\$	3,225,400
% x Net Project Sale Value			27%

Feasible?

(Minimum = 12.5%)				YES
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Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****San Gabriel Valley**

Rental Apartment Projects

I. Property Acquisition Costs	36,300	SF of Land	x	\$	36	/SF of Land	=	\$	1,313,000
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II. Direct Costs

Site Improvement	36,300	SF of Land	x	\$	5	/SF of Land	=	\$	182,000
Parking									
Surface	0	Spaces	x	\$	5,000	/Space	=	\$	-
Podium	56	Spaces	x	\$	25,550	/Space	=	\$	1,431,000
Building Costs	34,989	SF of GBA	x	\$	156	/SF of GBA	=	\$	5,458,000
Contractor/DC Contingency	10.00%	Other Direct Costs					=	\$	707,000
Total Direct Costs	27	Units		\$	288,074	/Unit		\$	7,778,000

III. Indirect Costs

Architecture, Engineering, & Consulting	5%	Direct Costs					=	\$	389,000
Public Permits & Fees	27	Units	x	\$	15,000	/Unit	=	\$	405,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs					=	\$	233,000
Marketing / Leasing	27	Units	x	\$	3,500	/Unit	=	\$	95,000
Developer Fee	3.0%	Direct Costs					=	\$	233,000
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs					=	\$	68,000
Total Indirect Costs								\$	1,423,000

IV. Financing Costs

Land Carrying Cost	\$	1,313,000	Cost	5.00%	Interest	\$	120,000
Construction Loan Interest	\$	9,768,000	Cost	5.00%	Interest	\$	602,000
Loan Origination Fees	\$	9,201,000	Loan	1.50	Points	\$	138,000
Total Financing Costs						\$	860,000

V. Total Construction Cost	27	Units	\$	372,630	/Unit	\$	10,061,000
Total Development Cost	27	Units	\$	421,259	/Unit	\$	11,374,000

Stabilized NOI**Density Bonus: 27 Units, Variable Level of Affordable Units****San Gabriel Valley**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	0	Units	\$	-	/Unit/Month	\$	-
2 BR	12	Units	\$	2,940	/Unit/Month	\$	423,400
3 BR	11	Units	\$	3,432	/Unit/Month	\$	453,000

Total Market Rate Units 23

Very Low Income (Max 50% AMI)

Studios	0	Units	\$	434	/Unit/Month	\$	-
1 BR	0	Units	\$	486	/Unit/Month	\$	-
2 BR	2	Units	\$	536	/Unit/Month	\$	12,900
3 BR	2	Units	\$	587	/Unit/Month	\$	14,100

Total Affordable Units 4

Laundry & Misc Income 27 \$ 25 /Unit/Month \$ 8,100

Gross Income

\$ 911,500

(Less) Vacancy & Collection Allowance 5.0% Gross Income

\$ (46,000)

Effective Gross Income

35.05

\$ 865,500

II. Operating Expenses

General OpEx	27	Units	\$	4,000	/Unit	\$	108,000
Property Taxes	27	Units	\$	6,698	/Unit	\$	181,000
Reserves Deposits	27	Units	\$	150	/Unit	\$	4,000
Total OpEx	27	Units	\$	10,848	/Unit	\$	293,000

III. Stabilized NOI

\$ 572,500

Supportable Inclusionary Housing Production Requirements
Density Bonus: 27 Units, Variable Level of Affordable Units
San Gabriel Valley
Rental Apartment Projects

Supportable Percentage of Inclusionary Units	15%
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I. Return on Total Development Cost

Stabilized NOI		\$	572,500	
Total Development Cost		\$	11,374,000	
Stabilized Return on Total Investment				5.0%
Feasible?				
(Minimum = Cap Rate + 0.75%)	4.75%			YES

II. Developer Profit Margin

Net Operating Income		\$	572,500	
Cap Rate	4.0%			
Project Value (NOI / Cap Rate)		\$	14,312,500	
Less: Cost of Sale	3.0%	\$	(429,375)	
Net Project Sale Value		\$	13,883,125	
Less: Total Development Cost		\$	(11,374,000)	
Developer Profit Margin		\$	2,509,125	
% x Net Project Sale Value				18%
Feasible?				
(Minimum = 12.5%)				YES

Estimated Development Costs**Base Case: 100% Market Rate Units****Santa Clarita Valley**

Rental Apartment Projects

I. Property Acquisition Costs	65,340	SF of Land	x	\$	7	/SF of Land	=	\$	447,000
II. Direct Costs									
Site Improvement	65,340	SF of Land	x	\$	5	/SF of Land	=	\$	327,000
Parking									
Surface	43	Spaces	x	\$	5,000	/Space	=	\$	215,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	19,470	SF of GBA	x	\$	144	/SF of GBA	=	\$	2,804,000
Contractor/DC Contingency	10.00%	Other Direct Costs					=	\$	335,000
Total Direct Costs	20	Units		\$	184,050	/Unit		\$	3,681,000
III. Indirect Costs									
Architecture, Engineering, & Consulting	5%	Direct Costs					=	\$	184,000
Public Permits & Fees	20	Units	x	\$	15,000	/Unit	=	\$	300,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs					=	\$	110,000
Marketing / Leasing	20	Units	x	\$	3,500	/Unit	=	\$	70,000
Developer Fee	3.0%	Direct Costs					=	\$	110,000
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs					=	\$	39,000
Total Indirect Costs								\$	813,000
IV. Financing Costs									
Land Carrying Cost	\$	447,000	Cost	5.00%	Interest		\$	39,000	
Construction Loan Interest	\$	4,752,000	Cost	5.00%	Interest		\$	273,000	
Loan Origination Fees	\$	4,494,000	Loan	1.50	Points		\$	67,000	
Total Financing Costs	94.6%							\$	379,000
V. Total Construction Cost	20	Units		\$	243,650	/Unit		\$	4,873,000
Total Development Cost	20	Units		\$	266,000	/Unit		\$	5,320,000

Stabilized NOI**Base Case: 100% Market Rate Units****Santa Clarita Valley**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	7	Units	\$	2,492	/Unit/Month	\$	209,300
2 BR	10	Units	\$	2,546	/Unit/Month	\$	305,500
3 BR	3	Units	\$	2,475	/Unit/Month	\$	89,100
Laundry & Misc Income	20		\$	25	/Unit/Month	\$	6,000
Gross Income						\$	609,900
(Less) Vacancy & Collection Allowance	5.0%	Gross Income				\$	(30,000)
Effective Gross Income						\$	579,900

II. Operating Expenses

General OpEx	20	Units	\$	4,000	/Unit	\$	80,000
Property Taxes	20	Units	\$	5,963	/Unit	\$	119,000
Reserves Deposits	20	Units	\$	150	/Unit	\$	3,000
Total OpEx	20	Units	\$	10,113	/Unit	\$	202,000

III. Stabilized NOI						\$	377,900
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

Santa Clarita Valley

Rental Apartment Projects

I. Return on Total Development Cost

Stabilized NOI		\$	377,900	
Total Development Cost		\$	5,320,000	
Stabilized Return on Total Investment			7.1%	
Feasible?				YES
(Minimum = Cap Rate + 0.75%)	5.8%			

II. Developer Profit Margin

Net Operating Income		\$	377,900	
Cap Rate	5.0%			
Project Value (NOI / Cap Rate)		\$	7,558,000	
Less: Cost of Sale	3.0%	\$	(226,740)	
Net Project Sale Value		\$	7,331,260	
Less: Total Development Cost		\$	(5,320,000)	
Developer Profit Margin		\$	2,011,260	
% x Net Project Sale Value			27%	
Feasible?				YES
(Minimum = 12.5%)				

Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****Santa Clarita Valley**

Rental Apartment Projects

I. Property Acquisition Costs	65,340	SF of Land	x	\$	7	/SF of Land	=	\$	447,000
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II. Direct Costs

Site Improvement	65,340	SF of Land	x	\$	5	/SF of Land	=	\$	327,000
Parking									
Surface	47	Spaces	x	\$	5,000	/Space	=	\$	235,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	34,989	SF of GBA	x	\$	144	/SF of GBA	=	\$	5,038,000
Contractor/DC Contingency	10.00%	Other Direct Costs					=	\$	560,000
Total Direct Costs	27	Units		\$	228,148	/Unit		\$	6,160,000

III. Indirect Costs

Architecture, Engineering, & Consulting	5%	Direct Costs					=	\$	308,000
Public Permits & Fees	27	Units	x	\$	15,000	/Unit	=	\$	405,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs					=	\$	185,000
Marketing / Leasing	27	Units	x	\$	3,500	/Unit	=	\$	95,000
Developer Fee	3.0%	Direct Costs					=	\$	185,000
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs					=	\$	59,000
Total Indirect Costs								\$	1,237,000

IV. Financing Costs

Land Carrying Cost	\$	447,000	Cost	5.00%	Interest	\$	41,000
Construction Loan Interest	\$	7,853,000	Cost	5.00%	Interest	\$	484,000
Loan Origination Fees	\$	7,397,000	Loan	1.50	Points	\$	111,000
Total Financing Costs						\$	636,000

V. Total Construction Cost	27	Units	\$	297,519	/Unit	\$	8,033,000
Total Development Cost	27	Units	\$	314,074	/Unit	\$	8,480,000

Stabilized NOI**Density Bonus: 27 Units, Variable Level of Affordable Units****Santa Clarita Valley**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	8	Units	\$	2,492	/Unit/Month	\$	239,200
2 BR	11	Units	\$	2,546	/Unit/Month	\$	336,100
3 BR	4	Units	\$	2,475	/Unit/Month	\$	118,800

Total Market Rate Units 23

Very Low Income (Max 50% AMI)

Studios	0	Units	\$	434	/Unit/Month	\$	-
1 BR	1	Units	\$	486	/Unit/Month	\$	5,800
2 BR	2	Units	\$	536	/Unit/Month	\$	12,900
3 BR	1	Units	\$	587	/Unit/Month	\$	7,000

Total Affordable Units 4

Laundry & Misc Income 27 \$ 25 /Unit/Month \$ 8,100

Gross Income 0 \$ 727,900

(Less) Vacancy & Collection Allowance 5.0% Gross Income \$ (36,000)

Effective Gross Income \$ 691,900**II. Operating Expenses**

General OpEx	27	Units	\$	4,000	/Unit	\$	108,000
Property Taxes	27	Units	\$	5,155	/Unit	\$	139,000
Reserves Deposits	27	Units	\$	150	/Unit	\$	4,000
Total OpEx	27	Units	\$	9,305	/Unit	\$	251,000

III. Stabilized NOI \$ 440,900

Supportable Inclusionary Housing Production Requirements
Density Bonus: 27 Units, Variable Level of Affordable Units
Santa Clarita Valley
Rental Apartment Projects

Supportable Percentage of Inclusionary Units

15%

I. Return on Total Development Cost

Stabilized NOI		\$	440,900
Total Development Cost		\$	8,480,000
Stabilized Return on Total Investment			5.2%

Feasible?

(Minimum = Cap Rate + 0.75%)	4.75%			YES
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II. Developer Profit Margin

Net Operating Income		\$	440,900
Cap Rate	4.0%		
Project Value (NOI / Cap Rate)		\$	11,022,500
Less: Cost of Sale	3.0%	\$	(330,675)
Net Project Sale Value		\$	10,691,825
Less: Total Development Cost		\$	(8,480,000)
Developer Profit Margin		\$	2,211,825
% x Net Project Sale Value			20.7%

Feasible?

(Minimum = 12.5%)				YES
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Estimated Development Costs**Base Case: 100% Market Rate Units****South LA**

Rental Apartment Projects

I. Property Acquisition Costs	21,780	SF of Land	x	\$ 55 /SF of Land	=	\$ 1,198,000
II. Direct Costs						
Site Improvement	21,780	SF of Land	x	\$ 5 /SF of Land	=	\$ 109,000
Parking						
Surface	0	Spaces	x	\$ 5,000 /Space	=	\$ -
Podium	42	Spaces	x	\$ 21,292 /Space	=	\$ 894,000
Building Costs	37,840	SF of GBA	x	\$ 156 /SF of GBA	=	\$ 5,903,000
Contractor/DC Contingency	10.00%	Other Direct Costs			=	\$ 691,000
Total Direct Costs	20	Units		\$ 379,850 /Unit		\$ 7,597,000
III. Indirect Costs						
Architecture, Engineering, & Consulting	5%	Direct Costs			=	\$ 380,000
Public Permits & Fees	20	Units	x	\$ 15,000 /Unit	=	\$ 300,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs			=	\$ 228,000
Marketing / Leasing	20	Units	x	\$ 3,500 /Unit	=	\$ 70,000
Developer Fee	3.0%	Direct Costs			=	\$ 228,000
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs			=	\$ 60,000
Total Indirect Costs						\$ 1,266,000
IV. Financing Costs						
Land Carrying Cost	\$ 1,198,000	Cost		5.00% Interest		\$ 105,000
Construction Loan Interest	\$ 9,373,000	Cost		5.00% Interest		\$ 539,000
Loan Origination Fees	\$ 8,863,000	Loan		1.50 Points		\$ 133,000
Total Financing Costs	94.6%					\$ 777,000
V. Total Construction Cost	20	Units		\$ 482,000 /Unit		\$ 9,640,000
Total Development Cost	20	Units		\$ 541,900 /Unit		\$ 10,838,000

Stabilized NOI**Base Case: 100% Market Rate Units****South LA**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	8	Units	\$	2,555	/Unit/Month	\$	245,300
2 BR	8	Units	\$	2,223	/Unit/Month	\$	213,400
3 BR	4	Units	\$	2,549	/Unit/Month	\$	122,300
Laundry & Misc Income	20		\$	25	/Unit/Month	\$	6,000
Gross Income						\$	587,000
(Less) Vacancy & Collection Allowance	5.0%	Gross Income				\$	(29,000)
Effective Gross Income						\$	558,000

II. Operating Expenses

General OpEx	20	Units	\$	3,000	/Unit	\$	60,000
Property Taxes	20	Units	\$	5,940	/Unit	\$	119,000
Reserves Deposits	20	Units	\$	150	/Unit	\$	3,000
Total OpEx	20	Units	\$	9,090	/Unit	\$	182,000

III. Stabilized NOI						\$	376,000
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

South LA

Rental Apartment Projects

I. Return on Total Development Cost

Stabilized NOI		\$	376,000
Total Development Cost		\$	6,945,000
Stabilized Return on Total Investment			5.4%

Feasible?

(Minimum = Cap Rate + 0.75%)	5.8%			NO
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II. Developer Profit Margin

Net Operating Income		\$	376,000
Cap Rate	5.0%		
Project Value (NOI / Cap Rate)		\$	7,520,000
Less: Cost of Sale	3.0%	\$	(225,600)
Net Project Sale Value		\$	7,294,400
Less: Total Development Cost		\$	(6,945,000)
Developer Profit Margin		\$	349,400
% x Net Project Sale Value			5%

Feasible?

(Minimum = 12.5%)				NO
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Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****South LA**

Rental Apartment Projects

I. Property Acquisition Costs	21,780	SF of Land	x	\$ 55	/SF of Land	=	\$ 1,198,000
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II. Direct Costs

Site Improvement	21,780	SF of Land	x	\$ 5	/SF of Land	=	\$ 109,000
Parking							
Surface	0	Spaces	x	\$ 5,000	/Space	=	\$ -
Podium	46	Spaces	x	\$ 21,292	/Space	=	\$ 979,000
Building Costs	55,212	SF of GBA	x	\$ 156	/SF of GBA	=	\$ 8,613,000
Contractor/DC Contingency	5.00%	Other Direct Costs				=	\$ 485,000
Total Direct Costs	27	Units		\$ 377,259	/Unit		\$ 10,186,000

III. Indirect Costs

Architecture, Engineering, & Consulting	5%	Direct Costs				=	\$ 509,000
Public Permits & Fees	27	Units	x	\$ 15,000	/Unit	=	\$ 405,000
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	\$ 306,000
Marketing / Leasing	27	Units	x	\$ 3,500	/Unit	=	\$ 95,000
Developer Fee	3.0%	Direct Costs				=	\$ 306,000
Soft Cost Contingency Allowance	10.0%	Other Indirect Costs				=	\$ 162,000
Total Indirect Costs							\$ 1,783,000

IV. Financing Costs

Land Carrying Cost	\$ 1,198,000	Cost	5.00%	Interest	\$ 110,000
Construction Loan Interest	\$ 12,707,000	Cost	5.00%	Interest	\$ 784,000
Loan Origination Fees	\$ 11,969,000	Loan	1.50	Points	\$ 180,000
Total Financing Costs					\$ 1,074,000

V. Total Construction Cost	27	Units	\$ 483,074	/Unit	\$ 13,043,000
Total Development Cost	27	Units	\$ 527,444	/Unit	\$ 14,241,000

Stabilized NOI**Density Bonus: 27 Units, Variable Level of Affordable Units****South LA**

Rental Apartment Projects

I. Income

Market Rate Units

Studios	0	Units	\$	-	/Unit/Month	\$	-
1 BR	9	Units	\$	2,555	/Unit/Month	\$	275,900
2 BR	9	Units	\$	2,223	/Unit/Month	\$	240,100
3 BR	5	Units	\$	2,549	/Unit/Month	\$	152,900
Total Market Rate Units	23						
Very Low Income (Max 50% AMI)						\$	-
Studios	0	Units	\$	434	/Unit/Month	\$	-
1 BR	1	Units	\$	486	/Unit/Month	\$	5,800
2 BR	2	Units	\$	536	/Unit/Month	\$	12,900
3 BR	1	Units	\$	587	/Unit/Month	\$	7,000
Total Affordable Units	4						
Laundry & Misc Income	27		\$	25	/Unit/Month	\$	8,100
Gross Income	0					\$	702,700
(Less) Vacancy & Collection Allowance	5.0%	Gross Income				\$	(35,000)
Effective Gross Income	35.05						\$ 667,700

II. Operating Expenses

General OpEx	27	Units	\$	3,000	/Unit	\$	81,000
Property Taxes	27	Units	\$	5,180	/Unit	\$	140,000
Reserves Deposits	27	Units	\$	150	/Unit	\$	4,000
Total OpEx	27	Units	\$	8,330	/Unit	\$	225,000

III. Stabilized NOI

\$ 442,700

Supportable Inclusionary Housing Production Requirements
Density Bonus: 27 Units, Variable Level of Affordable Units
South LA
Rental Apartment Projects

Supportable Percentage of Inclusionary Units	15%
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I. Return on Total Development Cost

Stabilized NOI		\$	442,700
Total Development Cost		\$	8,764,000
Stabilized Return on Total Investment			5.1%

Feasible?

(Minimum = Cap Rate + 0.75%)	5.8%	NO
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II. Developer Profit Margin

Net Operating Income		\$	442,700
Cap Rate	5.0%		
Project Value (NOI / Cap Rate)		\$	8,854,000
Less: Cost of Sale	3.0%	\$	(265,620)
Net Project Sale Value		\$	8,588,380
Less: Total Development Cost		\$	(8,764,000)
Developer Profit Margin		\$	(175,620)
% x Net Project Sale Value			-2%

Feasible?

(Minimum = 12.5%)	NO
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APPENDIX C

For-Sale Condo Pro Forma Analysis - Antelope Valley, Coastal South Los Angeles, East Los Angeles, San Gabriel Valley, Santa Clarita Valley²

² HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with 15% of units affordable at Moderate Income levels (120 percent of AMI).

Estimated Development Costs**Base Case: 100% Market Rate Units****Antelope Valley**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land	=	\$	113,760
Land Cost Per AC	\$123,885				
Total AC	0.92				
Total Acquisition Cost	\$113,760				
Cost Per Unit	\$5,688				

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000
Parking									
Surface	43	Spaces	x	\$	5,000	/Space	=	\$	215,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	34,736	SF of GBA	x	\$	158	/SF of GBA	=	\$	5,502,000
Contractor/DC Contingency	5.00%	Other Direct Costs					=	\$	326,000
Total Direct Costs	20	Units		\$	342,150	/Unit		\$	6,843,000

III. Indirect Costs

Soft Costs	25%	Building Costs	=	\$	1,711,000
Total Indirect Costs				\$	1,711,000

IV. Financing Costs

Cost of Sale	\$	11,154,628	5.00%	Cost of Sale	\$	557,731
					\$	-
					\$	-
					\$	557,731

V. Total Construction Cost	20	Units	\$	455,587	/Unit	\$	9,111,731
Total Development Cost	20	Units	\$	461,275	/Unit	\$	9,225,492

Revenue

Base Case: 100% Market Rate Units

Antelope Valley

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units			Avg SF Per Unit	/Sale Price PSF	
2 BR	0	Units	1,667	\$ 548	\$ -
3 BR	20	Units	1,711	\$ 326	\$ 11,154,628
4 BR	0	Units	2,079	\$ 295	\$ -
5 BR	0	Units	-	\$ -	\$ -
	20				\$ -
Gross Revenue From Sale					\$ 11,154,628

III. Gross Revenue From Sale	\$ 11,154,628
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

Antelope Valley

For-Sale Condo Projects

I. Revenue From Sale	\$ 11,154,628
II. Total Development Cost	\$ 9,225,492
III. Net Revenue From Sale	\$ 1,929,136

IIII. Gross Margin	17.3%
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Feasible	YES
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Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****Antelope Valley**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land	=	\$	113,760
Land Cost Per AC	\$123,885				
Total AC	0.92				
Total Acquisition Cost	\$113,760				
Cost Per Unit	\$4,213				

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000
Parking									
Surface	43	Spaces	x	\$	5,000	/Space	=	\$	215,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	46,893.91	SF of GBA	x	\$	158	/SF of GBA	=	\$	7,428,000
Contractor/DC Contingency	5%	Other Direct Costs					=	\$	422,000
Total Direct Costs	27.00	Units		\$	328,333	/Unit		\$	8,865,000

III. Indirect Costs

Soft Costs	25%	Building Costs	=	\$	2,216,000
Total Indirect Costs				\$	2,216,000

IV. Financing Costs

Cost of Sale	\$	14,05,359	5.00%	Cost of Sale	\$	1,229,000
					\$	-
					\$	-
					\$	1,229,000

V. Total Construction Cost	27	Units	\$	455,926	/Unit	\$	12,310,000
Total Development Cost	27	Units	\$	460,139	/Unit	\$	12,423,760

Revenue

Density Bonus: 27 Units, Variable Level of Affordable Units

Antelope Valley

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units			Avg. SF Per Unit	Avg Sale Price / SF	
2 BR	0	Units	1,667	\$548.30	\$ -
3 BR	23	Units	1,737	\$325.94	\$ 12,991,944
4 BR	0	Units	2,079	\$295.33	\$ -
5 BR	0	Units	-	\$0.00	\$ -
Total Market Rate Units	23				
Moderate Income (Max 120% AMI)			Sale Price		
2 BR	0	Units		\$ 132,292	
3 BR	4	Units		\$ 308,746	\$ 1,250,423
4 BR	0	Units		\$ 333,539	\$ -
Total Affordable Units	4				
Total Units	27				\$ -
Gross Revenue From Sale					\$ 14,050,359

Supportable Number of Affordable Units 15%

III. Gross Revenue	\$ 14,242,368
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Stabilized Return on Total Investment

I. Revenue From Sale	\$ 14,242,368
II. Total Development Cost	\$ 12,423,760
III. Net Revenue From Sale	\$ 1,929,136

IIII. Gross Margin	12.6%
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Feasible	YES
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Estimated Development Costs**Base Case: 100% Market Rate Units****Coastal South LA**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land					
Land Cost Per AC	\$2,022,668						
Total AC	0.92						
Total Acquisition Cost	\$1,857,363					\$	1,857,363
Cost Per Unit	\$92,868						

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000	
Parking										
Surface	43	Spaces	x	\$	5,000	/Space	=	\$	215,000	
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-	
Building Costs	31,355	SF of GBA	x	\$	206	/SF of GBA	=	\$	6,457,000	
Contractor/DC Contingency	5.00%	Other Direct Costs					=	\$	374,000	
Total Direct Costs	20	Units		\$	392,300	/Unit				\$ 7,846,000

III. Indirect Costs

Soft Costs	25%	Building Costs					=	\$	1,962,000	
Total Indirect Costs										\$ 1,962,000

IV. Financing Costs

Cost of Sale	\$ 18,365,000			5.00%	Cost of Sale		\$	918,250	
							\$	-	
							\$	-	
									\$ 918,250

V. Total Construction Cost	20	Units		\$	536,313	/Unit		\$	10,726,250
Total Development Cost	20	Units		\$	629,181	/Unit		\$	12,583,613

Revenue

Base Case: 100% Market Rate Units

Coastal South LA

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units		Avg SF Per Unit		/Sale Price PSF		
1 BR	0 Units					\$ -
2 BR	0 Units					\$ -
3 BR	20 Units	1,568		\$	570	\$ 17,872,350
4 BR	0 Units					\$ -
5 BR	0 Units					\$ -
	20					\$ -
Gross Revenue From Sale						\$ 17,872,350

III. Gross Revenue From Sale	\$ 17,872,350
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

Coastal South LA

For-Sale Condo Projects

I. Gross Revenue From Sale	\$ 17,872,350
II. Total Development Cost	\$ 12,558,980
III. Net Revenue From Sale	\$ 5,313,370

IIII. Gross Margin	29.7%
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Feasible?	YES
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Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****Coastal South LA**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land					
Land Cost Per AC	\$2,022,668						
Total AC	0.92						
Total Acquisition Cost	\$1,857,363					\$	1,857,363
Cost Per Unit	\$68,791						

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000
Parking									
Surface	58	Spaces	x	\$	5,000	/Space	=	\$	290,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	42,329	SF of GBA	x	\$	206	/SF of GBA	=	\$	8,716,000
Contractor/DC Contingency	5%	Other Direct Costs					=	\$	490,000
Total Direct Costs	27.00	Units		\$	381,333	/Unit		\$	10,296,000

III. Indirect Costs

Soft Costs	25%	Building Costs					=	\$	2,574,000
Total Indirect Costs								\$	2,574,000

IV. Financing Costs

Cost of Sale	\$	22,324,238			5.00%	Cost of Sale		\$	1,953,000
								\$	-
								\$	-
								\$	1,953,000

V. Total Construction Cost	20	Units		\$	741,150	/Unit		\$	14,823,000
Total Development Cost	20	Units		\$	834,018	/Unit		\$	16,680,363

Revenue
Density Bonus: 27 Units, Variable Level of Affordable
Units

Coastal South LA

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units		Avg. SF Per Unit	Avg Sale Price / SF	
1 BR	0 Units			\$ -
2 BR	0 Units			\$ -
3 BR	23 Units	1,568	\$ 570	\$ 893,618
4 BR	0 Units			\$ -
5 BR	0 Units			\$ -
Total Market Rate Units	23			\$ 20,508,522
Moderate Income (Max 120% AMI)				
1 BR	0 Units		\$ 246,958	\$ -
2 BR	0 Units		\$ 277,949	\$ -
3 BR	4 Units		\$ 308,746	\$ 1,250,400
4 BR	0 Units		\$ 333,539	\$ -
				\$ 1,250,400
Total Affordable Units	4			
Total Units	27			
Gross Revenue From Sale				\$ 22,324,238

III. Gross Revenue From Sale	\$ 22,324,238
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I. Revenue From Sale \$ 21,758,922

II. Total Development Cost \$ 16,631,363

III. Net Revenue From Sale \$ 5,127,559

III. Gross Margin	23.6%
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Feasible **YES**

Estimated Development Costs**Base Case: 100% Market Rate Units****East LA**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land					
Land Cost Per AC	\$1,844,274						
Total AC	0.92						
Total Acquisition Cost	\$1,693,548					\$	1,693,548
Cost Per Unit	\$84,677						

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000	
Parking										
Surface	43	Spaces	x	\$	5,000	/Space	=	\$	215,000	
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-	
Building Costs	33,438	SF of GBA	x	\$	172	/SF of GBA	=	\$	5,738,000	
Contractor/DC Contingency	5.00%	Other Direct Costs					=	\$	338,000	
Total Direct Costs	20	Units		\$	354,550	/Unit				\$ 7,091,000

III. Indirect Costs

Soft Costs	25%	Building Costs					=	\$	1,773,000	
Total Indirect Costs										\$ 1,773,000

IV. Financing Costs

Cost of Sale	\$ 14,058,256			5.00%	Cost of Sale			\$	702,913	
								\$	-	
								\$	-	
										\$ 702,913

V. Total Construction Cost	20	Units		\$	478,346	/Unit		\$	9,566,913	
Total Development Cost	20	Units		\$	563,023	/Unit		\$	11,260,461	

Revenue

Base Case: 100% Market Rate Units

East LA

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units		Avg SF Per Unit	/Sale Price PSF	
1 BR	0 Units			\$ -
2 BR	0 Units			\$ -
3 BR	20 Units	1,672	\$ 420	\$ 14,058,256
4 BR	0 Units			\$ -
	20			\$ -
Gross Revenue From Sale				\$ 14,058,256

III. Gross Revenue From Sale	\$ 14,058,256
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

East LA

For-Sale Condo Projects

I. Gross Revenue From Sale	\$ 14,058,256
II. Total Development Cost	\$ 11,260,461
III. Net Revenue From Sale	\$ 2,797,795

IIII. Gross Margin	19.9%
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Feasible?	YES
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Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****East LA**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land					
Land Cost Per AC	\$1,844,274						
Total AC	0.92						
Total Acquisition Cost	\$1,693,548					\$	1,693,548
Cost Per Unit	\$62,724						

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000	
Parking										
Surface	58	Spaces	x	\$	5,000	/Space	=	\$	290,000	
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-	
Building Costs	45,141	SF of GBA	x	\$	172	/SF of GBA	=	\$	7,746,000	
Contractor/DC Contingency	5%	Other Direct Costs					=	\$	442,000	
Total Direct Costs	27.00	Units		\$	343,630	/Unit				\$ 9,278,000

III. Indirect Costs

Soft Costs	25%	Building Costs					=	\$	2,320,000	
Total Indirect Costs										\$ 2,320,000

IV. Financing Costs

Cost of Sale	\$ 16,131,849			5.00%	Cost of Sale	\$	806,592		
						\$	-		
						\$	-		
								\$	806,592

V. Total Construction Cost	20	Units		\$	620,230	/Unit		\$	12,404,592
Total Development Cost	20	Units		\$	704,907	/Unit		\$	14,098,140

Revenue

Density Bonus: 27 Units, Variable Level of Affordable Units

East LA

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units		Avg. SF Per Unit	Avg Sale Price / SF	
1 BR	0 Units			\$ -
2 BR	0 Units	-	- /Unit	\$ -
3 BR	23 Units	1,672	420 /Unit	\$ 16,131,849
4 BR	0 Units	-	- /Unit	\$ -
Total Market Rate Units		23		\$ 16,131,849
Moderate Income (Max 120% AMI)				
1 BR	0 Units		\$ 246,958	\$ -
2 BR	0 Units		\$ 277,949 /Unit	\$ -
3 BR	4 Units		\$ 308,746 /Unit	\$ 1,250,423
4 BR	0 Units		\$ 333,539 /Unit	\$ -
				\$ 1,250,423
Total Affordable Units		4		
Total Units		27		
Gross Revenue From Sale				\$ 16,131,849

III. Gross Revenue	\$ 16,131,849
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Stabilized Return on Total Investment

I. Gross Revenue From Sale	\$ 16,131,849
II. Total Development Cost	\$ 14,098,140
III. Net Revenue From Sale	\$ 2,033,709

IIII. Gross Margin	12.6%
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Feasible?	YES
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Estimated Development Costs
Base Case: 100% Market Rate Units
San Gabriel Valley
For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land				
Land Cost Per AC	\$1,575,694					
Total AC	0.92					
Total Acquisition Cost	\$1,446,919				\$	1,446,919
Cost Per Unit	\$72,346					

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$ 20	/SF of Land	=	\$ 800,000	
Parking								
Surface	43	Spaces	x	\$ 5,000	/Space	=	\$ 215,000	
Podium	0	Spaces	x	\$ 25,550	/Space	=	\$ -	
Building Costs	37,574	SF of GBA	x	\$ 172	/SF of GBA	=	\$ 6,448,000	
Contractor/DC Contingency	5.00%	Other Direct Costs				=	\$ 373,000	
Total Direct Costs	20	Units		\$ 391,800	/Unit		\$	7,836,000

III. Indirect Costs

Soft Costs	25%	Building Costs				=	\$ 1,959,000	
Total Indirect Costs							\$	1,959,000

IV. Financing Costs

Cost of Sale	\$ 15,107,901			5.00%	Cost of Sale		\$ 755,395	
							\$ -	
							\$ -	
							\$	755,395

V. Total Construction Cost	20	Units		\$ 527,520	/Unit		\$	10,550,395
Total Development Cost	20	Units		\$ 599,866	/Unit		\$	11,997,314

Revenue
Base Case: 100% Market Rate Units
San Gabriel Valley
 For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units		Avg SF Per Unit	/Sale Price PSF	
1 BR	0 Units			\$ -
2 BR	0 Units			\$ -
3 BR	0 Units			\$ -
4 BR	20 Units	1,879	\$ 402	\$ 15,107,901
5 BR	0 Units			\$ -
	20			\$ -
Gross Revenue From Sale				\$ 15,107,901

III. Gross Revenue From Sale	\$ 15,107,901
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Stabilized Return on Total Investment
Base Case: 100% Market Rate Units
SGV
 Inclusionary Housing Analysis - Condo

I. Gross Revenue From Sale	\$ 15,107,901
II. Total Development Cost	\$ 11,997,314
III. Net Revenue From Sale	\$ 3,110,587

IIII. Gross Margin	20.6%
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Feasible? **YES**

Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****San Gabriel Valley**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land					
Land Cost Per AC	\$1,575,694						
Total AC	0.92						
Total Acquisition Cost	\$1,446,919					\$	1,446,919
Cost Per Unit	\$53,590						

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000	
Parking										
Surface	58	Spaces	x	\$	5,000	/Space	=	\$	290,000	
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-	
Building Costs	50,725	SF of GBA	x	\$	172	/SF of GBA	=	\$	8,704,000	
Contractor/DC Contingency	5%	Other Direct Costs					=	\$	490,000	
Total Direct Costs	27	Units		\$	380,889	/Unit		\$	10,284,000	

III. Indirect Costs

Soft Costs	25%	Building Costs					=	\$	2,571,000	
Total Indirect Costs								\$	2,571,000	

IV. Financing Costs

Cost of Sale	\$	18,687,150			5.00%	Cost of Sale		\$	1,635,000	
								\$	-	
								\$	-	
								\$	1,635,000	

V. Total Construction Cost	20	Units		\$	724,500	/Unit		\$	14,490,000	
Total Development Cost	20	Units		\$	796,846	/Unit		\$	15,936,919	

Revenue

Density Bonus: 27 Units, Variable Level of Affordable Units

San Gabriel Valley

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units		Avg. SF Per Unit	Avg Sale Price / SF	
1 BR	0 Units			\$ -
2 BR	0 Units	-	- /Unit	\$ -
3 BR	0 Units	-	- /Unit	\$ -
4 BR	23 Units	1,879	402 /Unit	\$ 17,336,316
5 BR	0 Units	-	- /Unit	\$ -
Total Market Rate Units	23			\$ 17,336,316
Moderate Income (Max 120% AMI)				
1 BR	0 Units		\$ 246,958	\$ -
2 BR	0 Units		\$ 277,949 /Unit	\$ -
3 BR	0 Units		\$ 308,746 /Unit	\$ -
4 BR	4 Units		\$ 333,539 /Unit	\$ 1,350,834
				\$ 1,350,834
Total Affordable Units	4			
Total Units	27			
Gross Revenue From Sale				\$ 18,687,150

III. Gross Revenue

\$ 18,687,150

Stabilized Return on Total Investment

I. Gross Revenue From Sale	\$ 18,687,150
II. Total Development Cost	\$ 15,936,919
III. Net Revenue From Sale	\$ 2,750,231

III. Gross Margin

14.7%

Feasible?

YES

Estimated Development Costs**Base Case: 100% Market Rate Units****Santa Clarita Valley**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land					
Land Cost Per AC	\$298,039						
Total AC	0.92						
Total Acquisition Cost	\$273,682					\$	273,682
Cost Per Unit	\$13,684						

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000
Parking									
Surface	43	Spaces	x	\$	5,000	/Space	=	\$	215,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	34,736	SF of GBA	x	\$	158	/SF of GBA	=	\$	5,502,000
Contractor/DC Contingency	5.00%	Other Direct Costs					=	\$	326,000
Total Direct Costs	20	Units		\$	342,150	/Unit		\$	6,843,000

III. Indirect Costs

Soft Costs	25%	Building Costs				=	\$	1,711,000
Total Indirect Costs							\$	1,711,000

IV. Financing Costs

Cost of Sale	\$	11,321,956		5.00%	Cost of Sale	\$	566,098
						\$	-
						\$	-
						\$	566,098

V. Total Construction Cost	20	Units	\$	456,005	/Unit	\$	9,120,098
Total Development Cost	20	Units	\$	469,689	/Unit	\$	9,393,780

Revenue

Base Case: 100% Market Rate Units

Santa Clarita Valley

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units		Avg SF Per Unit	/Sale Price PSF	
1 BR	0 Units			\$ -
2 BR	0 Units			\$ -
3 BR	20 Units	1,737	\$ 326	\$ 11,321,956
4 BR	0 Units			\$ -
5 BR	0 Units			\$ -
	20			\$ -
Gross Revenue From Sale				\$ 11,321,956

III. Gross Revenue From Sale	\$ 11,321,956
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Stabilized Return on Total Investment

Base Case: 100% Market Rate Units

Santa Clarita Valley

For-Sale Condo Projects

I. Gross Revenue From Sale	\$ 11,321,956
II. Total Development Cost	\$ 9,393,780
III. Net Revenue From Sale	\$ 1,928,176

IIII. Gross Margin	17.0%
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Feasible? YES

Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****Santa Clarita Valley**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land					
Land Cost Per AC	\$298,039						
Total AC	0.92						
Total Acquisition Cost	\$273,682					\$	273,682
Cost Per Unit	\$10,136						

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000
Parking									
Surface	58	Spaces	x	\$	5,000	/Space	=	\$	290,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	46,894	SF of GBA	x	\$	158	/SF of GBA	=	\$	7,428,000
Contractor/DC Contingency	5%	Other Direct Costs					=	\$	426,000
Total Direct Costs	27	Units		\$	331,259	/Unit		\$	8,944,000

III. Indirect Costs

Soft Costs	25%	Building Costs				=	\$	2,236,000
Total Indirect Costs							\$	2,236,000

IV. Financing Costs

Cost of Sale	\$	14,242,368		5.00%	Cost of Sale	\$	1,246,000
						\$	-
						\$	-
						\$	1,246,000

V. Total Construction Cost	20	Units	\$	621,300	/Unit	\$	12,426,000
Total Development Cost	20	Units	\$	634,984	/Unit	\$	12,699,682

Revenue

Density Bonus: 27 Units, Variable Level of Affordable Units

Santa Clarita Valley

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units		Avg. SF Per Unit	Avg Sale Price / SF	
1 BR	0 Units			\$ -
2 BR	0 Units			\$ -
3 BR	23 Units	1,737	326 /Unit/Month	\$ 12,991,944
4 BR	0 Units			\$ -
Total Market Rate Units	23			\$ 12,991,944
Moderate Income (Max 120% AMI)				
1 BR	0 Units		\$ 246,958	\$ -
2 BR	0 Units		\$ 277,949 /Unit/Month	\$ -
3 BR	4 Units		\$ 308,746 /Unit/Month	\$ 1,250,423
4 BR	0 Units		\$ 333,539 /Unit/Month	\$ -
Total Affordable Units	4			\$ 1,250,423
Total Units	27			
Gross Revenue From Sale				\$ 14,242,368

III. Gross Revenue

\$ 14,242,368

Stabilized Return on Total Investment

I. Gross Revenue From Sale	\$ 14,242,368
II. Total Development Cost	\$ 12,426,000
III. Net Revenue From Sale	\$ 1,816,368

IIII. Gross Margin

12.8%

Feasible?

YES

Estimated Development Costs**Base Case: 100% Market Rate Units****South LA**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land					
Land Cost Per AC	\$1,986,985						
Total AC	0.92						
Total Acquisition Cost	\$1,824,596					\$	1,824,596
Cost Per Unit	\$91,230						

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000	
Parking										
Surface	43	Spaces	x	\$	5,000	/Space	=	\$	215,000	
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-	
Building Costs	40,000	SF of GBA	x	\$	172	/SF of GBA	=	\$	6,864,000	
Contractor/DC Contingency	5.00%	Other Direct Costs					=	\$	394,000	
Total Direct Costs	20	Units		\$	413,650	/Unit				\$ 8,273,000

III. Indirect Costs

Soft Costs	25%	Building Costs					=	\$	2,068,000	
Total Indirect Costs										\$ 2,068,000

IV. Financing Costs

Cost of Sale	\$	10,432,000			5.00%	Cost of Sale		\$	913,000	
								\$	-	
								\$	-	
										\$ 913,000

V. Total Construction Cost	20	Units		\$	562,700	/Unit		\$	11,254,000
Total Development Cost	20	Units		\$	653,930	/Unit		\$	13,078,596

Revenue
Base Case: 100% Market Rate Units
South LA
 For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units		Avg SF Per Unit	/Sale Price PSF	
1 BR	0 Units			\$ -
2 BR	0 Units			\$ -
3 BR	0 Units			\$ -
4 BR	20 Units	2,000	\$ 218	\$ 8,716,578
5 BR	0 Units			\$ -
	20			\$ -
Gross Revenue From Sale				\$ 8,716,578

III. Gross Revenue From Sale	\$ 8,716,578
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Stabilized Return on Total Investment

I. Gross Revenue From Sale	\$ 8,716,578
II. Total Development Cost	\$ 12,928,596
III. Net Revenue From Sale	\$ (4,212,019)

III. Gross Margin	-48.3%
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Feasible? **NO**

Estimated Development Costs**Density Bonus: 27 Units, Prescribed Unit Mix****South LA**

For-Sale Condo Projects

I. Property Acquisition Costs	40,000	SF of Land					
Land Cost Per AC	\$1,986,985						
Total AC	0.92						
Total Acquisition Cost	\$1,824,596					\$	1,824,596
Cost Per Unit	67,578						

II. Direct Costs

Site Improvement	40,000	SF of Land	x	\$	20	/SF of Land	=	\$	800,000	
Parking										
Surface	58	Spaces	x	\$	5,000	/Space	=	\$	290,000	
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-	
Building Costs	\$54,000	SF of GBA	x	\$	172	/SF of GBA	=	\$	9,266,000	
Contractor/DC Contingency	5%	Other Direct Costs					=	\$	518,000	
Total Direct Costs	27	Units		\$	402,741	/Unit				\$ 10,874,000
	\$48,600.0									

III. Indirect Costs

Soft Costs	25%	Building Costs					=	\$	2,719,000	
Total Indirect Costs										\$ 2,719,000

IV. Financing Costs

Cost of Sale	\$11,353,106	Development Cost		5.00%	Cost of Sale		\$	567,655	
							\$	-	
							\$	-	
									\$ 567,655

V. Total Construction Cost	20	Units		\$	708,033	/Unit		\$	14,160,655
Total Development Cost	20	Units		\$	799,263	/Unit		\$	15,985,252

Revenue

Density Bonus: 27 Units, Variable Level of Affordable Units

South LA

For-Sale Condo Projects

I. Revenue From Sale

Market Rate Units			Avg. SF Per Unit	Avg Sale Price / SF	
1 BR	0	Units			\$ -
2 BR	0	Units			\$ -
3 BR	0	Units			\$ -
4 BR	23	Units	2,000	218 /Unit/Month	\$ 10,002,273
Total Market Rate Units	23				\$ 10,002,273
Moderate Income (Max 120% AMI)					
1 BR	0	Units		\$ 246,958	\$ -
2 BR	0	Units		\$ 277,949 /Unit/Month	\$ -
3 BR	0	Units		\$ 308,746 /Unit/Month	\$ -
4 BR	4	Units		\$ 333,539 /Unit/Month	\$ 1,350,834
Total Affordable Units	4				\$ 1,350,834
Total Units	27				
Gross Revenue From Sale					\$ 11,353,106

III. Gross Revenue	\$ 11,353,106
--------------------	---------------

Stabilized Return on Total Investment

I. Gross Revenue From Sale	\$ 11,353,106
II. Total Development Cost	\$ 15,985,252
III. Net Revenue From Sale	\$ (4,632,145)

III. Gross Margin	-40.8%
-------------------	--------

Feasible?

NO

APPENDIX D

For-Sale Single-Family Subdivision Pro Forma Analysis - Antelope Valley, Coastal South Los Angeles, East Los Angeles, San Gabriel Valley, Santa Clarita Valley³

³ HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with the maximum supportable level of Moderate (120 percent of AMI) inclusionary housing.

Estimated Development Costs**Base Case: 100% Market Rate Units****Antelope Valley**

For-Sale Single Family Home

I. Property Acquisition Costs	250,000	SF of Land	=	\$	711,002
Land Cost Per AC	\$123,885				
Total AC	5.74				
Total Acquisition Cost	\$711,002				
Cost Per Unit	14,220				

II. Direct Costs

Site Improvement	250,000	SF of Land	x	\$	12	/SF of Land	=	\$	3,000,000
Parking									
Surface	100	Spaces	x	\$	3,000	/Space	=	\$	300,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	105,000	SF of GBA	x	\$	140	/SF of GBA	=	\$	14,700,000
Contractor/DC Contingency	10.00%	Other Direct Costs					=	\$	1,800,000
Total Direct Costs	50	Units		\$	396,000	/Unit		\$	19,800,000

III. Indirect Costs

Soft Costs	15%	Building Costs	=	\$	2,970,000
Total Indirect Costs				\$	2,970,000

IV. Financing Costs

Cost of Sale	\$	29,154,286	Development Cost	5.00%	Cost of Sale	\$	2,551,000
						\$	-
						\$	-
							<hr/>
							\$ 2,551,000

V. Total Construction Cost	50	Units	\$	506,420	/Unit	\$	25,321,000
Total Development Cost	50	Units	\$	520,640	/Unit	\$	26,032,002

Revenue From Sale

Base Case: 100% Market Rate Units

Antelope Valley

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units			Avg SF Per Unit	/Sale Price PSF			
2 BR	0	Units	1,322	\$ 416	\$	-	
3 BR	50	Units	1,944	\$ 300	\$	29,154,286	\$ 583,085.71
4 BR	0	Units	2,490	\$ 255	\$	-	
5 BR	0	Units	2,746	\$ 247	\$	-	
	50						
Revenue From Sale					\$	29,154,286	

III. Revenue From Sale	\$ 29,154,286
------------------------	---------------

Stabilized Return on Total Investment

I. Revenue From Sale	\$ 29,154,286
II. Total Development Cost	\$ 26,032,002
III. Net Revenue From Sale	\$ 3,122,283

III. Gross Margin	11%
Feasible	YES

Estimated Development Costs**Affordable Scenario: 50 Units, Prescribed Unit Mix****Antelope Valley**

For-Sale Single Family Home

I. Property Acquisition Costs	250,000	SF of Land	=	\$	1,147,842
Land Cost Per AC	\$200,000				
Total AC	5.74				
Total Acquisition Cost	\$1,147,842				
Cost Per Unit	22,957				

II. Direct Costs

Site Improvement	250,000	SF of Land	x	\$	15	/SF of Land	=	\$	3,750,000
Parking									
Surface	100	Spaces	x	\$	3,000	/Space	=	\$	300,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	105,000.00	SF of GBA	x	\$	140	/SF of GBA	=	\$	14,700,000
Contractor/DC Contingency	10%	Other Direct Costs					=	\$	1,875,000
Total Direct Costs	50.00	Units		\$	412,500	/Unit		\$	20,625,000

III. Indirect Costs

Soft Costs	15%	Building Costs	=	\$	3,094,000
Total Indirect Costs				\$	3,094,000

IV. Financing Costs

Cost of Sale	\$	26,435,764	Development Cost	5.00%	Cost of Sale	\$	2,313,000
						\$	-
						\$	-
							<hr/>
							\$ 2,313,000

V. Total Construction Cost	50	Units	\$	520,640	/Unit	\$	26,032,000
Total Development Cost	50	Units	\$	543,597	/Unit	\$	27,179,842

Revenue

Affordable Scenario: 50 Units, Prescribed Unit Mix

Antelope Valley

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units		Avg SF Per Unit		/Sale Price PSF	
2 BR	0 Units	1,322.00		\$	-
3 BR	43 Units	1,943.62	\$ 300	\$	24,781,143
4 BR	0 Units	2,490.31	\$ 416	\$	-
5 BR	0 Units	2,745.61	\$ 247	\$	-
Total Market Rate Units		43			
Moderate Income (Max 120% AMI)		Affordable Sale Price			
2 BR	0 Units		\$ 277,949	\$	-
3 BR	7 Units		\$ 308,746	\$	2,161,225
4 BR	0 Units		\$ 333,539	\$	-
Total Affordable Units		15%			
TOTAL UNITS		49.50			
Revenue From Sale				\$	26,942,368

III. Gross Revenue	\$ 26,942,368
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Stabilized Return on Total Investment

I. Revenue From Sale	\$ 26,942,368
II. Total Development Cost	\$ 27,223,842
III. Net Revenue From Sale	\$ (281,474)

IIII. Gross Margin	-1.0%
--------------------	-------

Feasible NO

Estimated Development Costs**Base Case: 100% Market Rate Units****Coastal South LA**

For-Sale Single Family Home

I. Property Acquisition Costs	100,000	SF of Land		/SF of Land		\$	4,643,407
Land Cost Per AC	\$2,022,668						
Total AC	2.30						
Total Acquisition Cost	\$4,643,407						
Cost Per Unit	232,170						

II. Direct Costs

Site Improvement	100,000	SF of Land	x	\$ 20	/SF of Land	=	\$ 2,000,000	
Parking								
Surface	40	Spaces	x	\$ 5,000	/Space	=	\$ 200,000	
Podium	0	Spaces	x	\$ 25,550	/Space	=	\$ -	
Building Costs	44,000	SF of GBA	x	\$ 200	/SF of GBA	=	\$ 8,820,000	
Contractor/DC Contingency	5.00%	Other Direct Costs				=	\$ 551,000	
Total Direct Costs	20	Units		\$ 578,550	/Unit		\$	11,571,000

III. Indirect Costs

Soft Costs	15%	Building Costs				=	\$ 1,736,000	
Total Indirect Costs							\$	1,736,000

IV. Financing Costs

Cost of Sale	\$ 19,183,500	Development Cost	5.00%	Cost of Sale		\$ 1,679,000	
						\$ -	
						\$ -	
							\$ 1,679,000

V. Total Construction Cost	20	Units	\$ 749,300	/Unit	\$ 14,986,000
Total Development Cost	20	Units	\$ 981,470	/Unit	\$ 19,629,407

Revenue

Base Case: 100% Market Rate Units

Coastal South LA

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units			Avg SF Per Unit	/Sale Price PSF	
2 BR	0	Units	-	\$ -	\$ -
3 BR	20	Units	2,132	\$ 450	\$ 19,183,500
4 BR	0	Units	2,398	\$ 355	\$ -
5 BR	0	Units	2,058	\$ 423	\$ -
	20				
Revenue From Sale					\$ 19,183,500

III. Revenue From Sale	\$ 19,183,500
------------------------	---------------

Stabilized Return on Total Investment

I. Revenue From Sale	\$ 19,183,500
II. Total Development Cost	\$ 19,629,407
III. Net Revenue From Sale	\$ (445,907)

III. Gross Margin	-2.3%
Feasible?	NO

Estimated Development Costs**Affordable Scenario: 20 Units, Prescribed Unit Mix****Coastal South LA**

For-Sale Single Family Home

I. Property Acquisition Costs	100,000	SF of Land		/SF of Land		\$	4,643,407
Land Cost Per AC	\$2,022,668						
Total AC	2.30						
Total Acquisition Cost	\$4,643,407						
Cost Per Unit	232,170						
II. Direct Costs							
Site Improvement	100,000	SF of Land	x	\$ 20	/SF of Land	=	\$ 2,000,000
Parking							
Surface	40	Spaces	x	\$ 5,000	/Space	=	\$ 200,000
Podium	0	Spaces	x	\$ 25,550	/Space	=	\$ -
Building Costs	44,000.00	SF of GBA	x	\$ 200	/SF of GBA	=	\$ 8,820,000
Contractor/DC Contingency	5%	Other Direct Costs				=	\$ 551,000
Total Direct Costs	20.00	Units		\$ 578,550	/Unit		\$ 11,571,000
	20						
III. Indirect Costs							
Soft Costs	15%	Building Costs				=	\$ 1,736,000
Total Indirect Costs							\$ 1,736,000
IV. Financing Costs							
Cost of Sale	\$ 15,376,239	Development Cost		5.00%	Cost of Sale	\$	1,345,000
						\$	-
						\$	-
							\$ 1,345,000
V. Total Construction Cost	20.00	Units		\$ 732,600	/Unit		\$ 14,652,000
Total Development Cost	20.00	Units		\$ 964,770	/Unit		\$ 19,295,407

Revenue

Affordable Scenario: 20 Units, Prescribed Unit Mix

Coastal South LA

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units			Avg SF Per Unit	/Sale Price PSF	
2 BR	0	Units	2,131.50	\$450.00 /Unit/Month	\$ -
3 BR	17	Units	2,397.50	\$354.54	\$ 14,450,000
4 BR	0	Units	2,058.00	\$422.74	\$ -
5 BR	0	Units	-	\$0.00	\$ -
Total Market Rate Units	17		-		\$ -
Moderate Income (Max 120% AMI)				Affordable Sale Price	
2 BR	0	Units		\$ 277,949	\$ -
3 BR	3	Units		\$ 308,746	\$ 926,239
4 BR	0	Units		\$ 333,539	\$ -
Total Affordable Units			15%	-	\$ -
TOTAL UNITS			20.00		\$ -
Revenue From Sale					\$ 15,376,239

III. Gross Revenue

\$ 15,376,239

Stabilized Return on Total Investment

I. Revenue From Sale	\$ 15,376,239
II. Total Development Cost	\$ 19,295,407
III. Net Revenue From Sale	\$ (3,919,167)

III. Gross Margin

-25.5%

Feasible

NO

Estimated Development Costs**Base Case: 100% Market Rate Units****East LA**

For-Sale Single Family Home

I. Property Acquisition Costs	100,000	SF of Land		/SF of Land		\$	4,233,870
Land Cost Per AC	\$1,844,274						
Total AC	2.30						
Total Acquisition Cost	\$4,233,870						
Cost Per Unit	211,693						

II. Direct Costs

Site Improvement	100,000	SF of Land	x	\$ 20	/SF of Land	=	\$ 2,000,000	
Parking								
Surface	40	Spaces	x	\$ 5,000	/Space	=	\$ 200,000	
Podium	0	Spaces	x	\$ 25,550	/Space	=	\$ -	
Building Costs	36,000	SF of GBA	x	\$ 167	/SF of GBA	=	\$ 6,013,000	
Contractor/DC Contingency	5.00%	Other Direct Costs				=	\$ 411,000	
Total Direct Costs	20	Units		\$ 431,200	/Unit		\$ 8,624,000	

III. Indirect Costs

Soft Costs	15%	Building Costs				=	\$ 1,294,000	
Total Indirect Costs							\$ 1,294,000	

IV. Financing Costs

Cost of Sale	\$ 14,541,111	Development Cost	5.00%	Cost of Sale		\$ 1,272,000	
						\$ -	
						\$ -	
						\$ 1,272,000	

V. Total Construction Cost	20	Units	\$ 559,500	/Unit	\$ 11,190,000
Total Development Cost	20	Units	\$ 771,193	/Unit	\$ 15,423,870

Revenue
Base Case: 100% Market Rate Units
East LA
 For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units			Avg SF Per Unit	/Sale Price PSF		
2 BR	0	Units	-	\$	-	\$ -
3 BR	20	Units	1,564	\$	465	\$ 14,541,111
4 BR	0	Units	2,112	\$	411	\$ -
5 BR	0	Units	2,202	\$	367	\$ -
	20					
Revenue From Sale						\$ 14,541,111

III. Revenue From Sale	\$ 14,541,111
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Stabilized Return on Total Investment

I. Revenue From Sale	\$ 14,541,111
II. Total Development Cost	\$ 15,423,870
III. Net Revenue From Sale	\$ (882,759)

III. Gross Margin	-6.1%
Feasible?	NO

Estimated Development Costs**Affordable Scenario: 20 Units, Prescribed Unit Mix****East LA**

For-Sale Single Family Home

I. Property Acquisition Costs	100,000	SF of Land		/SF of Land		\$	4,233,870
Land Cost Per AC	\$1,844,274						
Total AC	2.30						
Total Acquisition Cost	\$4,233,870						
Cost Per Unit	211,693						

II. Direct Costs

Site Improvement	100,000	SF of Land	x	\$ 20	/SF of Land	=	\$ 2,000,000	
Parking								
Surface	40	Spaces	x	\$ 5,000	/Space	=	\$ 200,000	
Podium	0	Spaces	x	\$ 25,550	/Space	=	\$ -	
Building Costs	36,000.00	SF of GBA	x	\$ 167	/SF of GBA	=	\$ 6,013,000	
Contractor/DC Contingency	10%	Other Direct Costs				=	\$ 821,000	
Total Direct Costs	20.00	Units		\$ 451,700	/Unit		\$ 9,034,000	
	20							

III. Indirect Costs

Soft Costs	15%	Building Costs				=	\$ 1,355,000	
Total Indirect Costs							\$ 1,355,000	

IV. Financing Costs

Cost of Sale	\$ 13,286,184	Development Cost	5.00%	Cost of Sale		\$ 1,163,000	
						\$ -	
						\$ -	
							\$ 1,163,000

V. Total Construction Cost	20	Units	\$ 577,600	/Unit	\$ 11,552,000
Total Development Cost	20	Units	\$ 789,293	/Unit	\$ 15,785,870

Revenue

Affordable Scenario: 20 Units, Prescribed Unit Mix

East LA

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units

		Units	Avg SF Per Unit	/Sale Price PSF	/Unit/Month	
2 BR	0	Units				
3 BR	17	Units	1,564.33	464.77		\$ 12,359,944
4 BR	0	Units	2,112.03	411.24		\$ -
5 BR	0	Units	2,202.00	366.94		\$ -
Total Market Rate Units	17		-	-		\$ -
Moderate Income (Max 120% AMI)				Affordable Sale Price		
2 BR	0	Units		\$ 277,949		\$ -
3 BR	3	Units		\$ 308,746		\$ 926,239
4 BR	0	Units		\$ 333,539		\$ -
5 BR	0	Units				
Total Affordable Units	15%		-			\$ -
TOTAL UNITS	20.00					\$ -
Revenue From Sale						\$ 13,286,184

III. Gross Revenue

\$ 13,286,184

Stabilized Return on Total Investment

I. Revenue From Sale \$ 13,286,184

II. Total Development Cost \$ 15,785,870

III. Net Revenue From Sale \$ (2,499,686)

IIII. Gross Margin

-18.8%

Feasible

NO

Estimated Development Costs
Base Case: 100% Market Rate Units
San Gabriel Valley
For-Sale Single Family Home

I. Property Acquisition Costs	100,000	SF of Land		/SF of Land		\$	3,617,296
Land Cost Per AC	\$1,575,694						
Total AC	2.30						
Total Acquisition Cost	\$3,617,296						
Cost Per Unit	180,865						

II. Direct Costs

Site Improvement	100,000	SF of Land	x	\$ 20	/SF of Land	=	\$ 2,000,000	
Parking								
Surface	40	Spaces	x	\$ 5,000	/Space	=	\$ 200,000	
Podium	0	Spaces	x	\$ 25,550	/Space	=	\$ -	
Building Costs	56,000	SF of GBA	x	\$ 167	/SF of GBA	=	\$ 9,354,000	
Contractor/DC Contingency	5.00%	Other Direct Costs				=	\$ 578,000	
Total Direct Costs	20	Units		\$ 606,600	/Unit		\$ 12,132,000	

III. Indirect Costs

Soft Costs	20%	Building Costs				=	\$ 2,426,000	
Total Indirect Costs							\$ 2,426,000	

IV. Financing Costs

Cost of Sale	\$ 27,340,447	Development Cost	5.00%	Cost of Sale		\$ 2,392,000	
						\$ -	
						\$ -	
							\$ 2,392,000

V. Total Construction Cost	20	Units	\$ 847,500	/Unit	\$ 16,950,000
Total Development Cost	20	Units	\$1,028,365	/Unit	\$ 20,567,296

Revenue

Base Case: 100% Market Rate Units

San Gabriel Valley

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units			Avg SF Per Unit	/Sale Price PSF		
2 BR	0	Units	1,938	\$ 593	\$	-
3 BR	0	Units	2,040	\$ 564	\$	-
4 BR	20	Units	2,675	\$ 511	\$	27,340,447
5 BR	0	Units	3,116	\$ 483	\$	-
	20					
Revenue From Sale					\$	27,340,447

III. Revenue From Sale	\$ 27,340,447
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Stabilized Return on Total Investment

I. Revenue From Sale	\$ 27,340,447
II. Total Development Cost	\$ 20,567,296
III. Net Revenue From Sale	\$ 6,773,150

IIII. Gross Margin	24.8%
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Feasible?	YES
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For-Sale Single Family Home

LA County IHO Feasibility Analysis | 95

Revenue

Affordable Scenario: 20 Units, Prescribed Unit Mix

San Gabriel Valley

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units					
2 BR	0	Units	Avg SF Per Unit	/Sale Price PSF	/Unit/Month
3 BR	0	Units	2,040.00	\$563.73	\$ -
4 BR	17	Units	2,675.19	\$511.00	\$ 23,239,380
5 BR	0	Units	3,116.00	\$482.92	\$ -
Total Market Rate Units	17		-		\$ -
Moderate Income (Max 120% AMI)				Affordable Sale Price	
2 BR	0	Units		\$ 277,949	\$ -
3 BR	0	Units		\$ 308,746	\$ -
4 BR	3	Units		\$ 333,539	\$ 1,000,617
5 BR	0	Units			
Total Affordable Units	15%		-		\$ -
TOTAL UNITS	20.00				\$ -
Revenue From Sale					\$ 24,239,997

III. Gross Revenue	\$ 24,239,997
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Stabilized Return on Total Investment

I. Revenue From Sale	\$ 24,239,997
II. Total Development Cost	\$ 20,989,296
III. Net Revenue From Sale	\$ 3,250,701

IIII. Gross Margin	13.4%
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Feasible?	YES
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Estimated Development Costs**Base Case: 100% Market Rate Units****Santa Clarita Valley**

For-Sale Single Family Home

I. Property Acquisition Costs	250,000	SF of Land		/SF of Land		\$	1,710,511
Land Cost Per AC	\$298,039						
Total AC	5.74						
Total Acquisition Cost	\$1,710,511						
Cost Per Unit	34,210						

II. Direct Costs

Site Improvement	250,000	SF of Land	x	\$	12	/SF of Land	=	\$	3,000,000
Parking									
Surface	100	Spaces	x	\$	3,000	/Space	=	\$	300,000
Podium	0	Spaces	x	\$	25,550	/Space	=	\$	-
Building Costs	140,000	SF of GBA	x	\$	162	/SF of GBA	=	\$	22,680,000
Contractor/DC Contingency	5.00%	Other Direct Costs					=	\$	1,299,000
Total Direct Costs	50	Units		\$	545,580	/Unit		\$	27,279,000

III. Indirect Costs

Soft Costs	20%	Building Costs				=	\$	5,456,000	
Total Indirect Costs								\$	5,456,000

IV. Financing Costs

Cost of Sale	\$	48,892,455	Development Cost	5.00%	Cost of Sale	\$	4,278,000
						\$	-
						\$	-
							<hr/>
							\$ 4,278,000

V. Total Construction Cost	50	Units	\$	740,260	/Unit	\$	37,013,000
Total Development Cost	50	Units	\$	774,470	/Unit	\$	38,723,511

Revenue

Base Case: 100% Market Rate Units

Santa Clarita Valley

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units			Avg SF Per Unit	/Sale Price PSF		
2 BR	0	Units	834	\$	872	\$ -
3 BR	0	Units	2,029	\$	359	\$ -
4 BR	50	Units	2,667	\$	367	\$ 48,892,455
5 BR	0	Units	3,104	\$	458	\$ -
	50					
Revenue From Sale						\$ 48,892,455

III. Revenue From Sale	\$ 48,892,455
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Stabilized Return on Total Investment

I. Revenue From Sale	\$ 48,892,455
II. Total Development Cost	\$ 38,723,511
III. Net Revenue From Sale	\$ 10,168,944

IIII. Gross Margin	20.8%
Feasible?	YES

Estimated Development Costs**Affordable Scenario: 50 Units, Prescribed Unit Mix****Santa Clarita Valley**

For-Sale Single Family Home

I. Property Acquisition Costs	250,000	SF of Land		/SF of Land		\$	1,710,511
Land Cost Per AC	\$298,039						
Total AC	5.74						
Total Acquisition Cost	\$1,710,511						
Cost Per Unit	34,210						

II. Direct Costs

Site Improvement	250,000	SF of Land	x	\$ 12	/SF of Land	=	\$ 3,000,000	
Parking								
Surface	100	Spaces	x	\$ 3,000	/Space	=	\$ 300,000	
Podium	0	Spaces	x	\$ 25,550	/Space	=	\$ -	
Building Costs	\$140,000.00	SF of GBA	x	\$ 162	/SF of GBA	=	\$ 22,680,000	
Contractor/DC Contingency	5%	Other Direct Costs				=	\$ 1,299,000	
Total Direct Costs	50.00	Units		\$ 545,580	/Unit		\$ 27,279,000	
	50							

III. Indirect Costs

Soft Costs	20%	Building Costs				=	\$ 5,456,000	
Total Indirect Costs							\$ 5,456,000	

IV. Financing Costs

Cost of Sale	\$ 44,382,286	Development Cost	5.00%	Cost of Sale		\$ 3,883,000	
						\$ -	
						\$ -	
							\$ 3,883,000

V. Total Construction Cost	50	Units	\$ 732,360	/Unit		\$ 36,618,000
Total Development Cost	50	Units	\$ 766,570	/Unit		\$ 38,328,511

Revenue

Affordable Scenario: 50 Units, Prescribed Unit Mix

Santa Clarita Valley

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units

		Units	Avg SF Per Unit	/Sale Price PSF	/Unit/Month	
2 BR	0	Units				
3 BR	0	Units	2,029.08	\$358.61		\$ -
4 BR	43	Units	2,667.16	\$366.63		\$ 42,047,512
5 BR	0	Units	3,104.12	\$458.35		\$ -
Total Market Rate Units	43		-			\$ -
Moderate Income (Max 120% AMI)				Affordable Sale Price		
2 BR	0	Units		\$ 277,949		\$ -
3 BR	0	Units		\$ 308,746		\$ -
4 BR	7	Units		\$ 333,539		\$ 2,334,774
Total Affordable Units	15%		-			\$ -
TOTAL UNITS	50.00					\$ -
Revenue From Sale						\$ 44,382,286

III. Gross Revenue

\$ 44,382,286

I. Revenue From Sale

\$ 44,382,286

II. Total Development Cost

\$ 38,328,511

III. Net Revenue From Sale

\$ 6,053,774

III. Gross Margin

13.6%

Feasible?

YES

Estimated Development Costs**Base Case: 100% Market Rate Units****South LA**

For-Sale Single Family Home

I. Property Acquisition Costs	100,000	SF of Land		/SF of Land		\$	4,561,491
Land Cost Per AC	\$1,986,985						
Total AC	2.30						
Total Acquisition Cost	\$4,561,491						
Cost Per Unit	228,075						

II. Direct Costs

Site Improvement	100,000	SF of Land	x	\$ 20	/SF of Land	=	\$ 2,000,000	
Parking								
Surface	40	Spaces	x	\$ 5,000	/Space	=	\$ 200,000	
Podium	0	Spaces	x	\$ 25,550	/Space	=	\$ -	
Building Costs	28,000	SF of GBA	x	\$ 167	/SF of GBA	=	\$ 4,677,000	
Contractor/DC Contingency	5.00%	Other Direct Costs				=	\$ 344,000	
Total Direct Costs	20	Units		\$ 361,050	/Unit		\$	7,221,000

III. Indirect Costs

Soft Costs	15%	Building Costs				=	\$ 1,083,000	
Total Indirect Costs							\$	1,083,000

IV. Financing Costs

Cost of Sale	\$ 10,991,111	Development Cost	5.00%	Cost of Sale		\$ 962,000	
						\$ -	
						\$ -	
							\$ 962,000

V. Total Construction Cost	20	Units	\$ 463,300	/Unit	\$ 9,266,000
Total Development Cost	20	Units	\$ 691,375	/Unit	\$ 13,827,491

Revenue
Base Case: 100% Market Rate Units
South LA
 For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units			Avg SF Per Unit	/Sale Price PSF		
2 BR	0	Units	858	\$ 641	\$	-
3 BR	20	Units	1,346	\$ 408	\$	10,991,111
4 BR	0	Units	1,657	\$ 380	\$	-
5 BR	0	Units	1,778	\$ 336	\$	-
	20					
Revenue From Sale					\$	10,991,111

III. Revenue From Sale	\$ 10,991,111
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Stabilized Return on Total Investment

I. Revenue From Sale	\$ 10,991,111
II. Total Development Cost	\$ 13,827,491
III. Net Revenue From Sale	\$ (2,836,380)

IIII. Gross Margin	-25.8%
Feasible?	NO

Estimated Development Costs**Affordable Scenario: 20 Units, Prescribed Unit Mix****South LA**

For-Sale Single Family Home

I. Property Acquisition Costs	100,000	SF of Land		/SF of Land		\$	4,561,491
Land Cost Per AC	\$1,986,985						
Total AC	2.30						
Total Acquisition Cost	\$229,568						
Cost Per Unit	11,478						

II. Direct Costs

Site Improvement	100,000	SF of Land	x	\$ 20	/SF of Land	=	\$ 2,000,000	
Parking								
Surface	40	Spaces	x	\$ 5,000	/Space	=	\$ 200,000	
Podium	0	Spaces	x	\$ 25,550	/Space	=	\$ -	
Building Costs	28,000.00	SF of GBA	x	\$ 167	/SF of GBA	=	\$ 4,677,000	
Contractor/DC Contingency	10%	Other Direct Costs				=	\$ 688,000	
Total Direct Costs	20.00	Units		\$ 378,250	/Unit		\$ 7,565,000	
	20							

III. Indirect Costs

Soft Costs	15%	Building Costs				=	\$ 1,135,000	
Total Indirect Costs							\$ 1,135,000	

IV. Financing Costs

Cost of Sale	\$ 10,268,684	Development Cost	5.00%	Cost of Sale		\$ 899,000	
						\$ -	
						\$ -	
							\$ 899,000

V. Total Construction Cost	20	Units	\$ 460,150	/Unit	\$ 9,203,000
Total Development Cost	20	Units	\$ 688,225	/Unit	\$ 13,764,491

Revenue

Affordable Scenario: 20 Units, Prescribed Unit Mix

South LA

For-Sale Single Family Home

I. Revenue From Sale

Market Rate Units

		Units	Avg SF Per Unit	/Sale Price PSF	/Unit/Month	
2 BR	0	Units				
3 BR	17	Units	1,345.67	\$408.39		\$ 9,342,444
4 BR	0	Units	1,657.00	\$379.77		\$ -
5 BR	0	Units	1,777.50	\$336.15		\$ -
Total Market Rate Units	17		-			\$ -
Moderate Income (Max 120% AMI)				Affordable Sale Price		
2 BR	0	Units		\$ 277,949		\$ -
3 BR	3	Units		\$ 308,746		\$ 926,239
4 BR	0	Units		\$ 333,539		\$ -
5 BR	0	Units				
Total Affordable Units	15%		-			\$ -
TOTAL UNITS	20.00					\$ -
Revenue From Sale						\$ 10,268,684

III. Gross Revenue

\$ 10,268,684

Stabilized Return on Total Investment

I. Revenue From Sale	\$ 10,268,684
II. Total Development Cost	\$ 13,764,491
III. Net Revenue From Sale	\$ (3,495,807)

III. Gross Margin

-34%

Feasible?

NO