



MEMORANDUM

Date: 4/14/04

To: East Bay Community Foundation

From: Strategic Economics

Project: Ashby Bart Site Development Feasibility Analysis

Subject: Background and Summary of Findings

This memorandum summarizes the feasibility analysis conducted on various residential mixed use development scenarios for the Ashby BART site in the City of Berkeley in an effort funded by the East Bay Community Foundation. For initial discussion purposes, a financial feasibility evaluation was conducted in January 2004 of three physical development schemes (all of which included replacement parking for BART patrons) based on a range of pricing for both residential rental and ownership scenarios. (A fourth scheme was considered in which no replacement parking was provided for BART patrons, however, due to the current grading on the site, there was little benefit to this alternative in terms of the increased unit yield, and it was therefore not included in the financial analysis.) All scenarios took into consideration the consultant team's understanding of the City's 20 percent inclusionary housing requirement in place at that time. The results of the preliminary analysis suggested that the prototypical development scenarios did not appear to be financially feasible, if the cost of providing BART replacement parking were to be borne exclusively by the private development. This finding was consistent with analysis previously conducted by U.C. Berkeley students, as described in their September 2001 report. However, if the cost of providing BART replacement parking could be funded through an outside funding source (external to the development), the January analysis indicated that ownership housing could be feasible on the site within the next few years.

The initial physical development schemes were subsequently revised to reflect a preferred approach to BART parking access and a revised approach to the configuration and location of retail space in the mixed use development. (One of the two revised development alternatives also includes one additional floor of residential development, thereby increasing the unit count and overall density of the project). New inclusionary housing requirement assumptions were also used to reflect changes in the City of Berkeley's inclusionary housing program made in February, 2004. The revised development schemes are described in the following section.

Similar to the initial analysis, this financial feasibility evaluation was conducted using a “land residual analysis” methodology as described in the body of this memorandum report. The major findings of the revised analysis can be summarized as follows:

- The cost of providing BART replacement parking adds a significant cost burden which impedes the project’s feasibility, based on current market pricing for ownership and rental housing on the site.
- Assuming another funding source can be found for the BART replacement parking (and the cost is excluded from the analysis), ownership housing on the site appears to be feasible. This finding takes into consideration the assumption that the average buyer would likely seek a discounted condominium sales price, due to the underlying air rights ground lease, which could negatively impact market acceptability, given current conditions. The ground lease may also make it extremely difficult for condominium buyers to obtain financing, since lenders in Northern California have shown little interest in making loans on such projects.
- Two alternatives were tested through this analysis, one with four stories of development over parking and the other with five stories of development over parking. However, the number of parking spaces was held constant. The alternative with five stories included 71 more units than the four story alternative, and even with conservative assumptions about sales prices, the five story scenario substantially outperforms the four story alternative.
- This analysis also suggests that if the cost of providing BART replacement parking is funded external to this development, apartments could be feasible if the project could command market rents of \$2.30 per square foot (Alternative B) to \$2.50 per square foot (Alternative A). These rents per square foot translate into monthly rents of \$1,840 and \$2,000 for one-bedroom units and \$2,185 and \$2,375 for two bedroom units, which are above today’s market rents, but may be achievable over the next few years as market conditions in this neighborhood improve.
- The impact of developing apartments as a 9 percent Low Income Housing Tax Credit (LIHTC) project was also considered, which could enable it to receive additional equity from a tax credit investor, as discussed in the U.C. Berkeley students’ analysis. However, the highly competitive nature and recent changes in this program would require virtually all the units to be rented at very low and extremely low income levels (not factored into the students’ analysis). This lost revenue would significantly decrease the amount of supportable debt financing, which could increase the permanent funding gap. A portion of this lost revenue might be recouped through the additional contribution of project-based HUD Housing Choice Vouchers (formerly known as Section 8 vouchers). However, based on current regulations, no more than 25 percent of the units in any one project may be assisted with “project based assistance”, except in certain circumstances which would not likely be applicable to this project. Finally, current LIHTC regulations limit the size of a 9 percent tax credit project to no more than 150 units, except under special circumstances. Due to these various considerations, the feasibility of the project as a LIHTC project has not been tested in this analysis.
- In addition to the need to find external sources of funding for the BART replacement parking, there are other challenges also facing this project which are not addressed in the financial analysis. Such challenges include the need to find another location for the Ashby Flea Market, neighborhood acceptance of such a dense project, and the fact that the rents/sales

prices necessary to make the project financially feasible are higher than what could be commanded by “workforce housing.” However, there is likely to be stronger political support for such a project if it does provide housing for moderate income households.

Description of Ashby BART Site Development Alternatives

Two alternatives were initially developed and then refined, then evaluated through the feasibility analysis process. Both alternatives were developed using similar community development and urban design principles with the major difference between the two in the provision of an additional floor of residential units in Alternative B. In each alternative, retail frontage space is provided along Adeline from Ashby to the BART entry Plaza and between Ashby and Martin Luther King Jr. Way from Adeline for approximately 200 feet. Community or commercial space is located at the Adeline/Ashby intersection or “flatiron” point of the site. Appendix 7A presents an axonometric view of Alternative A, and the plan views (Appendices 7B-7D) that follow apply to both Alternatives A and B, which primarily differ in the number of upper-level residential stories.

The massing of the schemes follows similar principles for each alternative. In Alternative A (see Appendix 7A), the Ashby and Adeline frontages are assumed to be four stories of residential over commercial or residential street level space (a total of five stories from the Adeline elevation), and the pedestrian walkway is lined with four stories of residential dwelling units on each side. In Alternative B, the Ashby and Adeline frontages are increased to five stories of residential over commercial or residential street level space (a total of six stories from the Adeline elevation). In both alternatives, the pedestrian walkway remains lined with four stories of residential space. The frontage along Martin Luther King Boulevard is also limited in both alternatives to three stories with street front entry stoops that respect the scale of the two and three story homes and small apartment buildings across the street.

The fundamental difference between the two alternatives is in the number of residential units. Alternative A has 482 units at a density of 67 du/ac, and Alternative B has 553 units and a density of 76 du/ac. The budget differential (hard cost only) is from \$109,020,169 in Alternative A to \$119,891,927 in Alternative B.

For Alternative A, the buildings are anticipated to be four stories of wood frame (Type V) construction over concrete retail and parking podiums and for Alternative B, the fifth story of residential would be of steel construction, representative of a “Type 3 modified” which is currently being used in some jurisdictions and would require approval from the Berkeley Building Department. Alternatively, Alternative B could be framed entirely in metal over the concrete podium structure as a traditional Type 2 building.

Parallel on-street parking is provided along the Ashby Avenue frontage, as well as along Adeline Street in a diagonal configuration within a separated lane in front of the retail space, similar to the street configuration of Adeline Street north of Ashby Avenue (see Appendix 7C). Designated areas for bus stops and taxis stands are also provided along Adeline, with additional bus stops also on Martin Luther King Jr. Way and Ashby. Twenty-six diagonal on-street parking spaces on Adeline are reflected in the site development costs in both Alternatives and are intended to be used for retail parking.

In the ground floor of Building 1 (the northern building at Ashby and Adeline), retail uses are located along Adeline from Ashby to the BART Station entry and along Ashby for about 200 feet from Adeline (see Appendix 7B). The space is approximately 43,425 square feet and about 60 feet deep and can be

partitioned flexibly to allow for a variety of space configurations. On Adeline, a separated boulevard configuration for retail parking is an extension of the traditional Adeline streetscape to the north. In the Adeline frontage, the existing BART emergency stairway at the north end of the parcel will be incorporated into the building to ensure the least possible conflict with existing BART access.

Further south on Adeline in Building 2, two levels of commercial/office or community space totaling 9,800 square feet each is located at the Martin Luther King Jr./Adeline “flatiron” intersection with “flex” type residential spaces fronting along Adeline and residential above. These street-level “flex” spaces are a live/work type of residential space providing a retail character along the Adeline frontage, with or without actual commercial ground-floor uses. Residences above the “flex” space on Adeline result in a mixed use frontage with five stories from Adeline in Alternative A and six in Alternative B.

A mid-block pedestrian “street” between Buildings 1 and 2, fronted with residential entries connects the Adeline Street BART plaza to Martin Luther King Jr. Way and the neighborhood to the West. This allows for convenient pedestrian access and also breaks up the block-scale of the development. The Pedestrian entry to the BART Station is from the BART Plaza on Adeline. The entry is incorporated into Building 2 with a separate lobby for BART patrons. This lobby allows for secure stair and elevator vertical circulation that is protected from the weather. Residents would also be able to access the lobby through secure connections between residential and BART lobbies. This strong connection of the residential uses and the BART Station provides a unique amenity for the transit oriented development.

Martin Luther King Jr. Way is lined with three stories of residential fronting the residential parking podium (Appendix 7C). The residences, a combination of walkup townhouse units and flats are set back 10-15’ to allow for small stoops and landscaping that reflect a traditional residential pattern. The residences fronting Ashby Avenue near Martin Luther King Jr. Way are more challenging as urban street-level living. “Flex” units are possible here, with small entry patios that are slightly raised above the sidewalk level with low walls to provide a transition between the street and unit entries and a degree of privacy for the residents. These units would typically be town homes with bedrooms located on the second level. This relatively new flexible unit type has been implemented successfully in cities such as Portland, San Diego and Vancouver in urban residential developments.

BART replacement parking and residential parking are provided in a two-story podium structure that is accessible via a shared ramp entry in Building 1 from Martin Luther King Jr. Way. The lowest level (see Appendix 7D) is located at approximately the same level of the current BART parking lot. BART replacement parking is located below Building 1 and in close proximity to the existing BART entry and ticketing so that BART riders would park and walk directly to the ticketing level foyer. Separated, secure parking is provided for residents in the area below Building 2. Additional separate garage entries in each building from Martin Luther King Jr. Way lead to the upper level of podium parking that is reserved for residential parking. Above this 2nd level of parking, the podium provides courtyard open space for the residents at approximately the elevation of Adeline Street (see Appendix 7B). The residential parking ratios are 1.02 spaces/unit in Alternative A and 0.89 space/unit in Alternative B. These lower parking ratios are supported by the project’s proximity to BART and bus services.

Program Summary

The primary difference between the two alternatives is the addition of one residential level along the Adeline and Ashby frontages, resulting in 71 additional dwelling units and an increased development density of 76 dwelling units per acre. No additional parking is assumed in Alternative B, resulting in a

lower ratio of parking spaces/unit: Alternative A provides 1.02 spaces/unit, while Alternative B has 0.89 spaces/unit.

Both alternatives follow similar neighborhood urban design principles which include:

- full BART replacement parking that maintains ease of direct access to the station;
- maintenance of existing BART access locations minimizing disruptions to operations;
- maintaining and extending the traditional retail focus along Ashby Avenue and Adeline Street;
- marking the pedestrian access point to public transit (BART) with a well-designed significant urban plaza;
- maintaining accessibility and connectivity to and through the development with adjacent neighborhoods;
- acknowledging the scale of adjacent neighborhoods with building massing and design; and
- high-quality, transit-oriented residential opportunities that support a lower parking ratio.

The resulting development programs used for feasibility testing are summarized in Table 1.

Table 1: Summary of Mixed Use Development Alternatives

Alternative A	Building 1 (SF)	Building 2 (SF)	Total SF	Units/Spaces
Residential	340,727	186,452	527,179	482 DU
Retail	43,425	0	43,425	
Community or Office	0	19,536	19,536	
Residential Parking	82,041	100,345	182,386	490 Spaces
Retail Parking	24,634	0	24,634	64 Spaces
BART Parking	130,528	0	130,528	393 Spaces
Total	621,355	306,333	927,688	

Alternative B	Building 1 (SF)	Building 2 (SF)	Total SF	Units/Spaces
Residential	390,078	214,756	604,834	553 DU
Retail	43,425	0	43,425	
Community or Office	0	19,536	19,536	
Residential Parking	82,041	100,345	182,386	490 Spaces
Retail Parking	24,634	0	24,634	64 Spaces
BART Parking	130,528	0	130,528	393 Spaces
Total	670,706	334,637	1,005,343	

Land Residual Analysis Methodology

The feasibility of each alternative was tested using a “land residual analysis” methodology. Land residual analysis is a methodological tool used to evaluate the underlying value of a parcel of land by analytically “stripping away” the cost of improvements which generate income to the land. It is based on the premise that the value of a parcel is based on its income-generating potential. The “residual land value” of a property is derived by first estimating the fair market value of the total development and then deducting the costs associated with its development. The remaining dollar value can be attributed to the land costs the project could support. These costs can be compared to actual land prices in the subject area. If the project can support appropriate land values, it is considered feasible. If the land values are too low, this indicates

project weakness. It is not unusual to have negative land residual values for urban infill projects. The reason for this lack of feasibility is the gap between the cost to build the project and the value it creates based on market rents or sales prices.

Each development scheme was tested under two different scenarios for the residential component. The first scenario assumed development as rental apartments and the second scenario tested the feasibility as for-sale condominiums. The value of the for-sale housing was estimated based on the projected condominium sales value less anticipated sales commissions and marketing expense. The value of the rented commercial and apartment space was estimated based on an “income capitalization approach”. Under this approach, the estimated fair market sales value is derived by dividing the net operating income by a “capitalization rate”. A “capitalization rate” represents the ratio of the net operating income of an income-producing property to its current estimated sales value. Capitalization rates are market driven and are calculated by industry experts based on analyses of recent sales of comparable properties in the local market. This analysis assumed an 8 percent capitalization rate for apartments, and 9 percent for commercial retail and office uses.

Inclusionary Housing Ordinance

The City of Berkeley has an Inclusionary Housing Ordinance which requires that 20 percent of all units in a residential development of five or more dwelling units (other than Limited Equity Cooperatives) be set-aside as affordable to low, lower or very low income households. The Ordinance specifies that the set-aside affordable units must be “comparable” units in type, bedroom mix and exterior appearance to the market-rate units. They must also be constructed concurrently with (or prior to) the other market-rate units and dispersed throughout the project site, rather than concentrated in one portion of the development. The City’s Inclusionary Housing Ordinance was amended effective February 19, 2004, to include revised initial and resale pricing requirements for ownership projects, among other changes. This feasibility analysis incorporated the City’s inclusionary requirements for both the rental and ownership scenarios, as amended and described below.¹

Maximum Rents for Inclusionary Units

Under the rental scenarios, 20 percent of the total residential units were assumed to be affordable inclusionary units, priced as follows: 1) 50 percent (or 10 percent of total units) affordable to households at 81 percent of the Oakland PMSA area median income (AMI), and 50 percent (10 percent of total units) affordable to households at 50 percent of AMI, under the assumption that the City would make available rental subsidies through the HUD’s Housing Choice Voucher (former Section 8) program. The maximum monthly rent was calculated based on gross rents as shown below, net of a reasonable allowance for utilities (based on allowances utilized by the Berkeley Housing Authority).

Table 2: Maximum Rents for Inclusionary Units

Bedroom Size	One Bedroom Units		Two Bedroom Units	
	50% AMI	81% AMI	50% AMI	81% AMI
Affordability Level				
Gross Mo. Rent	\$1,331	\$1,205	\$1,499	\$1,511
Less: Utility Allowance	<u>\$89</u>	<u>\$89</u>	<u>\$99</u>	<u>\$99</u>
Equals Net. Mo. Rent	\$1,242	\$1,116	\$1,400	\$1,412

¹ Maximum inclusionary rents (for units at 81 percent of median income) and sales values used in this analysis are based on the City’s published calculations for 2004 by unit size, per Resolution No. 61,497. Maximum rents for units are 50 percent of median income (utilizing Housing Choice Vouchers) were based on maximum Fair Market Rents published by the Berkeley Housing Authority, effective December 1, 2002. Utility allowances for rental units includes gas heating, gas cooking, other electric, gas water heating and water.

Maximum Sales Values for Inclusionary Units

The goal of the City’s revised Inclusionary Housing Ordinance is for ownership projects to provide 20 percent of the units at prices affordable to households with incomes at 80 percent of AMI. However, recognizing that this pricing structure yields revenues that are less than typical per-unit development costs, and are therefore a disincentive to potential future condominium development, the City’s revised Ordinance provides a range of pricing for inclusionary units, based on the actual development cost of the unit.

Under the revised Ordinance, the baseline price for inclusionary units is calculated to be affordable to households at 80 percent of AMI. However, where the per unit cost of developing the units exceeds the inclusionary sales price (calculated at 80 percent of AMI), the initial sales price for the inclusionary units is calculated as the average per unit development costs, not to exceed a price affordable to households at 120 percent of AMI. As defined in the Ordinance, development costs include construction costs (for site clearance and preparation, residential construction and associated parking costs), land costs (based on either sales value or appraised value), and soft costs (not to exceed 40percent of construction costs). Based on these definitions (and assuming an appraised land value of \$10,000 per unit), the resultant maximum sales value for the inclusionary ownership units were estimated as follows:

Table 3: Maximum Sales for Inclusionary Ownership Units

	Affordable Sales Prices per Revised City Ordinance		Estimated Development Cost	Resultant Sales Price
	at 80% AMI	at 120% AMI		
<i>Alt. A</i>			<i>(incl. land)</i>	<i>(Value/unit)</i>
1 BR	\$157,800	\$236,700	\$271,023	\$236,700
2 BR	\$177,600	\$266,400	\$271,023	\$266,400
<i>Alt. B</i>			<i>(incl. land)</i>	<i>(Value/unit)</i>
1 BR	\$157,800	\$236,700	\$265,034	\$236,700
2 BR	\$177,600	\$266,400	\$265,034	\$265,034

Sources: City of Berkeley; Strategic Economics, 2004

Development Cost Assumptions

For each scenario, the development costs were determined, based on estimated construction costs, City fees and other fees, developer overhead and profit, financing costs and other miscellaneous “soft” costs, such as architectural and engineering fees and contingencies.

- Direct/Hard Costs

Planning level construction cost estimates were estimated by Van Meter Williams Pollack, based on typical costs incurred by comparable developments in the local market area.²

² It should be noted that the cost estimates used in this analysis are planning level estimates, prepared without the benefit of a full engineering site assessment. As such, they do not take into account any special site conditions which are unknown at the present time which could be encountered, such as special grading and fill, environmental mitigation or any other extraordinary development costs. While we believe the estimates used in this analysis are reasonable based on the available information, actual costs could be higher or lower, which could impact the feasibility of development on the site.

- Indirect/Soft Costs

City building permits, plan check, planning and other fees were estimated based on the City's published schedules effective July 20, 2003, and include building permit and plan check fees, Title 24 fees, fire plan check, technology enhancement fees, strong motion instrumentation, green building fee, electrical/mechanical and plumbing permit fees, as well as estimates of planning department design review and EIR review. In addition, East Bay Municipal Utility District (EBMUD) fees were estimated based on discussions with staff, and include water service, system capacity charges, and wastewater and fire service hookup fees.

All scenarios included an allowance for architecture/engineering at 6 percent of direct hard costs and a contingency allowance at 7.5 percent of direct costs.

- Developer Overhead and Profit

Under the residential for-sale scenarios, developer overhead was estimated at 2 percent of sales price and profit was estimated at 10 percent of sales price, based on discussions with developers currently active in the market. Under the rental scenarios, developer overhead was estimated at 3 percent of hard construction costs, and profit was estimated at 5 percent of hard construction costs. This resulted in a lower "upfront" profit margin to the developer under the rental scenarios, under the assumption that a significant portion of the developer's profit for rental property is attributable to the net cash flow generated by the property and its appreciation over time.

- Financing Costs

For all scenarios, it was assumed a developer would obtain construction financing based on a 70 percent "loan to cost" ratio (including cost of land, construction, fees, on- and offsite infrastructure and other soft costs), at an estimated 7 percent interest rate plus a loan fee at 1 percent of the loan amount. The term of the construction loan was assumed at about 24 months.

Revenue and Expense Assumptions

Sales Values

Sales values were estimated based on a review of recent single family and multifamily sales in the local Berkeley market area, as well as condominium sales in downtown Oakland and in transit-oriented mixed settings in the greater Bay Area.

Housing Sales in Local Market Area

Based on data provided by First American Real Estate Solutions, Recent condominium sales in the local Ashby market area have been limited, although there have been several single family residential sales, as noted in the table below. The predominant product types (two- and three-bedroom homes) sold for a median price of \$342 to \$350 per square foot. There were only five condominium sales during the same period. Two one-bedroom units at 1418 Blake Street sold for \$212,500 and \$250,000 respectively, while another one-bedroom unit at 2026 Parker Street sold for \$273,500. Due to the very small unit size (ranging from 470 to 619 square feet) the resulting sales values per square foot were fairly high – from \$442 to \$559 per square foot. The two remaining condominium sales were both two bedroom units, one at 2141 Oregon Street sold for \$375,000 and one at 2812 Martin Luther King Way sold for \$530,000, or \$443 and \$559 per square foot respectively.

Table 4: Recent Housing Sales in Ashby Market Area, 2003

Type	# of Sales	Sq. Ft.	Median Sales Price	Price/SF	Sales Price Range	
					Low	High
<i>Single-Family</i>						
1BR	2	860	\$375,500	\$434	\$308,000	\$443,000
2BR	29	1,098	\$419,000	\$350	\$150,000	\$629,000
3BR	21	1,285	\$450,000	\$342	\$326,000	\$575,000
4BR	13	1,518	\$457,500	\$317	\$325,000	\$660,000
Total	65	1,203	\$440,000	\$342	\$150,000	\$660,000
<i>Condo</i>						
1BR	3	474	\$250,000	\$448	\$212,500	\$273,500
2BR	2	907	\$452,500	\$496	\$375,000	\$530,000
Total	5	619	\$273,500	\$448	\$212,500	\$530,000

Sources: *First American Real Estate Solutions, Strategic Economics, 2004*

An additional seven condominiums sold in the University Avenue area (near UC Berkeley). Six of these sales were at 1801 University Avenue, with a small (483 square foot) studio selling for \$116,000, two one-bedroom units (603 to 620 square feet) selling at \$299,000 and \$315,000, and three two-bedroom units (695 to 822 square feet) selling from \$290,000 to \$395,000.

Due to the limited number of comparable for-sale developments in the local Berkeley market area, Strategic Economics also researched sales of condominium developments in downtown Oakland with BART access and other urban amenities such as retail and employment. Additionally, currently-selling transit-oriented projects in the greater Bay Area were also evaluated for comparability.

Comparable Multifamily Projects in Downtown Oakland

Three comparable multifamily projects in downtown Oakland are described below and summarized in Appendix Table 1.

8th Street Lofts

8th Street Lofts, comprising 18 1- and 2-bedroom lofts, recently sold out after having been leased as apartments when they were first built in 2002. The project is across the street from the 880 freeway, and roughly eight blocks from BART. The 'industrial-chic' loft aesthetic of the project is meant to target young urban professionals. All units are two- and three stories and feature spiral staircases, patios and views of the Oakland hills, downtown San Francisco, or downtown Oakland. There is one parking garage space per unit. Units sold from between \$275,000 for a 688 square foot one-bedroom unit, to \$419,000 for a 2+-bedroom unit. Prices per square foot ranged from \$303 to \$411. Homeowner dues are in the low to mid-\$200's.

Landmark Place

Landmark Place is a Victorian era-inspired condominium project with 92 one- and two-bedroom condo and loft-style units. Two-bedroom loft-style units are located on the ground floor, and all other units are condo-style. The residences in this project are extremely popular: eleven of twelve units in the last release in early November sold within one week. Asking prices range from \$271,000 for a 576 square foot one-bedroom, to \$372,000 for a 1,021 square foot two-bedroom. The ground floor loft units are slightly larger and lower-priced than the two-bedroom condos, at \$341,000. Garage parking is included at one space per unit. Thus far, buyers are primarily young to mid-30s singles and couples moving from Oakland, Alameda and San Francisco. There are also a few senior households and families with children.

Midtown Lofts

Midtown Lofts is a small loft-style condominium project featuring larger floor plans than are typical for new condo-loft developments in the downtown area, with many units including a plus room or study. One and one+bedroom units range from 912 to 1,152 square feet. Two and two+bedroom units range from 1,240 to 1,685 square feet. The development features a landscaped courtyard with benches. Pricing and absorption was not available for this project.

In order to augment the information from the market comparables described above, data on units constructed over the last ten years that were sold within the last two years near 12th Street and 14th Street BART Stations in downtown are also shown in the table below. A total of 26 condo sales were found between this time period. The median per square foot price for a one-bedroom unit was \$427; for a two-bedroom unit the median price was \$391; and for a three-bedroom unit the median price was \$376.

Table 5: Sales of Condo Units Built 1993-2003 in Downtown Oakland near 12th and 14th Street BART Stations: October 2001 to October 2003

Type	# Transactions	Median			Sale Price		Price/Sq. Ft.	
		Size	Sale Price	Price/ Sq.Ft.	Low	High	Low	High
1BD 1BA	8	615	\$262,500	\$427	\$198,000	\$289,000	\$322	\$470
2BD 2BA	16	906	\$354,500	\$391	\$292,000	\$400,000	\$322	\$446
3BD 2BA	2	1172	\$440,500	\$376	\$431,000	\$450,000	\$368	\$384

Sources: First American Real Estate Solutions; Strategic Economics, 2003

Comparable Transit-Oriented Projects in the Greater Bay Area

Three comparable multifamily projects in greater Bay Area are described below and summarized in Appendix Table 2.

Ocean View Village, San Francisco

Oceanview Village is a mixed use transit-adjacent development in southwest San Francisco, two blocks north of the Daly City BART Station. Daly City BART is the first BART station outside of the City of San Francisco heading south on the peninsula, while OceanView Village is just inside San Francisco city limits. Though mapped for condominiums, OceanView first opened as a rental project in June of 2002, with 370 housing units. Beginning in June of 2003, as the rental market slowed down, the project began a phased conversion to for-sale condominiums.

The project also includes 90,000 square feet of retail, including an Albertson's, Rite-Aid, Starbucks and Bally Fitness, a fairly typical mix for a local-serving shopping center. The entire project consists of five four-story buildings, with retail on the first floor and housing units above. The buildings range around a large surface parking lot, which provides parking for the stores. The vast size of the parking lot inhibits the pedestrian orientation of the project. Despite its size, the residential units each have just one parking space underneath each building. Beyond the shopping center, there are few services in the area.

Parking is not bundled with the rental units, but leases separately. Originally \$35 per month, the price has risen to \$125 per month. In general, rental tenants are dissatisfied with the level of parking, but have continued to pay as the price has risen. The condominiums are sold with one parking space each. Rents range from \$1,500 to \$1,700 for one-bedroom units, and \$1,900 to \$2,200 for two-bedroom units. Sales

prices are only available for two-bedroom units, ranging between \$402,000 and \$435,000 or \$394 to \$402 per square foot.

MetroWalk, Richmond

MetroWalk is part of a new transit-oriented mixed-use development surrounding the Richmond BART station. The project will consist of 132 three-story townhomes, 20,000 square feet of retail and a 30,000 square foot cultural center. The housing units create a pedestrian promenade to the BART station with retail spaces located at the corners of the promenade at the street.

Half of the townhomes, including all those along the promenade, are “career homes” that have bonus rooms on the first floor that can be used as storefronts. The career homes are out-selling the other units. Sales agents report that most of the buyers of these live/work townhomes have business plans and intend to use the spaces for retail or office space. While this may work well initially to attract buyers, it is questionable how well the retail will work along the promenade if the individual retail business owners are not part of an overall tenanting strategy. The ground floor storefront space will be intermittently office, private home space and retail interspersed. The anchor retail spaces on the corner are not yet built or leased.

At roughly 1,400 to 1,600 square feet, the townhomes are large, family units targeting a different market than that which might be attracted by development at the Ashby BART station. While the units are well-integrated with the BART station, they also have two-car attached garages. The housing is also protected from the BART tracks by a 14-foot high sound wall that is sufficiently effective to eliminate any need for price differentiation based on proximity to the tracks. Pricing for the two bedroom 2.5 bath bungalows is over \$350,000, or over \$240 per square foot.

Likely Condominium Sales Prices at Ashby BART Transit Oriented Development

Based on these sales comparables, sales of new condominium units in a competitive mixed-use development at the Ashby BART station could be reasonably expected to sell at price ranges between \$300,000 and \$350,000 for a one-bedroom unit and \$350,000 to \$400,000 for a two-bedroom unit, before consideration of the underlying air rights ground lease. However, many private lenders in California are reluctant to provide mortgages to condominiums developments where units are subject to a ground lease and the sales price would therefore need to be discounted accordingly. Our discussions with developers active in the market place indicate that market sales prices may be need to be discounted by a factor of 15 percent to 20 percent. Taking into account the market comparables and the ground lease on the subject property, the analysis therefore estimated pricing of the market-rate units under two scenarios, as shown below.

Table 6: Assumed Condominium Sales Prices for Condominiums at Ashby BART Site

Unit Size & Income Target	Sq. Ft. Per Unit	“Conservative” Pricing		“Aggressive” Pricing	
		Sales Price	Price/SF	Sales Price	Price/SF
1BR – Low Income	800	\$236,700	\$295.88	\$236,700	\$295.88
1BR – Market	800	\$275,000	\$343.75	\$300,000	\$375.00
2BR – Low Income ¹	900	\$266,400	\$296.00	\$266,400	\$296.00
2BR – Market	900	\$325,000	\$342.11	\$350,000	\$368.42

¹Table reflects low income (inclusionary) sales prices for Alternative A. Alternative B inclusionary sales prices are slightly lower (due to slightly lower construction costs), estimated at \$265,034 or \$294.48 per square foot, based on 900 square foot unit.

Source: Strategic Economics, 2004

Sales commissions and marketing expenses were deducted from the above sales prices (estimated at 5percent of the gross sales value for market rate units) to yield net sales values.

Residential Rents

Rents for new multifamily development at the Ashby BART Station site were similarly based on an initial review of rents in the local market area, taking into consideration rents at selected newer competitive projects in downtown Berkeley and Oakland.

A recent survey of online listings posted on Craigslist.com is summarized below, some of which are houses for rent.

Table 7: Current Market Rents, Ashby Market Area, January 2004

Type	Rent Range		Median
	Low	High	
1 BR 1BA	\$850	\$1,200	\$900
2 BR 2BA	\$1,000	\$1,750	\$1,200
3 BR 3BA	\$1,950	\$2,900	\$2,400

Source: Craigslist.com; Strategic Economics, 2004.

As shown below, pricing for comparable recent comparable apartment projects in Downtown Berkeley ranges between \$1,400 and \$1,750 per month for one-bedroom units and \$1,800 and \$2,600 per month for two-bedroom units. On a square foot basis, rents range from a low of \$2.50 to almost \$4.00, with the median between \$3.00 and \$3.50.

Table 8: Selected Recent Comparable Apartment Projects in Downtown Berkeley

Project/Address	No. Units	Floor Plans	Square Feet	Mo. Rent Range	Rent/SF	Distance to BART	Occupancy	Comments
The Gaia Building 2116 Allston Way	51	1BR/1BA	450	\$1,400 - \$1,700	\$3.11 - \$3.78	0.10 Miles (Approx.)	100%	Located across from UC Berkeley. Rooftop deck, walk to shopping, parks, downtown and transit.
	40	2BR/1BA	650	\$1,800 - \$2,600	\$2.77 - \$4.00			
	91							
Pioneer Apartments 2161 Allston Way	10	OBR/1BA	384	\$1,100 - \$1,100	\$2.86 - \$2.86	0.10 Miles (Approx.)	82%	Rooftop balcony with retail on ground floor. Near shopping, parks, transit and downtown.
	10	OBR/1BA	600	\$1,550 - \$1,550	\$2.58 - \$2.58			
	10	1BR/1BA	578	\$1,600 - \$1,750	\$2.77 - \$3.03			
	10	1BR/1BA	609	\$1,600 - \$1,750	\$2.63 - \$2.87			
	5	1BR/1BA	638	\$1,600 - \$1,750	\$2.51 - \$2.74			
	15	2BR/1BA	751	\$1,950 - \$1,950	\$2.60 - \$2.60			
Acton Courtyard 1370 University Ave	30	1BR/1BA	500	\$1,400 - \$1,700	\$2.80 - \$3.40	1.10 Miles (Approx.)	100%	Retail on ground floor in mixed use area. Close to shopping, parks transit, downtown & I-80 access.
	41	2BR/1BA	700	\$1,800 - \$2,600	\$2.57 - \$3.71			
	71							

Source: RealFacts; Strategic Economics, 2004

Newer apartment buildings in Oakland are located primarily in the Jack London Square area, over six miles away, and on the Oakland Estuary. Three recently completed apartment projects are profiled in Appendix 3, and include Allegro at Jack London, the Essex at Lake Merritt, and Pinnacle City Centre in Hayward. These projects all have a range of community amenities that are typical of newer luxury apartment developments, but only Pinnacle City Centre is adjacent to BART (hence its selection as a

comparable). All three projects demonstrate sub-optimal performance, either through lowered rents or below-par occupancy rates. This suggests that the rental market is still quite soft. Rents at Allegro and the Essex lowered between six percent and 26 percent over the past year. Despite these reductions, the occupancy rate at Allegro remains fairly high, at 93 percent, while the Essex (a more luxury development) is faring better, with 97 percent occupancy. Pinnacle at City Centre, the only transit-oriented development surveyed, has a low 90 percent occupancy rate, well below rates at Allegro and the Essex.

Taking into account the market comparables and the location of the subject property, the analysis priced the market-rate units under two scenarios, as shown below.

Table 9: Assumed Rents for Apartments in Mixed Used Development Ashby BART Site

Unit Size & Income Target	Sq. Ft. Per Unit	"Aggressive" Pricing		"Conservative" Pricing	
		Mo. Rent	Mo. Rent	Rent/SF	Rent/SF
1BR – 50% AMI ¹	800	\$1,242	\$1,242	\$1.55	\$1.55
1BR – 81% AMI	800	\$1,116	\$1,116	\$1.40	\$1.40
1BR – Market	800	\$1,500	\$1,200	\$1.50	\$1.88
2BR – 50% AMI ¹	900	\$1,400	\$1,400	\$1.56	\$1.56
2BR – 81% AMI	900	\$1,412	\$1,412	\$1.57	\$1.57
2BR – Market	900	\$1,800	\$1,500	\$1.58	\$1.89

¹Assumes City would make rental subsidies available through HUD Housing Choice Voucher (former Section 8) program, enabling project to charge "Fair Market Rents" as authorized by City of Berkeley Housing Authority.

Source: Strategic Economics, 2004

Operating expenses were estimated at \$450 per unit per month, based on a operating expense data for comparable market properties in the Oakland PMSA as tabulated by Urban Land Institute in "Dollars and Cents of Multifamily Housing, 2003".

Residential vacancy (upon stabilized occupancy) is estimated at 5 percent.

Commercial Rents

Rents for retail/commercial office were conservatively estimated at \$1.50 per square foot per month (on a triple net basis), based on a survey of comparable rents in the local market area (ranging from \$1.50 to \$3.00 per square foot).

Operating expenses assumed to be covered by commercial tenants through a separate common area maintenance (CAM) assessment. However, a five percent deduction for administrative expense is factored into the analysis, as well as a five percent vacancy and collection allowance.

Results of the Analysis

Based on the assumptions as outlined above, Tables 10 and 11 summarize the net residual land values generated by the various development schemes (and pricing scenarios) for ownership and rental housing, respectively, on the Ashby BART site. Under the ownership scenarios, Alternative A does not appear to be feasible, if the cost of providing BART replacement parking is borne exclusively by the private development. Alternative B is potentially feasible, but only under the "aggressive" sales price scenario, which does not

take into account the discounted pricing which a buyer would expect in today's market, in light of the underlying air rights ground lease.

All of the rental housing scenarios shown in Table 11 generate a fairly high negative land value (as compared to the ownership scenarios), indicating that ownership housing is more viable than rental housing, based on current market rental rates.

Table 10: Net Land Residual Land Value – Mixed Use Development with Ownership Housing on Ashby BART Site

Development Alternative & Pricing Scenario	For-Sale Scenarios ¹				
	Development Cost (Excluding Land)	Total Development Value	Net Residual Land Value	Land Value per SF Site Area	Land Value per D.U.
Alternative A - "Conservative"	\$155,717,756	\$145,528,447	(\$10,189,309)	(\$37.05)	(\$21,140)
Alternative A - "Aggressive"	\$156,943,095	\$154,672,197	(\$2,270,899)	(\$8.26)	(\$4,711)
Alternative B - "Conservative"	\$172,157,511	\$165,194,857	(\$6,962,653)	(\$25.32)	(\$12,591)
Alternative B - "Aggressive"	\$173,564,264	\$175,692,357	\$2,128,093	\$7.74	\$3,848

¹ All scenarios include the cost of providing BART replacement parking. "Conservative" pricing assumes sales prices for market rate units of \$275,000 and \$325,000 for one-and two- bedroom units. "Aggressive" pricing assumes sales prices of \$300,000 and \$350,000.

Source: Strategic Economics, 2004

Table 11: Net Land Residual Land Value – Mixed Use Development with Rental Housing on Ashby BART Site

Development Alternative & Pricing Scenario	For-Sale Scenarios ¹				
	Development Cost (Excluding Land)	Total Development Value	Net Residual Land Value	Land Value per SF Site Area	Land Value per D.U.
Alternative A - "Conservative"	\$155,717,756	\$145,528,447	(\$10,189,309)	(\$37.05)	(\$21,140)
Alternative A - "Aggressive"	\$156,943,095	\$154,672,197	(\$2,270,899)	(\$8.26)	(\$4,711)
Alternative B - "Conservative"	\$172,157,511	\$165,194,857	(\$6,962,653)	(\$25.32)	(\$12,591)
Alternative B - "Aggressive"	\$173,564,264	\$175,692,357	\$2,128,093	\$7.74	\$3,848

¹ All scenarios include the cost of providing BART replacement parking. "Conservative" pricing assumes monthly rents for market rate units of \$1,200 and \$1,500 for one-and two- bedroom units, respectively. "Aggressive" pricing assumes monthly rents of \$1,500 and \$1,800.

Source: Strategic Economics, 2004

These findings are generally in line with those presented in the September 2001 "Financial Feasibility Analysis of Housing Alternatives" prepared by U.C. Berkeley students. The Berkeley student study, which used a slightly different methodology, similarly concluded that there was a significant financing gap for market rate apartments (with an inclusionary housing component) on the site, which was exacerbated by the high cost of providing replacement BART parking. By comparison, putting the cost burden of replacement BART parking on a condominium development (with an inclusionary component) yielded a significantly smaller funding gap, (assuming average sales prices of \$335,000 for two-bedroom units).

Sensitivity Analysis

The sensitivity analysis assumed the cost of providing BART replacement parking would be funded through a source external to the private development, such as federal Congestion Management Air Quality (CMAQ) funds. The results of this sensitivity analysis are summarized in Tables 12 and 13, respectively, for the ownership and rental housing scenarios.

As can be seen in Table 12, excluding the cost of BART replacement parking from the private development costs significantly improves the feasibility of the residential ownership scenarios. Both Alternatives A and B yield a positive land residual value at the more conservative sales value (reflective the discounted sales value attributable to the underlying ground lease). Alternative A yields a net residual land value of 3.2 million and Alternative B yields a value of \$5.0 million.

Based on the total site area of 275,000 square feet, this represents a value of \$4 per square foot (or \$2,500 per dwelling unit) for Alternative A and \$18 per square foot (\$9,000 per dwelling unit) for Alternative B. To date, we have been unable to obtain recent land sales comparables for the immediate market area for comparative purposes. However, based our experience with similar high-density mixed use developments in other large Bay Area cities, we would expect the fair market value for this property to range from a minimum of \$10 per square foot up to \$20 per square foot or higher. This suggests that higher density ownership housing (as envisioned in Alternative B) appears to be feasible, if the cost of the BART replacement parking can be funded through an alternative source external to the private development.

Table 12: Net Land Residual Land Value – Mixed Use Development with Ownership Housing on Ashby BART Site, Excluding BART Replacement Parking Costs

Development Alternative & Pricing Scenario	For-Sale Scenarios ¹				
	Development Cost (Excluding Land)	Total Development Value	Net Residual Land Value	Land Value per SF Site Area	Land Value per D.U.
Alternative A - "Conservative"	\$144,323,468	\$145,528,447	\$1,204,979	\$4.38	\$2,500
Alternative A - "Aggressive"	\$145,548,807	\$154,672,197	\$9,123,389	\$33.18	\$18,928
Alternative B - "Conservative"	\$160,215,803	\$165,194,857	\$4,979,054	\$18.11	\$9,004
Alternative B - "Aggressive"	\$161,622,556	\$175,692,357	\$14,069,801	\$51.16	\$25,443

¹"Conservative" pricing assumes sales prices for market rate units of \$275,000 and \$325,000 for one-and two- bedroom units.

"Aggressive" pricing assumes sales prices of \$300,000 and \$350,000.

Source: Strategic Economics, 2004

Table 13: Net Land Residual Land Value – Mixed Use Development with Rental Housing on Ashby BART Site, Excluding BART Replacement Parking Costs

Development Alternative & Pricing Scenario	For-Sale Scenarios ¹				
	Development Cost (Excluding Land)	Total Development Value	Net Residual Land Value	Land Value per SF Site Area	Land Value per D.U.
Alternative A - "Conservative"	\$144,323,468	\$145,528,447	\$1,204,979	\$4.38	\$2,500
Alternative A - "Aggressive"	\$145,548,807	\$154,672,197	\$9,123,389	\$33.18	\$18,928
Alternative B - "Conservative"	\$160,215,803	\$165,194,857	\$4,979,054	\$18.11	\$9,004
Alternative B - "Aggressive"	\$161,622,556	\$175,692,357	\$14,069,801	\$51.16	\$25,443

¹ "Conservative" pricing assumes monthly rents for market rate units of \$1,200 and \$1,500 for one-and two- bedroom units, respectively.

"Aggressive" pricing assumes monthly rents of \$1,500 and \$1,800.

Source: Strategic Economics, 2004

Under the rental scenarios, eliminating the cost burden of replacement BART parking from the analysis does not improve the results sufficiently to yield a feasible project, based on current market conditions. However, if an outside funding source for BART parking is available, we would anticipate that a mixed use development incorporating rental apartments would be feasible on the site within a five to ten year time frame. In order to yield a financially feasible rental project, in addition to finding an outside funding source for BART replacement parking, market rents would need to increase to about \$2.30 per square foot under the higher density Alternative B and about \$2.50 per square foot under Alternative A (in addition to excluding BART replacement costs).

The full feasibility analyses under each scenario (rental, ownership, with and without BART parking), including assumptions and calculations are presented in Appendix 3 for Alternative A and, Appendix 4 for Alternative B.

Feasibility as a Low Income Housing Tax Credit Project

The September 2001 analysis conducted by the U.C. Berkeley students concluded that the feasibility of the development as a rental project could be improved significantly (although a funding gap would remain), if the project could qualify for the maximum level of competitive 9percent Low Income Housing Tax Credit (LIHTC) funding available. As correctly noted in the students' analysis, in order to qualify for LIHTC funds, a project must meet one of the following minimum federal affordability requirements:

- 40 percent of the units must be rent restricted and occupied by households whose incomes are 60percent or less of the area median income (AMI) adjusted for household size; or
- 20 percent of the units must be rent restricted and occupied by households whose incomes are 50percent or less of the area median income (AMI) adjusted for household size

However, due to its extremely competitive nature, in addition to changes which have occurred the LIHTC program since 2001, the actual income targeting required to qualify for tax credits is significantly "deeper" (i.e., a greater percentage of units must be targeted to households at very low and extremely low income levels) than specified by the minimum affordability requirements above and assumed in the students' analysis.

While a comprehensive analysis of the development as a Low Income Housing Tax Project is beyond the scope of this study, this section outlines basic parameters which would need to be met in order to be competitive as a tax credit project under the most current regulations.

As noted in the UC Berkeley students' analysis, there are two tax credit funding programs: 9 tax credits and 4% tax credits, as discussed below.

9 percent Tax Credits

The 9 percent tax credits are applicable to new construction and rehabilitation of buildings which are not federally subsidized. This "9 percent" credit actually translates to an annual tax credit of between 8-9 percent of the qualified basis for ten years.³ As noted above, the 9 percent credits are awarded on a competitive basis, typically in two or three competitive funding rounds per year. As noted above, in order to be competitive for 9 percent credits under the current point scoring system, a project typically needs to target all of its units to households at or substantially below 50 percent of area median income (AMI). Higher points are awarded for targeting at lower income levels. For example, a project which has 50 percent of its units serving households at 50 percent of AMI receives the same number of points (25) as project with 40 percent of its units at 40 percent of AMI and a project with 30 percent of its units at 30 percent of AMI. Income targeting represents 52 points (one-third) of the total possible 155 points awarded under the 9 percent competitive scoring process, and is therefore a critical component of the scoring process. Moreover, current regulations require a project to obtain at least 45 points in the income targeting category. A project could obtain this minimum from a variety of combinations such as (a) 50 percent of the units at 50 percent AMI plus 25 percent of the units at 45 percent AMI, or (b) 40 percent of the units at 50 percent AMI plus 45 percent of the units at 50 percent of the units at 50 percent AMI, but it should be noted that this is the minimum requirement and in order to be "competitive", projects typically try to obtain the maximum points in this category.

As of the second funding round of 2003, the maximum project size for new construction projects is now 150 units. (The maximum was previously 200 units). Special exceptions may be granted for large neighborhood redevelopment proposals pursuant to a neighborhood plan where the size limitation is waived by the Executive Director.

9 percent credits are currently available for the following project types:

Large Family Projects: At least 30 percent of the units are three bedroom or larger units (3 bedroom units must include at least 1,000 SF of living space and 4 BR units must have at least 1,200 SF of living space).

Senior Projects: No more than 20 percent of units may be larger than one bedroom, unless waived by the Executive Director and supported by a market study;

Single Room Occupancy (SRO): Average income is no more than 40 percent of the area median income; At least 90 percent of the units are efficiency units that may include a separate bathroom, but are no larger than 500 square feet;

³ The qualified basis includes the adjusted basis of residential rental units and facilities used by tenants. Recreational facilities and parking areas can be included, provided they do not charge user fees and are available to all tenants. The qualified basis does not include the cost of land, non-residential uses of the building, or any amount of federal grant.

Special Needs Projects: Intended to serve developmentally disabled, survivors of physical abuse, homeless, chronically ill, displaced teenage parents or another specific group determined by the Executive Director. Average income is no more than 40 percent of the area median income.

At-Risk Projects: Project with federal mortgage assistance, federal loan guarantee, federal project-based rental assistance or with its mortgage held by a federal agency, with subsidy contract expiration within two years of the application filing; with at least 70 percent of the project tenants with incomes at or below 60 percent of the area median income.

4 percent Tax Credits

A lower 4 percent tax credit is awarded for building acquisition and projects receiving other federal subsidies.⁴ This “4 percent” credit actually translates to between 3-4 percent annually. Typically, 4 percent credits are applied for in conjunction with low cost tax exempt financing. Although tax exempt bond financed projects must submit documentation to the California Tax Credit Allocation Committee (TCAC) to obtain 4 percent credits, it is not a competitive process. There is, however, a competitive process to obtain an “allocation” for the tax exempt bonds from the California Debt Limit Allocation Committee (CDLAC). Under CDLAC’s competitive process, income targeting is also evaluated, but requirements are not as “deep” as under the 9 percent credit. (Under CDLAC scoring criteria, units targeted to both 50 percent AMI and 60 percent AMI receive points.)

Based on these criteria, in order to maximize tax credit equity proceeds, one possible scenario for further consideration could be development of a 150-unit large family 9 percent tax credit project (with at least 30 percent of the units three bedroom and larger), with the remainder of between 200 to 225 units developed as a tax-exempt bond project .

In order to be competitive, all units in the 9 percent tax credit should be targeted to households with incomes at 50 percent AMI or lower. To maximize rental income, a local Housing Authority may provide rent subsidies to a tax credit project through “project-based” Housing Choice Vouchers (formerly known as HUD Section 8 program). Recent changes in the regulations allow a local Housing Authority to assign up to 20 percent of its total vouchers to “project-based assistance”. However, no more than 25 percent of the units in any one project may be assisted with “project based assistance”, except single family units (one to four dwelling units), units for elderly or disabled families, or units for families receiving supportive assistance, unless a special waiver is granted by HUD.

As noted previously, while evaluation of the project as a tax credit development is beyond the scope of the current study, these criteria are presented for possible further consideration and discussion purposes only.

⁴ Federal subsidies include tax-exempt bond financing and a loan of federal funds, direct or indirect, with an interest rate below the applicable federal rate except Community Development Block Grants.

APPENDIX 1: SELECTED NEW AND CURRENTLY SELLING CONDOMINIUM PROJECTS IN OAKLAND, 11/03

Project	Developer	Units	Open Date	Absorp. / Mo.	Unit Type	Sq Ft	Sale Price	Price/ Sq Ft	Home owner Fees	BART	Phasing	Description	Unit Amenities	Common Amenities	Parking	Resident Demographics	Comments
East Oakland																	
1. Durant Village International Blvd./ Durant Ave.	Signature Properties	168	Dec. '01	8	2BD 2BA	885	\$297,900	\$337	\$130	15 blocks	11 Phases, 19 releases, from 11/01 to 8/03;	11 bldgs: 9 w/ 16 units, 2 w/ 12 units 20.5 acres: 168 condos, 43 single family detached units, reuse of factory w/ 56 rental bldts 90,000 sq. ft. retail w/ half for Food 4 Less	Kitchen: handlaid tile countertop; Whirlpool; gas range; energy efficient dishwasher; microwave/ hood combination; vinyl flooring Master suites & Baths: separate dressing area; marble vanities w/ double sinks; water saving shower heads and toilets; single-control shower valves Custom: A/C; pullout spray kitchen faucet; instant hot water; stainless steel sink; carpet and tile upgrades; window coverings; vinyl flooring; mirrored bedroom closets; clear glass tub enclosures	Clubhouse, greenbelt w/ benches & bbq	Plans A and B have 1-car garages; all others have 2-car garages	Most residents are young couples. Most residents move from San Francisco. Few families with children: Some residents w/ children move from neighborhood; others originally from neighborhood who had moved to more outlying communities, then returned to live in Durant.	Prices have increased 17 to 22 % over the last 15-month period, and on average have increased \$90,000 per unit since first release in 2001.
Downtown Oakland																	
2. 8th Street Lofts 675 8th Street	Ciaran Scully	18	May '02	na	1BD 1.5BA	688	\$275,000	\$400	\$212	7 blocks	None	One building on irregular corner parcel. Garage. Adjacent to Interstate 880	2 and 3-level floorplans Kitchen: granite countertops; stainless steel appliances; gas ranges; dishwasher; disposal; microwave General: 18' ceilings; gas fireplace; polished concrete floors downstairs, carpeted mezzanine; spiral staircases; maple cabinetry; w/d hookups; facility; private terrace; storage bldts; halogen track lighting; prewired for multiple phone, high speed data; fiber optics & cable tv; some units w/ private entrances; views	Community laundry	1 garage space per unit	na	Built as apartments with condo map. When leases expired units were sold. Absorption therefore not a relevant indicator.
3. Landmark Place 655 12th Street	Signature Properties	92	April '03	7	2BD 2BA (bft)	1,037	\$341,000	\$329	c. \$300	3 blocks	42 units sold. 2nd release in early Nov: 11 of 12 units sold within one week	Distinctive Victorian architecture Interior courtyard.	Kitchen: ceramic tile countertops; microwave oven/hood; electric range; multicycle dishwasher; maple cabinets; stainless steel sink w/ disposal Bath: Marble countertops; maple cabinets; watersaving shower and toilet; clear tempered shower doors (master bath) General: Ceramic tile entryway; push designer carpet and pad; Kwikset interior door hardware Custom: window coverings; mirrored closets in secondary bedrooms; glass tub enclosures in secondary bath; upgraded kitchen appliances; upgraded kitchen flooring and countertop; upgraded light fixtures incl. ceiling fans	Community laundry Interior court.	1 garage space/unit	Young (to mid-30s) singles and couples, a few seniors, some families w/ kids (Chinese who want to be near elem. school in Chinatown) Moving from Alameda, Oakland, SF	na

Appendix 1 (cont.): Selected New and Currently Selling Condominium Projects in Oakland, 11/03

Project	Developer	Units	Open Date	Absorp. / Mo.	Unit Type	Sq Ft	Sale Price	Price/ Sq Ft	Home owner Fees	BART	Phasing	Description	Unit Amenities	Common Amenities	Parking	Resident Demographics	Comments
4. Midtown Lofts 426 27th Street	na	20	na	na	1BD 1.5BA	912	na	na	na	8		Office area in each loft; in-home storage and 48 sf storage on garage level.	Kitchen: stainless self-cleaning range/oven, microwave, dishwasher; maple cabinets; granite countertops; ceramic floor tile. General: gas forced air heat; w/d hookups; insulated floors and party walls; sub-panels w/ ability to custom wire; 3 outlets providing one RG6 coaxial cable/broadband large, open floorplans; unique floorplans; tall loft windows; skylights in some units; 10'-20' ceiling heights; home office/media room/den in all units; hardwood floors or commercial grade carpet; patio/deck/balcony; in-home storage; separate additional storage	Landscape courtyard	garage	na	na
					1BD 1.5BA	995											
					1BD 1.5BA	1,050											
					1+BD 1BA	956											
					1+BD 1BA	997											
					1+BD 1BA	1,152											
					1+BD 1.5BA	1,060											
					2BD 1.5BA	1,240											
					2BD 1.5BA	1,248											
					2BD 1.5BA	1,265											
					2BD 1.5BA	1,270											
					2BD 1.5BA	1,275											
					2BD 1.5BA	1,293											
					2BD 1.5BA	1,312											
					2BD 1.5BA	1,322											
					2BD 1.5BA	1,375											
2+BD 1BA	1,126																
2+BD 1.5BA	1,685																
2+BD 2BA	1,375																
+BD 1.5BA	1,210																

Source: Strategic Economics, 2003

APPENDIX 2: CURRENTLY SELLING MULTIFAMILY PROJECTS NEAR BAY AREA BART STATIONS, 11/03

Project	Location	Developer	Total Units	Open Date	Absorp/ Mo.	Unit Type	# Units	Sq Ft	Rent	Sales	Rent/ Sq Ft	Sales/ Sq Ft	Amenities	Parking	Resident Demographics	Commercial Component	Comments
Metro Walk, Richmond BART	MacDonald Ave. and Marina Way Richmond, CA	The Olson Company	132	Jun-03	12-20	Villas - 3Bd/3Bth Career Homes - 3Bd/3Bth Bungalows - 2Bd/2.5Bth	31 69 32	1,550 - 1,615 1,395 - 1,432 1,439 - 1,456	<\$375,000 >\$265,000 <\$350,000		<\$232 >\$190 <\$240		Park, playground, BBQ, plaza. Full bath with each bedroom. Also, microwave, dishwasher many custom options.	2 attached tucked under, side by side & tandem	Mixture of couples, families, largely first-time homebuyers.	20,000 SF storefront retail and 30,000 SF cultural center. Large size of units off-sets area blight.	Townhouses are being sold in 10-15 unit increments (10 phases). Over half of the units are "career homes," with ground floor office/retail space. These units are selling best.
Oceanview Village, Daly City BART	3995 Alemany Blvd San Francisco, CA (SW San Francisco, near SFSU and Lake Merced)	Emerald Fund	370	Rental - Jun-02 Convert to condo - Jun-03	1st phase 80 units, sold in 3 months. 2nd phase 10% price increase 30+/month	Junior 1 Bd Classic 1 Bd Premium 1 Bd 2Bd/2Bth 3Bd/1Bth 5 4-story buildings, all single floor condominiums & rental units. Buildings ranged around large surface parking lot, not pedestrian friendly.	10 82 22 60 26 4	555 730 800 1,020 1,080 1,210 1,210	\$1,500 \$1,500 \$1,700 \$1,900 \$2,200 \$2,100 \$2,500		\$2.70 \$2.05 \$2.13 \$1.86 \$2.04 \$1.74 \$2.07	\$394.12 \$402.78	Project features courtyards, fountains and trellised gardens. Apartments have washer and dryer, microwave, garbage disposal.	1 space/unit, originally rented at \$35/space, intense demand price raised to \$125/space. Now 1 space sold w/ unit.	1st-time home buyers, professionals working in San Francisco, couples.	90,000 SF of retail, built into first floor of condominium buildings around large surface parking lot. Retail includes Albertson's, Rite Aid, Starbucks, Bally Fitness, Hollywood Video, Subway, Supercuts, Extreme Pizza, Drycleaners, Postnet.	Originally condo-mapped but rented out due to strength of rental market. With softening of rental, conversion to sale. Also, lease-to-own program consists of credit for half of rent up to 3% of purchase price. Helps to build credit, assist with closing costs, but not too successful, as buyers and renters are fundamentally different

Source: Strategic Economics, 2003

APPENDIX 3: SELECTED NEWER APARTMENT PROJECTS, 11/03

Project	Location	Yr. Built	Units	Unit Type	Sq. Ft.	Rent	Rent/ Sq. Ft.	Change 11/02-11/03	Vacancy Rate	Distance to BART	Parking	Amenities					
Oakland																	
12. Allegro at Jack London Sq. 240, 249 Third Street 180 Second Street	Jack London Square	2002		1BD 1BA	624	793	\$1,145	\$1,245	\$1.83	\$1.57	-16.6%	-22.3%	93%	0.8 miles	views; fitness center;		
				1BD 1BA	756	878	\$1,299	\$1,399	\$1.72	\$1.59	-20.1%	-19.1%			storage		
				1BD 1BA	1,120		\$1,650		\$1.47		-15.3%						
				2BD 2BA	1,079	1,206	\$1,695	\$1,740	\$1.57	\$1.44	-5.9%	-16.6%					
				2BD 2BA	1,126		\$1,740	\$1,800	\$1.55		-10.7%						
13. The Essex 17th St./ Lakeside Dr.	Lake Merritt	2002		Studio	641	665	\$1,200		\$1.87		-26.3%		97%	1/2 mile	Fee parking garage.	Storage \$20/mo.; views; 9'	
				Jr. 1BD	648	656	\$1,250		\$1.93							ceilings; private	
				1BD 1BA	833	835	\$1,335		\$1.60								patio/balcony;
				1+BD 1BA	900	996	\$1,800		\$2.00								washer/dryer; high-speed
				1+BD 1BA	1,096	1,274	\$2,100		\$1.92		-12.9%						internet; pool; spa;
				2BD 2BA	1,075	1,232	\$2,100		\$1.95								clubhouse; cable/satellite;
				2BD 2BA	1,310	1,341	\$2,350		\$1.79								business center; bbq area;
	2BD 2BA	1,351	1,620	\$2,450		\$1.81		5.8%						concierge			
	Penthouse	1,165	1,512	\$3,100		\$2.66		14.8%									
Hayward																	
Pinnacle City Centre 22800 Meridian	Downtown Hayward	1999	192														
			12	Studio	458		\$1,150	\$1,185	\$2.51	\$2.59	na		90%	1 block	1/unit.	High speed internet avail.;	
			12	1BD 1BA	708		\$1,230	\$1,410	\$1.74	\$1.99					Garage and	pool; w/d; ac; balconies;	
			66	1BD 1BA	769		\$1,275	\$1,430	\$1.66	\$1.86					carport	gourmet kitchen w/ under	
			22	2BD 2BA	1,029		\$1,485	\$1,615	\$1.44	\$1.57						cabinet tv's; microwave;	
			44	2BD 2BA	1,046		\$1,575	\$1,705	\$1.51	\$1.63						dishwasher; walk-in closet;	
			16	2BD 2BA	1,057		\$1,570	\$1,715	\$1.49	\$1.62						fitness center; clubhouse;	
20	3BD 2BA	1,255		\$1,765	\$1,920	\$1.41	\$1.53						playground				

Source: Strategic Economics, 2003

Appendix Table 4A

Alternative A - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
For-Sale Scenario - "Conservative" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	Units/Spaces
Residential	527,179	421,743	482
Commercial/Retail/Office	62,961	62,961	
Residential Parking/Retail	182,386		490
Retail Parking	28,924		90
BART Parking	130,528		393
Total SF	931,979		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	97	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>385</u>	<u>80.0%</u>
Total	482	

Unit Mix	Afford. Sales Prices per City		Actual Cost (excl. land)	Est. Land Value/unit	Sales Assump. in Analysis
	at 80% AMI	at 120% AMI			
1BR	157,800	236,700	261,023	10,000	236,700
2 BR	177,600	266,400	261,023	10,000	266,400

Residential Product Mix	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	48	\$236,700	800	\$295.88
1 BR - Very Low Income			800	\$0.00
1 BR - Market	192	\$275,000	800	\$343.75
2 BR - Low Income	49	\$266,400	950	\$280.42
2 BR - Very Low Income			950	\$0.00
2 BR - Market	193	\$325,000	950	\$342.11

Indirect Costs

Bdg/Dev. Permit Fees	\$12,963.08 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	55.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$102,745,244

Appendix Table 4A (Continued)

Alternative A - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
For-Sale Scenario - "Conservative" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$74,957,554	\$155,514
Retail/Office/Community Space	\$8,184,956	\$16,981
Residential Parking	\$12,767,041	\$26,488
Retail Parking	\$1,831,630	\$3,800
BART Replacement Parking	\$9,136,988	\$18,956
Sitework	<u>\$2,142,000</u>	<u>\$4,444</u>
Subtotal Direct Costs	\$109,020,169	\$226,183
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,248,204	\$12,963
Architecture/Engineering	\$6,541,210	\$13,571
Developer Overhead	\$2,798,804	\$5,807
Developer Profit	\$13,994,020	\$29,033
Contingency/General Conditions	\$8,176,513	\$16,964
Financing Costs	<u>\$8,938,836</u>	<u>\$18,545</u>
Subtotal Indirect Costs	\$46,697,587	\$96,883
Total Development Costs	\$155,717,756	\$323,066
Commercial Market Value		
Gross Operating Income	\$1,133,302	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,637	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,805	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,497	
Residential Market Value		
Gross Residential Sales Value	\$139,940,200	
Less: Marketing/Commissions	\$5,776,250	
Net Residential Value	\$134,163,950	
Total Development Value		
Commercial Component	\$11,364,497	
Residential Component	<u>\$134,163,950</u>	
Total Development Value	\$145,528,447	
Residual Land Value Analysis		
Development Value	\$145,528,447	
Less: Development Costs	<u>\$155,717,756</u>	
Net Residual Land Value	(\$10,189,309)	
Total Site Area	275,000	
Value per SF	(\$37.05)	

Appendix Table 4B

Alternative A - Two Residential Buildings with Office and Retail
Including Cost of BART Replacement Parking
For-Sale Scenario - "Aggressive" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	527,179	482
Commercial/Retail/Office	62,961	
Residential Parking/Retail	182,386	490
Retail Parking	28,924	90
BART Parking	130,528	393
Total SF	931,979	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	97	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>385</u>	<u>80.0%</u>
Total	482	

Unit Mix	Afford. Sales Prices per City		Actual Cost (excl. land)	Est. Land Value/unit	Sales Assump. in Analysis
	at 80% AMI	at 120% AMI			
1BR	157,800	236,700	261,023	10,000	236,700
2 BR	177,600	266,400	261,023	10,000	266,400

Residential Product Mix	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	48	\$236,700	800	\$295.88
1 BR - Very Low Income			800	\$0.00
1 BR - Market	192	\$300,000	800	\$375.00
2 BR - Low Income	49	\$266,400	950	\$280.42
2 BR - Very Low Income			950	\$0.00
2 BR - Market	193	\$350,000	950	\$368.42
Offsite Infrastructure/Unit		\$8,590 per City Engineering estimates		

Indirect Costs

Bdg/Dev. Permit Fees	\$12,963.08 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	55.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$103,553,744

Appendix Table 4B (Continued)

Alternative A - Two Residential Buildings with Office and Retail
Including Cost of BART Replacement Parking
For-Sale Scenario - "Aggressive" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$74,957,554	\$155,514
Retail/Office/Community Space	\$8,184,956	\$16,981
Residential Parking	\$12,767,041	\$26,488
Retail Parking	\$1,831,630	\$3,800
BART Replacement Parking	\$9,136,988	\$18,956
Sitework	<u>\$2,142,000</u>	<u>\$4,444</u>
Subtotal Direct Costs	\$109,020,169	\$226,183
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,248,204	\$12,963
Architecture/Engineering	\$6,541,210	\$13,571
Developer Overhead	\$2,991,304	\$6,206
Developer Profit	\$14,956,520	\$31,030
Contingency/General Conditions	\$8,176,513	\$16,964
Financing Costs	<u>\$9,009,176</u>	<u>\$18,691</u>
Subtotal Indirect Costs	\$47,922,926	\$99,425
Total Development Costs	\$156,943,095	\$325,608
Commercial Market Value		
Gross Operating Income	\$1,133,302	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,637	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,805	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,497	
Residential Market Value		
Gross Residential Sales Value	\$149,565,200	
Less: Marketing/Commissions	\$6,257,500	
Net Residential Value	\$143,307,700	
Total Development Value		
Commercial Component	\$11,364,497	
Residential Component	<u>\$143,307,700</u>	
Total Development Value	\$154,672,197	
Residual Land Value Analysis		
Development Value	\$154,672,197	
Net Residual Land Value	(\$2,270,899)	
Total Site Area	275,000	
Value per SF	(\$8.26)	

Appendix Table 4C

Alternative A - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
Rental Scenario - "Conservative" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	527,179	482
Commercial/Retail/Office	62,961	
Residential Parking	182,386	490
Retail Parking	28,924	90
BART Parking	130,528	393
Total SF	931,979	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	49	10.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	49	10.0%
Market Rate Units	<u>384</u>	<u>80.0%</u>
Total	482	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - 81% AMI	24	\$1,242	800	\$1.55
1 BR - 50% AMI (Sec 8 FMR)	24	\$1,116	800	\$1.40
1 BR - Market	192	\$1,200	800	\$1.50
2 BR - 81% AMI	25	\$1,400	950	\$1.47
2 BR - 50% AMI (Sec. 8 FMR)	25	\$1,412	950	\$1.49
2 BR - Market	192	\$1,500	950	\$1.58

Unit Size	Gross Rents per City		Less: Util. Allow.	Net Rents (net of Util. Allow.)	
	at 81% AMI	at 50% AMI		at 81% AMI	at 50% AMI
1BR	1,331	1,205	89	1,242	1,116
2 BR	1,499	1,511	99	1,400	1,412

Note: 50% AMI Rents assume use of Section 8 Vouchers and are based on Housing Authority Fair Market Rents 2003 Berkeley Hsg. Authority Util. Allow. include gas heating, cooking and water heating, other electric and water.

Indirect Costs

Bdg/Dev. Permit Fees	\$12,963.08 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$97,095,397

Appendix Table 4C (Continued)

Alternative A - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
Rental Scenario - "Conservative" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$74,957,554	\$155,514
Retail/Office/Community Space	\$8,184,956	\$16,981
Residential Parking	\$12,767,041	\$26,488
Retail Parking	\$1,831,630	\$3,800
BART Replacement Parking	\$9,136,988	\$18,956
Sitework	<u>\$2,142,000</u>	<u>\$4,444</u>
Subtotal Direct Costs	\$109,020,169	\$226,183
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,248,204	\$12,963
Architecture/Engineering	\$6,541,210	\$13,571
Developer Overhead/Profit	\$8,721,614	\$18,095
Contingency/General Conditions	\$8,176,513	\$16,964
Financing Costs	<u>\$9,126,967</u>	<u>\$18,936</u>
Subtotal Indirect Costs	\$38,814,507	\$80,528
Total Development Costs	\$147,834,677	\$306,711
Commercial Market Value		
Gross Operating Income	\$1,133,302	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,637	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,805	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,497	
Residential Market Value		
Gross Operating Income	\$7,743,504	
Less: Vacancy Allowance	<u>\$387,175</u>	
Gross Effective Income	\$7,356,329	
Less: Operating Expense	<u>\$2,602,800</u>	
Net Operating Income	\$4,753,529	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$59,419,110	
Total Development Value		
Commercial Component	\$11,364,497	
Residential Component	<u>\$59,419,110</u>	
Total Development Value	\$70,783,607	
Residual Land Value Analysis		
Development Value	\$70,783,607	
Less: Development Costs	<u>\$147,834,677</u>	
Net Residual Land Value	(\$77,051,070)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	(\$280.19)	

Appendix Table 4D

Alternative A - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
Rental Scenario - "Aggressive" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	527,179	482
Commercial/Retail/Office	62,961	
Residential Parking	182,386	490
Retail Parking	28,924	90
BART Parking	130,528	393
Total SF	931,979	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	49	10.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	49	10.0%
Market Rate Units	<u>384</u>	<u>80.0%</u>
Total	482	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - 81% AMI	24	\$1,242	800	\$1.55
1 BR - 50% AMI (Sec 8 FMR)	24	\$1,116	800	\$1.40
1 BR - Market	192	\$1,500	800	\$1.88
2 BR - 81% AMI	25	\$1,400	950	\$1.47
2 BR - 50% AMI (Sec. 8 FMR)	25	\$1,412	950	\$1.49
2 BR - Market	192	\$1,800	950	\$1.89

Unit Size	Gross Rents per City		Less: Util. Allow.	Net Rents (net of Util. Allow.)	
	at 81% AMI	at 50% AMI		at 81% AMI	at 50% AMI
1BR	1,331	1,205	89	1,242	1,116
2 BR	1,499	1,511	99	1,400	1,412

Note: 50% AMI Rents assume use of Section 8 Vouchers and are based on Housing Authority Fair Market Rents 2003 Berkeley Hsg. Authority Util. Allow. include gas heating, cooking and water heating, other electric and water.

Indirect Costs

Bdg/Dev. Permit Fees	\$12,963.08 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$97,095,397

Appendix Table 4D (Continued)

Alternative A - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
Rental Scenario - "Aggressive" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$74,957,554	\$155,514
Retail/Office/Community Space	\$8,184,956	\$16,981
Residential Parking	\$12,767,041	\$26,488
Retail Parking	\$1,831,630	\$3,800
BART Replacement Parking	\$9,136,988	\$18,956
Sitework	<u>\$2,142,000</u>	<u>\$4,444</u>
Subtotal Direct Costs	\$109,020,169	\$226,183
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,248,204	\$12,963
Architecture/Engineering	\$6,541,210	\$13,571
Developer Overhead/Profit	\$8,721,614	\$18,095
Contingency/General Conditions	\$8,176,513	\$16,964
Financing Costs	<u>\$9,126,967</u>	<u>\$18,936</u>
Subtotal Indirect Costs	\$38,814,507	\$80,528
Total Development Costs	\$147,834,677	\$306,711
Commercial Market Value		
Gross Operating Income	\$1,133,302	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,637	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,805	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,497	
Residential Market Value		
Gross Operating Income	\$9,125,904	
Less: Vacancy Allowance	<u>\$456,295</u>	
Gross Effective Income	\$8,669,609	
Less: Operating Expense	<u>\$2,602,800</u>	
Net Operating Income	\$6,066,809	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$75,835,110	
Total Development Value		
Commercial Component	\$11,364,497	
Residential Component	<u>\$75,835,110</u>	
Total Development Value	\$87,199,607	
Residual Land Value Analysis		
Development Value	\$87,199,607	
Less: Development Costs	<u>\$147,834,677</u>	
Net Residual Land Value	(\$60,635,070)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	(\$220.49)	

Appendix Table 4E

Alternative A - Two Residential Buildings with Office and Retail
 Excluding Cost of BART Replacement Parking
 For-Sale Scenario - "Conservative" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	Units/Spaces
Residential	527,179	346,258	482
Commercial/Retail/Office	62,961	62,961	
Residential Parking/Retail	182,386		490
Retail Parking	28,924		90
BART Parking			
Total SF	801,450		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	97	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>385</u>	<u>80.0%</u>
Total	482	

Unit Mix	Afford. Sales Prices per City		Actual Cost (excl. land)	Est. Land Value/unit	Sales Assump. in Analysis
	at 80% AMI	at 120% AMI			
1BR	157,800	236,700	261,023	10,000	236,700
2 BR	177,600	266,400	261,023	10,000	266,400

Residential Product Mix	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	48	\$236,700	800	\$295.88
1 BR - Very Low Income			800	\$0.00
1 BR - Market	192	\$275,000	800	\$343.75
2 BR - Low Income	49	\$266,400	950	\$280.42
2 BR - Very Low Income			950	\$0.00
2 BR - Market	193	\$325,000	950	\$342.11
Offsite Infrastructure/Unit		\$8,590 per City Engineering estimates		

Indirect Costs

Bdg/Dev. Permit Fees	\$12,196.01 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	55.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$95,227,097

Appendix Table 4E (Continued)

Alternative A - Two Residential Buildings with Office and Retail
Excluding Cost of BART Replacement Parking
For-Sale Scenario - "Conservative" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$74,957,554	\$155,514
Retail/Office/Community Space	\$8,184,956	\$16,981
Residential Parking	\$12,767,041	\$26,488
Retail Parking	\$1,831,630	\$3,800
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,142,000</u>	<u>\$4,444</u>
Subtotal Direct Costs	\$99,883,181	\$207,227
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,878,476	\$12,196
Architecture/Engineering	\$5,992,991	\$12,434
Developer Overhead	\$2,798,804	\$5,807
Developer Profit	\$13,994,020	\$29,033
Contingency/General Conditions	\$7,491,239	\$15,542
Financing Costs	<u>\$8,284,757</u>	<u>\$17,188</u>
Subtotal Indirect Costs	\$44,440,286	\$92,200
Total Development Costs	\$144,323,468	\$299,426
Commercial Market Value		
Gross Operating Income	\$1,133,302	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,637	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,805	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,497	
Residential Market Value		
Gross Residential Sales Value	\$139,940,200	
Less: Marketing/Commissions	\$5,776,250	
Net Residential Value	\$134,163,950	
Total Development Value		
Commercial Component	\$11,364,497	
Residential Component	<u>\$134,163,950</u>	
Total Development Value	\$145,528,447	
Residual Land Value Analysis		
Development Value	\$145,528,447	
Net Residual Land Value	\$1,204,979	
Total Site Area	275,000	
Value per SF	\$4.38	

Appendix Table 4F

Alternative A - Two Residential Buildings with Office and Retail
 Excluding Cost of BART Replacement Parking
 For-Sale Scenario - "Aggressive" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	Units/Spaces
Residential	527,179	346,258	482
Commercial/Retail/Office	62,961	62,961	
Residential Parking/Retail	182,386		490
Retail Parking	28,924		90
BART Parking			
Total SF	801,450		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	97	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>385</u>	<u>80.0%</u>
Total	482	

Unit Mix	Afford. Sales Prices per City		Actual Cost (excl. land)	Est. Land Value/unit	Sales Assump. in Analysis
	at 80% AMI	at 120% AMI			
1BR	157,800	236,700	261,023	10,000	236,700
2 BR	177,600	266,400	261,023	10,000	266,400

Residential Product Mix	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	48	\$236,700	800	\$295.88
1 BR - Very Low Income			800	\$0.00
1 BR - Market	192	\$300,000	800	\$375.00
2 BR - Low Income	49	\$266,400	950	\$280.42
2 BR - Very Low Income			950	\$0.00
2 BR - Market	193	\$350,000	950	\$368.42
Offsite Infrastructure/Unit		\$8,590 per City Engineering estimates		

Indirect Costs

Bdg/Dev. Permit Fees	\$12,196.01 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	55.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$96,035,597

Appendix Table 4F(Continued)

Alternative A - Two Residential Buildings with Office and Retail
Excluding Cost of BART Replacement Parking
For-Sale Scenario - "Aggressive" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$74,957,554	\$155,514
Retail/Office/Community Space	\$8,184,956	\$16,981
Residential Parking	\$12,767,041	\$26,488
Retail Parking	\$1,831,630	\$3,800
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,142,000</u>	<u>\$4,444</u>
Subtotal Direct Costs	\$99,883,181	\$207,227
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,878,476	\$12,196
Architecture/Engineering	\$5,992,991	\$12,434
Developer Overhead	\$2,991,304	\$6,206
Developer Profit	\$14,956,520	\$31,030
Contingency/General Conditions	\$7,491,239	\$15,542
Financing Costs	<u>\$8,355,097</u>	<u>\$17,334</u>
Subtotal Indirect Costs	\$45,665,626	\$94,742
Total Development Costs	\$145,548,807	\$301,968
Commercial Market Value		
Gross Operating Income	\$1,133,302	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,637	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,805	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,497	
Residential Market Value		
Gross Residential Sales Value	\$149,565,200	
Less: Marketing/Commissions	\$6,257,500	
Net Residential Value	\$143,307,700	
Total Development Value		
Commercial Component	\$11,364,497	
Residential Component	<u>\$143,307,700</u>	
Total Development Value	\$154,672,197	
Residual Land Value Analysis		
Development Value	\$154,672,197	
Net Residual Land Value	\$9,123,389	
Total Site Area	275,000	
Value per SF	\$33.18	

Appendix Table 4G

Alternative A - Two Residential Buildings with Office and Retail
Excluding BART Replacement Parking
Rental Scenario - "Conservative" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	527,179	482
Commercial/Retail/Office	62,961	
Residential Parking	182,386	490
Retail Parking	28,924	90
BART Parking	0	0
Total SF	801,450	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	49	10.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	49	10.0%
Market Rate Units	<u>384</u>	<u>80.0%</u>
Total	482	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - 81% AMI	24	\$1,242	800	\$1.55
1 BR - 50% AMI (Sec 8 FMR)	24	\$1,116	800	\$1.40
1 BR - Market	192	\$1,200	800	\$1.50
2 BR - 81% AMI	25	\$1,400	950	\$1.47
2 BR - 50% AMI (Sec. 8 FMR)	25	\$1,412	950	\$1.49
2 BR - Market	192	\$1,500	950	\$1.58

Unit Size	Affordable Rents per City		Less: Util. Allow.	Net Rents (net of Util. Allow.)	
	at 81% AMI	at 50% AMI		at 81% AMI	at 50% AMI
1BR	1,331	1,205	89	1,242	1,116
2 BR	1,499	1,511	99	1,400	1,412

Note: 50% AMI Rents assume use of Section 8 Vouchers and are based on Housing Authority Fair Market Rents 2003 Berkeley Hsg. Authority Util. Allow. include gas heating, cooking and water heating, other electric and water.

Indirect Costs

Bdg/Dev. PermitFees	\$12,196.01 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$89,065,578

Appendix Table 4G (Continued)

Alternative A - Two Residential Buildings with Office and Retail
Excluding BART Replacement Parking
Rental Scenario - "Conservative" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$74,957,554	\$155,514
Retail/Office/Community Space	\$8,184,956	\$16,981
Residential Parking	\$12,767,041	\$26,488
Retail Parking	\$1,831,630	\$3,800
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,142,000</u>	<u>\$4,444</u>
Subtotal Direct Costs	\$99,883,181	\$207,227
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,878,476	\$12,196
Architecture/Engineering	\$5,992,991	\$12,434
Developer Overhead/Profit	\$7,990,654	\$16,578
Contingency/General Conditions	\$7,491,239	\$15,542
Financing Costs	<u>\$8,372,164</u>	<u>\$17,370</u>
Subtotal Indirect Costs	\$35,725,524	\$74,119
Total Development Costs	\$135,608,705	\$281,346
Commercial Market Value		
Gross Operating Income	\$1,133,302	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,637	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,805	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,497	
Residential Market Value		
Gross Operating Income	\$7,743,504	
Less: Vacancy Allowance	<u>\$387,175</u>	
Gross Effective Income	\$7,356,329	
Less: Operating Expense	<u>\$2,602,800</u>	
Net Operating Income	\$4,753,529	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$59,419,110	
Total Development Value		
Commercial Component	\$11,364,497	
Residential Component	<u>\$59,419,110</u>	
Total Development Value	\$70,783,607	
Residual Land Value Analysis		
Development Value	\$70,783,607	
Less: Development Costs	<u>\$135,608,705</u>	
Net Residual Land Value	(\$64,825,098)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	(\$235.73)	

Appendix Table 4H

Alternative A - Two Residential Buildings with Office and Retail
 Excluding BART Replacement Parking
 Rental Scenario - "Aggressive" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	527,179	482
Commercial/Retail/Office	62,961	
Residential Parking	182,386	490
Retail Parking	28,924	90
BART Parking	0	0
Total SF	801,450	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	49	10.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	49	10.0%
Market Rate Units	<u>384</u>	<u>80.0%</u>
Total	482	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - 81% AMI	24	\$1,242	800	\$1.55
1 BR - 50% AMI (Sec 8 FMR)	24	\$1,116	800	\$1.40
1 BR - Market	192	\$1,500	800	\$1.88
2 BR - 81% AMI	25	\$1,400	950	\$1.47
2 BR - 50% AMI (Sec. 8 FMR)	25	\$1,412	950	\$1.49
2 BR - Market	192	\$1,800	950	\$1.89

Unit Size	Affordable Rents per City		Less: Util. Allow.	Net Rents (net of Util. Allow.)	
	at 81% AMI	at 50% AMI		at 81% AMI	at 50% AMI
1BR	1,331	1,205	89	1,242	1,116
2 BR	1,499	1,511	99	1,400	1,412

Note: 50% AMI Rents assume use of Section 8 Vouchers and are based on Housing Authority Fair Market Rents 2003 Berkeley Hsg. Authority Util. Allow. include gas heating, cooking and water heating, other electric and water.

Indirect Costs

Bdg/Dev. PermitFees	\$12,196.01 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$89,065,578

Appendix Table 4H (Continued)

Alternative A - Two Residential Buildings with Office and Retail
Excluding BART Replacement Parking
Rental Scenario - "Aggressive" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$74,957,554	\$155,514
Retail/Office/Community Space	\$8,184,956	\$16,981
Residential Parking	\$12,767,041	\$26,488
Retail Parking	\$1,831,630	\$3,800
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,142,000</u>	<u>\$4,444</u>
Subtotal Direct Costs	\$99,883,181	\$207,227
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,878,476	\$12,196
Architecture/Engineering	\$5,992,991	\$12,434
Developer Overhead/Profit	\$7,990,654	\$16,578
Contingency/General Conditions	\$7,491,239	\$15,542
Financing Costs	<u>\$8,372,164</u>	<u>\$17,370</u>
Subtotal Indirect Costs	\$35,725,524	\$74,119
Total Development Costs	\$135,608,705	\$281,346
Commercial Market Value		
Gross Operating Income	\$1,133,302	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,637	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,805	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,497	
Residential Market Value		
Gross Operating Income	\$9,125,904	
Less: Vacancy Allowance	<u>\$456,295</u>	
Gross Effective Income	\$8,669,609	
Less: Operating Expense	<u>\$2,602,800</u>	
Net Operating Income	\$6,066,809	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$75,835,110	
Total Development Value		
Commercial Component	\$11,364,497	
Residential Component	<u>\$75,835,110</u>	
Total Development Value	\$87,199,607	
Residual Land Value Analysis		
Development Value	\$87,199,607	
Less: Development Costs	<u>\$135,608,705</u>	
Net Residual Land Value	(\$48,409,098)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	(\$176.03)	

Appendix Table 5A

Alternative B - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
For-Sale Scenario - "Conservative" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	390,085	553
Commercial/Retail/Office	62,961	
Residential Parking/Retail	182,386	490
Retail Parking	28,924	90
BART Parking	130,528	393
Total SF	794,885	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	111	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>442</u>	<u>80.0%</u>
Total	553	

Unit Mix	Afford. Sales Prices per City		Actual Cost (excl. land)	Est. Land Value/unit	Sales Assump. in Analysis
	at 80% AMI	at 120% AMI			
1BR	157,800	236,700	255,034	10,000	236,700
2 BR	177,600	266,400	255,034	10,000	265,034

Residential Product Mix	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	55	\$236,700	800	\$295.88
1 BR - Very Low Income			800	\$0.00
1 BR - Market	221	\$275,000	800	\$343.75
2 BR - Low Income	56	\$265,034	950	\$278.98
2 BR - Very Low Income			950	\$0.00
2 BR - Market	221	\$325,000	950	\$342.11

Indirect Costs

Bdg/Dev. PermitFees	\$12,554.03 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	55.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$113,592,476

Appendix Table 5A (Continued)

Alternative B - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
For-Sale Scenario - "Conservative" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$85,829,338	\$155,207
Retail/Office/Community Space	\$8,184,930	\$14,801
Residential Parking	\$12,767,041	\$23,087
Retail Parking	\$1,831,630	\$3,312
BART Replacement Parking	\$9,136,988	\$16,523
Sitework	<u>\$2,142,000</u>	<u>\$3,873</u>
Subtotal Direct Costs	\$119,891,927	\$216,803
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,942,380	\$12,554
Architecture/Engineering	\$7,193,516	\$13,008
Developer Overhead	\$3,209,208	\$5,803
Developer Profit	\$16,046,040	\$29,016
Contingency/General Conditions	\$8,991,895	\$16,260
Financing Costs	<u>\$9,882,545</u>	<u>\$17,871</u>
Subtotal Indirect Costs	\$52,265,584	\$94,513
Total Development Costs	\$172,157,511	\$311,316
Commercial Market Value		
Gross Operating Income	\$1,133,298	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,633	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,801	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,461	
Residential Market Value		
Gross Residential Sales Value	\$160,460,397	
Less: Marketing/Commissions	\$6,630,000	
Net Residential Value	\$153,830,397	
Total Development Value		
Commercial Component	\$11,364,461	
Residential Component	<u>\$153,830,397</u>	
Total Development Value	\$165,194,857	
Residual Land Value Analysis		
Development Value	\$165,194,857	
Less: Development Costs	<u>\$172,157,511</u>	
Net Residual Land Value	(\$6,962,653)	
Total Site Area	275,000	
Value per SF	(\$25.32)	

Appendix Table 5B

Alternative B - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
For-Sale Scenario - "Aggressive" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	390,085	553
Commercial/Retail/Office	62,961	
Residential Parking/Retail	182,386	490
Retail Parking	28,924	90
BART Parking	130,528	393
Total SF	794,885	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	111	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>442</u>	<u>80.0%</u>
Total	553	

Unit Mix	Afford. Sales Prices per City		Actual Cost (excl. land)	Est. Land Value/unit	Sales Assump. in Analysis
	at 80% AMI	at 120% AMI			
1BR	157,800	236,700	255,034	10,000	236,700
2 BR	177,600	266,400	255,034	10,000	265,034

Residential Product Mix	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	55	\$236,700	800	\$295.88
1 BR - Very Low Income			800	\$0.00
1 BR - Market	221	\$300,000	800	\$375.00
2 BR - Low Income	56	\$265,034	950	\$278.98
2 BR - Very Low Income			950	\$0.00
2 BR - Market	221	\$350,000	950	\$368.42

Indirect Costs

Bdg/Dev. PermitFees	\$12,554.03 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	55.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$114,520,676

Appendix Table 5B (Continued)

Alternative B - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
For-Sale Scenario - "Aggressive" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$85,829,338	\$155,207
Retail/Office/Community Space	\$8,184,930	\$14,801
Residential Parking	\$12,767,041	\$23,087
Retail Parking	\$1,831,630	\$3,312
BART Replacement Parking	\$9,136,988	\$16,523
Sitework	<u>\$2,142,000</u>	<u>\$3,873</u>
Subtotal Direct Costs	\$119,891,927	\$216,803
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,942,380	\$12,554
Architecture/Engineering	\$7,193,516	\$13,008
Developer Overhead	\$3,430,208	\$6,203
Developer Profit	\$17,151,040	\$31,015
Contingency/General Conditions	\$8,991,895	\$16,260
Financing Costs	<u>\$9,963,299</u>	<u>\$18,017</u>
Subtotal Indirect Costs	\$53,672,337	\$97,057
Total Development Costs	\$173,564,264	\$313,859
Commercial Market Value		
Gross Operating Income	\$1,133,298	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,633	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,801	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,461	
Residential Market Value		
Gross Residential Sales Value	\$171,510,397	
Less: Marketing/Commissions	\$7,182,500	
Net Residential Value	\$164,327,897	
Total Development Value		
Commercial Component	\$11,364,461	
Residential Component	<u>\$164,327,897</u>	
Total Development Value	\$175,692,357	
Residual Land Value Analysis		
Development Value	\$175,692,357	
Less: Development Costs	<u>\$173,564,264</u>	
Net Residual Land Value	\$2,128,093	
Total Site Area	275,000	
Value per SF	\$7.74	

Appendix Table 5C

Alternative B - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
Rental Scenario - "Conservative" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	390,085	553
Commercial/Retail/Office	62,961	
Residential Parking	182,386	490
Retail Parking	28,924	90
BART Parking	130,528	393
Total SF	794,885	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	56	10.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	56	10.0%
Market Rate Units	<u>441</u>	<u>80.0%</u>
Total	553	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - 81% AMI	28	\$1,242	800	\$1.55
1 BR - 50% AMI (Sec 8 FMR)	28	\$1,116	800	\$1.40
1 BR - Market	220	\$1,200	800	\$1.50
2 BR - 81% AMI	28	\$1,400	950	\$1.47
2 BR - 50% AMI (Sec. 8 FMR)	28	\$1,412	950	\$1.49
2 BR - Market	221	\$1,500	950	\$1.58

Unit Size	Gross Rents per City		Less: Util. Allow.	Net Rents (net of Util. Allow.)	
	at 81% AMI	at 50% AMI		at 81% AMI	at 50% AMI
1BR	1,331	1,205	89	1,242	1,116
2 BR	1,499	1,511	99	1,400	1,412

Note: 50% AMI Rents assume use of Section 8 Vouchers and are based on Housing Authority Fair Market Rents 2003 Berkeley Hsg. Authority Util. Allow. include gas heating, cooking and water heating, other electric and water.

Indirect Costs

Bdg/Dev. Permit Fees	\$12,554.03 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$106,827,750

Appendix Table 5C (Continued)

Alternative B - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
Rental Scenario - "Conservative" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$85,829,338	\$155,207
Retail/Office/Community Space	\$8,184,930	\$14,801
Residential Parking	\$12,767,041	\$23,087
Retail Parking	\$1,831,630	\$3,312
BART Replacement Parking	\$9,136,988	\$16,523
Sitework	<u>\$2,142,000</u>	<u>\$3,873</u>
Subtotal Direct Costs	\$119,891,927	\$216,803
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,942,380	\$12,554
Architecture/Engineering	\$7,193,516	\$13,008
Developer Overhead/Profit	\$9,591,354	\$17,344
Contingency/General Conditions	\$8,991,895	\$16,260
Financing Costs	<u>\$10,041,809</u>	<u>\$18,159</u>
Subtotal Indirect Costs	\$42,760,953	\$77,325
Total Development Costs	\$162,652,880	\$294,128
Commercial Market Value		
Gross Operating Income	\$1,133,298	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,633	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,801	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,461	
Residential Market Value		
Gross Operating Income	\$8,883,120	
Less: Vacancy Allowance	<u>\$444,156</u>	
Gross Effective Income	\$8,438,964	
Less: Operating Expense	<u>\$2,986,200</u>	
Net Operating Income	\$5,452,764	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$68,159,550	
Total Development Value		
Commercial Component	\$11,364,461	
Residential Component	<u>\$68,159,550</u>	
Total Development Value	\$79,524,011	
Residual Land Value Analysis		
Development Value	\$79,524,011	
Less: Development Costs	<u>\$162,652,880</u>	
Net Residual Land Value	(\$83,128,870)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	(\$302.29)	

Appendix Table 5D

Alternative B - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
Rental Scenario - "Aggressive" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	390,085	553
Commercial/Retail/Office	62,961	
Residential Parking	182,386	490
Retail Parking	28,924	90
BART Parking	130,528	393
Total SF	794,885	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	56	10.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	56	10.0%
Market Rate Units	<u>441</u>	<u>80.0%</u>
Total	553	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - 81% AMI	28	\$1,242	800	\$1.55
1 BR - 50% AMI (Sec 8 FMR)	28	\$1,116	800	\$1.40
1 BR - Market	220	\$1,500	800	\$1.88
2 BR - 81% AMI	28	\$1,400	950	\$1.47
2 BR - 50% AMI (Sec. 8 FMR)	28	\$1,412	950	\$1.49
2 BR - Market	221	\$1,800	950	\$1.89

Unit Size	Gross Rents per City		Less: Util. Allow.	Net Rents (net of Util. Allow.)	
	at 81% AMI	at 50% AMI		at 81% AMI	at 50% AMI
1BR	1,331	1,205	89	1,242	1,116
2 BR	1,499	1,511	99	1,400	1,412

Note: 50% AMI Rents assume use of Section 8 Vouchers and are based on Housing Authority Fair Market Rents 2003 Berkeley Hsg. Authority Util. Allow. include gas heating, cooking and water heating, other electric and water.

Indirect Costs

Bdg/Dev. PermitFees	\$12,554.03 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$106,827,750

Appendix Table 5D (Continued)

Alternative B - Two Residential Buildings with Office and Retail
Including BART Replacement Parking
Rental Scenario - "Aggressive" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$85,829,338	\$155,207
Retail/Office/Community Space	\$8,184,930	\$14,801
Residential Parking	\$12,767,041	\$23,087
Retail Parking	\$1,831,630	\$3,312
BART Replacement Parking	\$9,136,988	\$16,523
Sitework	<u>\$2,142,000</u>	<u>\$3,873</u>
Subtotal Direct Costs	\$119,891,927	\$216,803
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,942,380	\$12,554
Architecture/Engineering	\$7,193,516	\$13,008
Developer Overhead/Profit	\$9,591,354	\$17,344
Contingency/General Conditions	\$8,991,895	\$16,260
Financing Costs	<u>\$10,041,809</u>	<u>\$18,159</u>
Subtotal Indirect Costs	\$42,760,953	\$77,325
Total Development Costs	\$162,652,880	\$294,128
Commercial Market Value		
Gross Operating Income	\$1,133,298	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,633	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,801	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,461	
Residential Market Value		
Gross Operating Income	\$10,470,720	
Less: Vacancy Allowance	<u>\$523,536</u>	
Gross Effective Income	\$9,947,184	
Less: Operating Expense	<u>\$2,986,200</u>	
Net Operating Income	\$6,960,984	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$87,012,300	
Total Development Value		
Commercial Component	\$11,364,461	
Residential Component	<u>\$87,012,300</u>	
Total Development Value	\$98,376,761	
Residual Land Value Analysis		
Development Value	\$98,376,761	
Less: Development Costs	<u>\$162,652,880</u>	
Net Residual Land Value	(\$64,276,120)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	(\$233.73)	

Appendix Table 5E

Alternative B - Two Residential Buildings with Office and Retail
 Excluding Cost of BART Replacement Parking
 For-Sale Scenario - "Conservative" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	390,085	553
Commercial/Retail/Office	62,961	
Residential Parking/Retail	182,386	490
Retail Parking	28,924	90
BART Parking	0	0
Total SF	794,885	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	111	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>442</u>	<u>80.0%</u>
Total	553	

Unit Mix	Afford. Sales Prices per City		Actual Cost (excl. land)	Est. Land Value/unit	Sales Assump. in Analysis
	at 80% AMI	at 120% AMI			
1BR	157,800	236,700	255,034	10,000	236,700
2 BR	177,600	266,400	255,034	10,000	265,034

Residential Product Mix	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	55	\$236,700	800	\$295.88
1 BR - Very Low Income		\$0	800	\$0.00
1 BR - Market	221	\$275,000	800	\$343.75
2 BR - Low Income	56	\$265,034	950	\$278.98
2 BR - Very Low Income		\$0	950	\$0.00
2 BR - Market	221	\$325,000	950	\$342.11

Indirect Costs

Bdg/Dev. PermitFees	\$10,952.36 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	55.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$105,713,132

Appendix Table 5E (Continued)

Alternative B - Two Residential Buildings with Office and Retail
Excluding Cost of BART Replacement Parking
For-Sale Scenario - "Conservative" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$85,829,338	\$155,207
Retail/Office/Community Space	\$8,184,930	\$14,801
Residential Parking	\$12,767,041	\$23,087
Retail Parking	\$1,831,630	\$3,312
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,142,000</u>	<u>\$3,873</u>
Subtotal Direct Costs	\$110,754,939	\$200,280
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,056,657	\$10,952
Architecture/Engineering	\$6,645,296	\$12,017
Developer Overhead	\$3,209,208	\$5,803
Developer Profit	\$16,046,040	\$29,016
Contingency/General Conditions	\$8,306,620	\$15,021
Financing Costs	<u>\$9,197,043</u>	<u>\$16,631</u>
Subtotal Indirect Costs	\$49,460,864	\$89,441
Total Development Costs	\$160,215,803	\$289,721
Commercial Market Value		
Gross Operating Income	\$1,133,298	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,633	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,801	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,461	
Residential Market Value		
Gross Residential Sales Value	\$160,460,397	
Less: Marketing/Commissions	\$6,630,000	
Net Residential Value	\$153,830,397	
Total Development Value		
Commercial Component	\$11,364,461	
Residential Component	<u>\$153,830,397</u>	
Total Development Value	\$165,194,857	
Residual Land Value Analysis		
Development Value	\$165,194,857	
Less: Development Costs	<u>\$160,215,803</u>	
Net Residual Land Value	\$4,979,054	
Total Site Area	275,000	
Value per SF	\$18.11	

Appendix Table 5F

Alternative B - Two Residential Buildings with Office and Retail
 Excluding Cost of BART Replacement Parking
 For-Sale Scenario - "Conservative" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	390,085	553
Commercial/Retail/Office	62,961	
Residential Parking/Retail	182,386	490
Retail Parking	28,924	90
BART Parking	0	0
Total SF	794,885	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	111	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>442</u>	<u>80.0%</u>
Total	553	

Unit Mix	Afford. Sales Prices per City		Actual Cost (excl. land)	Est. Land Value/unit	Sales Assump. in Analysis
	at 80% AMI	at 120% AMI			
1BR	157,800	236,700	255,034	10,000	236,700
2 BR	177,600	266,400	255,034	10,000	265,034

Residential Product Mix	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	55	\$236,700	800	\$295.88
1 BR - Very Low Income		\$0	800	\$0.00
1 BR - Market	221	\$300,000	800	\$375.00
2 BR - Low Income	56	\$265,034	950	\$278.98
2 BR - Very Low Income		\$0	950	\$0.00
2 BR - Market	221	\$350,000	950	\$368.42

Indirect Costs

Bdg/Dev. PermitFees	\$10,952.36 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	55.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$106,641,332

Appendix Table 5F (Continued)

Alternative B - Two Residential Buildings with Office and Retail
Excluding Cost of BART Replacement Parking
For-Sale Scenario - "Conservative" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$85,829,338	\$155,207
Retail/Office/Community Space	\$8,184,930	\$14,801
Residential Parking	\$12,767,041	\$23,087
Retail Parking	\$1,831,630	\$3,312
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,142,000</u>	<u>\$3,873</u>
Subtotal Direct Costs	\$110,754,939	\$200,280
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,056,657	\$10,952
Architecture/Engineering	\$6,645,296	\$12,017
Developer Overhead	\$3,430,208	\$6,203
Developer Profit	\$17,151,040	\$31,015
Contingency/General Conditions	\$8,306,620	\$15,021
Financing Costs	<u>\$9,277,796</u>	<u>\$16,777</u>
Subtotal Indirect Costs	\$50,867,617	\$91,985
Total Development Costs	\$161,622,556	\$292,265
Commercial Market Value		
Gross Operating Income	\$1,133,298	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,633	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,801	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,461	
Residential Market Value		
Gross Residential Sales Value	\$171,510,397	
Less: Marketing/Commissions	\$7,182,500	
Net Residential Value	\$164,327,897	
Total Development Value		
Commercial Component	\$11,364,461	
Residential Component	<u>\$164,327,897</u>	
Total Development Value	\$175,692,357	
Residual Land Value Analysis		
Development Value	\$175,692,357	
Less: Development Costs	<u>\$161,622,556</u>	
Net Residual Land Value	\$14,069,801	
Total Site Area	275,000	
Value per SF	\$51.16	

Appendix Table 5G

Alternative B - Two Residential Buildings with Office and Retail
 Excluding Cost of BART Replacement Parking
 Rental Scenario - "Conservative" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	390,085	553
Commercial/Retail/Office	62,961	
Residential Parking	182,386	490
Retail Parking	28,924	90
BART Parking	0	0
Total SF	664,357	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	56	10.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	56	10.0%
Market Rate Units	<u>441</u>	<u>80.0%</u>
Total	553	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - 81% AMI	28	\$1,242	800	\$1.55
1 BR - 50% AMI (Sec 8 FMR)	28	\$1,116	800	\$1.40
1 BR - Market	220	\$1,200	800	\$1.50
2 BR - 81% AMI	28	\$1,400	950	\$1.47
2 BR - 50% AMI (Sec. 8 FMR)	28	\$1,412	950	\$1.49
2 BR - Market	221	\$1,500	950	\$1.58

Unit Size	Affordable Rents per City		Less: Util. Allow.	Net Rents (net of Util. Allow.)	
	at 81% AMI	at 50% AMI		at 81% AMI	at 50% AMI
1BR	1,331	1,205	89	1,242	1,116
2 BR	1,499	1,511	99	1,400	1,412

Note: 50% AMI Rents assume use of Section 8 Vouchers and are based on Housing Authority Fair Market Rents 2003 Berkeley Hsg. Authority Util. Allow. include gas heating, cooking and water heating, other electric and water.

Indirect Costs

Bdg/Dev. PermitFees	\$10,952.36 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$98,436,736

Appendix Table 5G (Continued)

Alternative B - Two Residential Buildings with Office and Retail
Excluding Cost of BART Replacement Parking
Rental Scenario - "Conservative" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$85,829,338	\$155,207
Retail/Office/Community Space	\$8,184,930	\$14,801
Residential Parking	\$12,767,041	\$23,087
Retail Parking	\$1,831,630	\$3,312
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,142,000</u>	<u>\$3,873</u>
Subtotal Direct Costs	\$110,754,939	\$200,280
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,056,657	\$10,952
Architecture/Engineering	\$6,645,296	\$12,017
Developer Overhead/Profit	\$8,860,395	\$16,022
Contingency/General Conditions	\$8,306,620	\$15,021
Financing Costs	<u>\$9,253,053</u>	<u>\$16,732</u>
Subtotal Indirect Costs	\$39,122,022	\$70,745
Total Development Costs	\$149,876,961	\$271,025
Commercial Market Value		
Gross Operating Income	\$1,133,298	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,633	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,801	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,461	
Residential Market Value		
Gross Operating Income	\$8,883,120	
Less: Vacancy Allowance	<u>\$444,156</u>	
Gross Effective Income	\$8,438,964	
Less: Operating Expense	<u>\$2,986,200</u>	
Net Operating Income	\$5,452,764	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$68,159,550	
Total Development Value		
Commercial Component	\$11,364,461	
Residential Component	<u>\$68,159,550</u>	
Total Development Value	\$79,524,011	
Residual Land Value Analysis		
Development Value	\$79,524,011	
Less: Development Costs	<u>\$149,876,961</u>	
Net Residual Land Value	(\$70,352,951)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	(\$255.83)	

Appendix Table 5H

Alternative B - Two Residential Buildings with Office and Retail
 Excluding Cost of BART Replacement Parking
 Rental Scenario - "Aggressive" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Units/Spaces
Residential	390,085	553
Commercial/Retail/Office	62,961	
Residential Parking	182,386	490
Retail Parking	28,924	90
BART Parking	0	0
Total SF	664,357	

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (81% AMI)	56	10.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	56	10.0%
Market Rate Units	<u>441</u>	<u>80.0%</u>
Total	553	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - 81% AMI	28	\$1,242	800	\$1.55
1 BR - 50% AMI (Sec 8 FMR)	28	\$1,116	800	\$1.40
1 BR - Market	220	\$1,500	800	\$1.88
2 BR - 81% AMI	28	\$1,400	950	\$1.47
2 BR - 50% AMI (Sec. 8 FMR)	28	\$1,412	950	\$1.49
2 BR - Market	221	\$1,800	950	\$1.89

Unit Size	Affordable Rents per City		Less: Util. Allow.	Net Rents (net of Util. Allow.)	
	at 81% AMI	at 50% AMI		at 81% AMI	at 50% AMI
1BR	1,331	1,205	89	1,242	1,116
2 BR	1,499	1,511	99	1,400	1,412

Note: 50% AMI Rents assume use of Section 8 Vouchers and are based on Housing Authority Fair Market Rents 2003 Berkeley Hsg. Authority Util. Allow. include gas heating, cooking and water heating, other electric and water.

Indirect Costs

Bdg/Dev. Permit Fees	\$10,952.36 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$98,436,736

Appendix Table 5H (Continued)

Alternative B - Two Residential Buildings with Office and Retail
Excluding Cost of BART Replacement Parking
Rental Scenario - "Aggressive" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$85,829,338	\$155,207
Retail/Office/Community Space	\$8,184,930	\$14,801
Residential Parking	\$12,767,041	\$23,087
Retail Parking	\$1,831,630	\$3,312
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,142,000</u>	<u>\$3,873</u>
Subtotal Direct Costs	\$110,754,939	\$200,280
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$6,056,657	\$10,952
Architecture/Engineering	\$6,645,296	\$12,017
Developer Overhead/Profit	\$8,860,395	\$16,022
Contingency/General Conditions	\$8,306,620	\$15,021
Financing Costs	<u>\$9,253,053</u>	<u>\$16,732</u>
Subtotal Indirect Costs	\$39,122,022	\$70,745
Total Development Costs	\$149,876,961	\$271,025
Commercial Market Value		
Gross Operating Income	\$1,133,298	
Less: Vacancy Allowance	<u>\$56,665</u>	
Gross Effective Income	\$1,076,633	
Less: Operating Expense	<u>\$53,832</u>	
Net Operating Income	\$1,022,801	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$11,364,461	
Residential Market Value		
Gross Operating Income	\$10,470,720	
Less: Vacancy Allowance	<u>\$523,536</u>	
Gross Effective Income	\$9,947,184	
Less: Operating Expense	<u>\$2,986,200</u>	
Net Operating Income	\$6,960,984	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$87,012,300	
Total Development Value		
Commercial Component	\$11,364,461	
Residential Component	<u>\$87,012,300</u>	
Total Development Value	\$98,376,761	
Residual Land Value Analysis		
Development Value	\$98,376,761	
Less: Development Costs	<u>\$149,876,961</u>	
Net Residual Land Value	(\$51,500,201)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	(\$187.27)	

Appendix Table 6A

Scheme 2 - Two Residential Buildings with Office and Retail
Including BART Replacement Parking Costs
For-Sale Scenario - "Conservative" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	D.U.'s/Spaces
Residential	409,690	327,752	375
Commercial/Retail/Office	51,078	51,078	
Residential/Retail Parking	193,622		480
BART Parking	<u>148,770</u>		430
Total SF	803,160		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	75	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>300</u>	<u>80.0%</u>
Total	375	

Residential Product Mix

	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	37	\$149,541	800	\$186.93
1 BR - Very Low Income			800	\$0.00
1 BR - Market	150	\$275,000	800	\$343.75
2 BR - Low Income	38	\$169,205	950	\$178.11
2 BR - Very Low Income			950	\$0.00
2 BR - Market	150	\$325,000	950	\$342.11

Indirect Costs

Bdg/Dev. Permit Fees	\$13,696.05 (Per unit, per Fee schedule)
Architecture/Engineering	4.50% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	50.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$83,507,365

Appendix Table 6A (Continued)

Scheme 2 - Two Residential Buildings with Office and Retail
Including BART Replacement Parking Costs
For-Sale Scenario - "Conservative" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$57,356,600	\$152,951
Retail/Office/Community Space	\$6,640,140	\$17,707
Residential/Retail Parking	\$13,553,540	\$36,143
BART Replacement Parking	\$10,413,900	\$27,770
Sitework	<u>\$3,040,000</u>	<u>\$8,107</u>
Subtotal Direct Costs	\$91,004,180	\$242,678
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,136,020	\$13,696
Architecture/Engineering	\$4,095,188	\$10,921
Developer Overhead	\$2,039,256	\$5,438
Developer Profit	\$10,196,279	\$27,190
Contingency/General Conditions	\$6,825,314	\$18,201
Financing Costs	<u>\$6,680,589</u>	<u>\$17,815</u>
Subtotal Indirect Costs	\$34,972,645	\$93,260
Total Development Costs	\$125,976,825	\$335,938
Commercial Market Value		
Gross Operating Income	\$919,404	
Less: Vacancy Allowance	<u>\$45,970</u>	
Gross Effective Income	\$873,434	
Less: Operating Expense	<u>\$43,672</u>	
Net Operating Income	\$829,762	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$9,219,579	
Residential Market Value		
Gross Residential Sales Value	\$101,962,788	
Less: Marketing/Commissions	\$4,500,000	
Net Residential Value	\$97,462,788	
Total Development Value		
Commercial Component	\$9,219,579	
Residential Component	<u>\$97,462,788</u>	
Total Development Value	\$106,682,367	
Residual Land Value Analysis		
Development Value	\$106,682,367	
Less: Development Costs	<u>\$125,976,825</u>	
Net Residual Land Value	(\$19,294,458)	
Total Site Area	275,000	
Value per SF	(\$70.16)	

Appendix Table 6B

Scheme 2 - Two Residential Buildings with Office and Retail
Including BART Replacement Parking Costs
For-Sale Scenario - "Aggressive" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	D.U.'s/Spaces
Residential	409,690	327,752	375
Commercial/Retail/Office	51,078	51,078	
Residential/Retail Parking	193,622		480
BART Parking	<u>148,770</u>		430
Total SF	803,160		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	75	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>300</u>	<u>80.0%</u>
Total	375	

Residential Product Mix

	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	37	\$149,541	800	\$186.93
1 BR - Very Low Income			800	\$0.00
1 BR - Market	150	\$300,000	800	\$375.00
2 BR - Low Income	38	\$169,205	950	\$178.11
2 BR - Very Low Income			950	\$0.00
2 BR - Market	150	\$350,000	950	\$368.42

Indirect Costs

Bdg/Dev. PermitFees	\$13,696.05 (Per unit, per Fee schedule)
Architecture/Engineering	4.50% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit/Overhead	10.00% of sales value (residential units+ commercial component)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	50.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$84,137,365

Appendix Table 6B (Continued)

Scheme 2 - Two Residential Buildings with Office and Retail
Including BART Replacement Parking Costs
For-Sale Scenario - "Aggressive" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$57,356,600	\$152,951
Retail/Office/Community Space	\$6,640,140	\$17,707
Residential/Retail Parking	\$13,553,540	\$36,143
BART Replacement Parking	\$10,413,900	\$27,770
Sitework	<u>\$3,040,000</u>	<u>\$8,107</u>
Subtotal Direct Costs	\$91,004,180	\$242,678
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,136,020	\$13,696
Architecture/Engineering	\$4,095,188	\$10,921
Developer Overhead	\$2,189,256	\$5,838
Developer Profit	\$10,946,279	\$29,190
Contingency/General Conditions	\$6,825,314	\$18,201
Financing Costs	<u>\$6,730,989</u>	<u>\$17,949</u>
Subtotal Indirect Costs	\$35,923,045	\$95,795
Total Development Costs	\$126,927,225	\$338,473
Commercial Market Value		
Gross Operating Income	\$919,404	
Less: Vacancy Allowance	<u>\$45,970</u>	
Gross Effective Income	\$873,434	
Less: Operating Expense	<u>\$43,672</u>	
Net Operating Income	\$829,762	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$9,219,579	
Residential Market Value		
Gross Residential Sales Value	\$109,462,788	
Less: Marketing/Commissions	\$4,875,000	
Net Residential Value	\$104,587,788	
Total Development Value		
Commercial Component	\$9,219,579	
Residential Component	<u>\$104,587,788</u>	
Total Development Value	\$113,807,367	
Residual Land Value Analysis		
Development Value	\$113,807,367	
Less: Development Costs	<u>\$126,927,225</u>	
Net Residual Land Value	(\$13,119,858)	
Total Site Area	275,000	
Value per SF	(\$47.71)	

Appendix Table 6C

Scheme 2 - Two Residential Buildings with Office and Retail
Including BART Replacement Parking Costs
Rental Scenario- "Conservative" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	Units/Spaces
Residential	409,690	327,752	375
Commercial/Retail/Office	51,078	51,078	
Residential Parking	193,622		480
BART Parking	<u>148,770</u>		430
Total SF	803,160		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%
Residential Rent/SF/Mo.	Per Below
Residential Vacancy Allowance	5.00% Percent of Gross Revenues
Residential Expense	\$450.00 Per Unit per month
Residential Capitalization Rate	8.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	75	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>300</u>	<u>80.0%</u>
Total	375	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - Low Income	37	\$1,142	800	\$1.43
1 BR - Very Low Income			800	\$0.00
1 BR - Market	150	\$1,200	800	\$1.50
2 BR - Low Income	38	\$1,281	950	\$1.35
2 BR - Very Low Income			950	\$0.00
2 BR - Market	150	\$1,500	950	\$1.58

Indirect Costs

Bdg/Dev. Permit Fees	\$13,696.05 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$80,994,269

Appendix Table 6C (Continued)

Scheme 2 - Two Residential Buildings with Office and Retail
Including BART Replacement Parking Costs
Rental Scenario- "Conservative" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$57,356,600	\$152,951
Retail/Office/Community Space	\$6,640,140	\$17,707
Residential Parking	\$13,553,540	\$36,143
BART Replacement Parking	\$10,413,900	\$27,770
Sitework	<u>\$3,040,000</u>	<u>\$8,107</u>
Subtotal Direct Costs	\$91,004,180	\$242,678
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,136,020	\$13,696
Architecture/Engineering	\$5,460,251	\$14,561
Developer Overhead/Profit	\$7,280,334	\$19,414
Contingency/General Conditions	\$6,825,314	\$18,201
Financing Costs	<u>\$7,613,461</u>	<u>\$20,303</u>
Subtotal Indirect Costs	\$32,315,380	\$86,174
Total Development Costs	\$123,319,560	\$328,852
Commercial Market Value		
Gross Operating Income	\$919,404	
Less: Vacancy Allowance	<u>\$45,970</u>	
Gross Effective Income	\$873,434	
Less: Operating Expense	<u>\$43,672</u>	
Net Operating Income	\$829,762	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$9,219,579	
Residential Market Value		
Gross Operating Income	\$5,951,184	
Less: Vacancy Allowance	<u>\$297,559</u>	
Gross Effective Income	\$5,653,625	
Less: Operating Expense	<u>\$2,025,000</u>	
Net Operating Income	\$3,628,625	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$45,357,810	
Total Development Value		
Commercial Component	\$9,219,579	
Residential Component	<u>\$45,357,810</u>	
Total Development Value	\$54,577,389	
Residual Land Value Analysis		
Development Value	\$54,577,389	
Less: Development Costs	<u>\$123,319,560</u>	
Net Residual Land Value	(\$68,742,171)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	-249.9715298	

Appendix Table 6D

Scheme 2 - Two Residential Buildings with Office and Retail
Including BART Replacement Parking Costs
Rental Scenario - "Aggressive" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	Units/Spaces
Residential	409,690	327,752	375
Commercial/Retail/Office	51,078	51,078	
Residential Parking	193,622		480
BART Parking	<u>148,770</u>		430
Total SF	803,160		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	75	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>300</u>	<u>80.0%</u>
Total	375	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - Low Income	37	\$1,142	800	\$1.43
1 BR - Very Low Income			800	\$0.00
1 BR - Market	150	\$1,500	800	\$1.88
2 BR - Low Income	38	\$1,281	950	\$1.35
2 BR - Very Low Income			950	\$0.00
2 BR - Market	150	\$1,800	950	\$1.89

Indirect Costs

Bdg/Dev. Permit Fees	\$13,696.05 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$80,994,269

Appendix Table 6D (Continued)

Scheme 2 - Two Residential Buildings with Office and Retail
Including BART Replacement Parking Costs
Rental Scenario - "Aggressive" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$57,356,600	\$152,951
Retail/Office/Community Space	\$6,640,140	\$17,707
Residential Parking	\$13,553,540	\$36,143
BART Replacement Parking	\$10,413,900	\$27,770
Sitework	<u>\$3,040,000</u>	<u>\$8,107</u>
Subtotal Direct Costs	\$91,004,180	\$242,678
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,136,020	\$13,696
Architecture/Engineering	\$5,460,251	\$14,561
Developer Overhead	\$7,280,334	\$19,414
Contingency/General Conditions	\$6,825,314	\$18,201
Financing Costs	<u>\$7,613,461</u>	<u>\$20,303</u>
Subtotal Indirect Costs	\$32,315,380	\$86,174
Total Development Costs	\$123,319,560	\$328,852
Commercial Market Value		
Gross Operating Income	\$919,404	
Less: Vacancy Allowance	<u>\$45,970</u>	
Gross Effective Income	\$873,434	
Less: Operating Expense	<u>\$43,672</u>	
Net Operating Income	\$829,762	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$9,219,579	
Residential Market Value		
Gross Operating Income	\$7,031,184	
Less: Vacancy Allowance	<u>\$351,559</u>	
Gross Effective Income	\$6,679,625	
Less: Operating Expense	<u>\$2,025,000</u>	
Net Operating Income	\$4,654,625	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$58,182,810	
Total Development Value		
Commercial Component	\$9,219,579	
Residential Component	<u>\$58,182,810</u>	
Total Development Value	\$67,402,389	
Residual Land Value Analysis		
Development Value	\$67,402,389	
Less: Development Costs	<u>\$123,319,560</u>	
Net Residual Land Value	(\$55,917,171)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	-203.3351662	

Appendix Table 6E

Scheme 2 - Two Residential Buildings with Office and Retail
 Excluding BART Replacement Parking Costs
 For-Sale Scenario - "Conservative" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	D.U.'s/Spaces
Residential	409,690	327,752	375
Commercial/Retail/Office	51,078	51,078	
Residential/Retail Parking	193,622		480
BART Parking			430
Total SF	654,390		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	75	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>300</u>	<u>80.0%</u>
Total	375	

Residential Product Mix

	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	37	\$149,541	800	\$186.93
1 BR - Very Low Income			800	\$0.00
1 BR - Market	150	\$275,000	800	\$343.75
2 BR - Low Income	38	\$169,205	950	\$178.11
2 BR - Very Low Income			950	\$0.00
2 BR - Market	150	\$325,000	950	\$342.11

Indirect Costs

Bdg/Dev. Permit Fees	\$13,696.05 (Per unit, per Fee schedule)
Architecture/Engineering	4.50% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit	10.00% of sales value (residential units)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	50.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$75,174,308

Appendix Table 6E (Continued)

Scheme 2 - Two Residential Buildings with Office and Retail
Excluding BART Replacement Parking Costs
For-Sale Scenario - "Conservative" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$57,356,600	\$152,951
Retail/Office/Community Space	\$6,640,140	\$17,707
Residential/Retail Parking	\$13,553,540	\$36,143
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,825,000</u>	<u>\$7,533</u>
Subtotal Direct Costs	\$80,375,280	\$214,334
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,136,020	\$13,696
Architecture/Engineering	\$3,616,888	\$9,645
Developer Overhead	\$2,039,256	\$5,438
Developer Profit	\$10,196,279	\$27,190
Contingency/General Conditions	\$6,028,146	\$16,075
Financing Costs	<u>\$6,013,945</u>	<u>\$16,037</u>
Subtotal Indirect Costs	\$33,030,533	\$88,081
Total Development Costs	\$113,405,813	\$302,416
Commercial Market Value		
Gross Operating Income	\$919,404	
Less: Vacancy Allowance	<u>\$45,970</u>	
Gross Effective Income	\$873,434	
Less: Operating Expense	<u>\$43,672</u>	
Net Operating Income	\$829,762	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$9,219,579	
Residential Market Value		
Gross Residential Sales Value	\$101,962,788	
Less: Marketing/Commissions	\$4,500,000	
Net Residential Value	\$97,462,788	
Total Development Value		
Commercial Component	\$9,219,579	
Residential Component	<u>\$97,462,788</u>	
Total Development Value	\$106,682,367	
Residual Land Value Analysis		
Development Value	\$106,682,367	
Less: Development Costs	<u>\$113,405,813</u>	
Net Residual Land Value	(\$6,723,445)	
Total Site Area	275,000	
Value per SF	(\$24.45)	
Value per Unit	-17929.18697	

Appendix Table 6F

Scheme 2 - Two Residential Buildings with Office and Retail
Excluding BART Replacement Parking Costs
For-Sale Scenario - "Aggressive" Sales Prices

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	D.U.'s/Spaces
Residential	409,690	327,752	375
Commercial/Retail/Office	51,078	51,078	
Residential/Retail Parking	193,622		480
BART Parking			430
Total SF	654,390		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50
Vacancy/Collection Loss	5.00% Percent of Gross Revenues
Operating Expense	5.00% Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	75	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>300</u>	<u>80.0%</u>
Total	375	

Residential Product Mix	#Units	Sales Price	SF per Unit	Sales price/SF
1 BR - Low Income	37	\$149,541	800	\$186.93
1 BR - Very Low Income			800	\$0.00
1 BR - Market	150	\$300,000	800	\$375.00
2 BR - Low Income	38	\$169,205	950	\$178.11
2 BR - Very Low Income			950	\$0.00
2 BR - Market	150	\$350,000	950	\$368.42

Indirect Costs

Bdg/Dev. Permit Fees	\$13,696.05 (Per unit, per Fee schedule)
Architecture/Engineering	4.50% of direct construction costs
Developer Overhead	2.00% of sales value
Developer Profit/Overhead	10.00% of sales value (residential units+ commercial component)
Contingency/Gen Conditions	7.50% of direct construction costs
Marketing/Commissions	5.00% of unit value (market rate units only)

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	50.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$75,804,308

Appendix Table 6F (Continued)

Scheme 2 - Two Residential Buildings with Office and Retail
Excluding BART Replacement Parking Costs
For-Sale Scenario - "Aggressive" Sales Prices

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$57,356,600	\$152,951
Retail/Office/Community Space	\$6,640,140	\$17,707
Residential/Retail Parking	\$13,553,540	\$36,143
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,825,000</u>	<u>\$7,533</u>
Subtotal Direct Costs	\$80,375,280	\$214,334
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,136,020	\$13,696
Architecture/Engineering	\$3,616,888	\$9,645
Developer Overhead	\$2,189,256	\$5,838
Developer Profit	\$10,946,279	\$29,190
Contingency/General Conditions	\$6,028,146	\$16,075
Financing Costs	<u>\$6,064,345</u>	<u>\$16,172</u>
Subtotal Indirect Costs	\$33,980,933	\$90,616
Total Development Costs	\$114,356,213	\$304,950
Commercial Market Value		
Gross Operating Income	\$919,404	
Less: Vacancy Allowance	<u>\$45,970</u>	
Gross Effective Income	\$873,434	
Less: Operating Expense	<u>\$43,672</u>	
Net Operating Income	\$829,762	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$9,219,579	
Residential Market Value		
Gross Residential Sales Value	\$109,462,788	
Less: Marketing/Commissions	\$4,875,000	
Net Residential Value	\$104,587,788	
Total Development Value		
Commercial Component	\$9,219,579	
Residential Component	<u>\$104,587,788</u>	
Total Development Value	\$113,807,367	
Residual Land Value Analysis		
Development Value	\$113,807,367	
Less: Development Costs	<u>\$114,356,213</u>	
Net Residual Land Value	(\$548,845)	
Total Site Area	275,000	
Value per SF	(\$2.00)	
Value per Unit	-1463.586974	

Appendix Table 6G

Scheme 2 - Two Residential Buildings with Office and Retail

Excluding BART Replacement Parking Costs

Rental Scenario- "Conservative" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	Units/Spaces
Residential	409,690	327,752	375
Commercial/Retail/Office	51,078	51,078	
Residential Parking	193,622		480
BART Parking	<u>148,770</u>		430
Total SF	803,160		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	75	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>300</u>	<u>80.0%</u>
Total	375	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - Low Income	37	\$1,142	800	\$1.43
1 BR - Very Low Income			800	\$0.00
1 BR - Market	150	\$1,200	800	\$1.50
2 BR - Low Income	38	\$1,281	950	\$1.35
2 BR - Very Low Income			950	\$0.00
2 BR - Market	150	\$1,500	950	\$1.58

Indirect Costs

Bdg/Dev. Permit Fees	\$13,696.05 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$72,045,606

Appendix Table 6G (Continued)

Scheme 2 - Two Residential Buildings with Office and Retail
Excluding BART Replacement Parking Costs
Rental Scenario- "Conservative" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$57,356,600	\$152,951
Retail/Office/Community Space	\$6,640,140	\$17,707
Residential Parking	\$13,553,540	\$36,143
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,932,250</u>	<u>\$7,819</u>
Subtotal Direct Costs	\$80,482,530	\$214,620
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,136,020	\$13,696
Architecture/Engineering	\$4,828,952	\$12,877
Developer Overhead/Profit	\$6,438,602	\$17,170
Contingency/General Conditions	\$6,036,190	\$16,097
Financing Costs	<u>\$6,772,287</u>	<u>\$18,059</u>
Subtotal Indirect Costs	\$29,212,051	\$77,899
Total Development Costs	\$109,694,581	\$292,519
Commercial Market Value		
Gross Operating Income	\$919,404	
Less: Vacancy Allowance	<u>\$45,970</u>	
Gross Effective Income	\$873,434	
Less: Operating Expense	<u>\$43,672</u>	
Net Operating Income	\$829,762	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$9,219,579	
Residential Market Value		
Gross Operating Income	\$5,951,184	
Less: Vacancy Allowance	<u>\$297,559</u>	
Gross Effective Income	\$5,653,625	
Less: Operating Expense	<u>\$2,025,000</u>	
Net Operating Income	\$3,628,625	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$45,357,810	
Total Development Value		
Commercial Component	\$9,219,579	
Residential Component	<u>\$45,357,810</u>	
Total Development Value	\$54,577,389	
Residual Land Value Analysis		
Development Value	\$54,577,389	
Less: Development Costs	<u>\$109,694,581</u>	
Net Residual Land Value	(\$55,117,192)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	-200.4261512	

Appendix Table 6H

Scheme 2 - Two Residential Buildings with Office and Retail
 Excluding BART Replacement Parking Costs
 Rental Scenario - "Aggressive" Rents

ASSUMPTIONS

Prototype Project Description	Gross SF	Net Rentable	Units/Spaces
Residential	409,690	327,752	375
Commercial/Retail/Office	51,078	51,078	
Residential Parking	193,622		480
BART Parking	<u>148,770</u>		430
Total SF	803,160		

Income Assumptions

Commercial Rent/SF/Mo. (NNN)	\$1.50	
Vacancy/Collection Loss	5.00%	Percent of Gross Revenues
Operating Expense	5.00%	Percent of Gross Effective Rent
Commercial Capitalization Rate	9.00%	
Residential Rent/SF/Mo.	Per Below	
Residential Vacancy Allowance	5.00%	Percent of Gross Revenues
Residential Expense	\$450.00	Per Unit per month
Residential Capitalization Rate	8.00%	

Residential Inclusionary Assumption

	Units	Percent
Low Income Units (80% AMI)	75	20.0%
Lower Income Units (70% AMI)	0	0.0%
Very Low Income Units (50% AMI)	0	0.0%
Market Rate Units	<u>300</u>	<u>80.0%</u>
Total	375	

Residential Product Mix

	#Units	Mo. Rent	SF per Unit	Mo. Rent/SF
1 BR - Low Income	37	\$1,142	800	\$1.43
1 BR - Very Low Income			800	\$0.00
1 BR - Market	150	\$1,500	800	\$1.88
2 BR - Low Income	38	\$1,281	950	\$1.35
2 BR - Very Low Income			950	\$0.00
2 BR - Market	150	\$1,800	950	\$1.89

Indirect Costs

Bdg/Dev. Permit Fees	\$13,696.05 (Per unit, per Fee schedule)
Architecture/Engineering	6.00% of direct construction costs
Developer Overhead/Profit	8.00% of direct construction costs
Contingency/Gen Conditions	7.50% of direct construction costs

Construction Financing Costs

Interest Rate	7.00%
Construction Loan (Months)	24
Average Outstanding Balance	60.00%
Loan to Cost Ratio	70.00%
Loan Fee (Points)	1.00%
Amount of Loan	\$72,045,606

Appendix Table 6H (Continued)

Scheme 2 - Two Residential Buildings with Office and Retail
Excluding BART Replacement Parking Costs
Rental Scenario - "Aggressive" Rents

DEVELOPMENT PRO FORMA ANALYSIS

	Total	Per D.U.
Direct Costs		
Residential Building Construction	\$57,356,600	\$152,951
Retail/Office/Community Space	\$6,640,140	\$17,707
Residential Parking	\$13,553,540	\$36,143
BART Replacement Parking	\$0	\$0
Sitework	<u>\$2,932,250</u>	<u>\$7,819</u>
Subtotal Direct Costs	\$80,482,530	\$214,620
Indirect Costs		
Bdg/Dev Permits/Impact Fees	\$5,136,020	\$13,696
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Contingency/General Conditions	\$6,036,190	\$16,097
Financing Costs	<u>\$6,772,287</u>	<u>\$18,059</u>
Subtotal Indirect Costs	\$29,212,051	\$77,899
Total Development Costs	\$109,694,581	\$292,519
Commercial Market Value		
Gross Operating Income	\$919,404	
Less: Vacancy Allowance	<u>\$45,970</u>	
Gross Effective Income	\$873,434	
Less: Operating Expense	<u>\$43,672</u>	
Net Operating Income	\$829,762	
Divided By Capitalization Rate	9.00%	
Equals Market Value	\$9,219,579	
Residential Market Value		
Gross Operating Income	\$7,031,184	
Less: Vacancy Allowance	<u>\$351,559</u>	
Gross Effective Income	\$6,679,625	
Less: Operating Expense	<u>\$2,025,000</u>	
Net Operating Income	\$4,654,625	
Divided By Capitalization Rate	8.00%	
Equals Market Value	\$58,182,810	
Total Development Value		
Commercial Component	\$9,219,579	
Residential Component	<u>\$58,182,810</u>	
Total Development Value	\$67,402,389	
Residual Land Value Analysis		
Development Value	\$67,402,389	
Less: Development Costs	<u>\$109,694,581</u>	
Net Residual Land Value	(\$42,292,192)	
Total Site Area (incl. BART pkg)	275,000	
Value per SF	-153.7897876	







