EXHIBIT D:

Inclusionary Housing and Incentive Zoning Memo

CPC-2021-2642-SP

For consideration by the City Planning Commission

December 7, 2023

Memorandum

To:	Michael Sin and Brittany Arceneaux, Los Angeles City Planning
From:	HR&A Advisors, Inc.
Date:	November 17, 2023
Re:	Summary of Inclusionary Housing Considerations for Cornfield Arroyo Seco Specific Plan Update

EXECUTIVE SUMMARY

The Cornfield Arroyo Seco Specific Plan (CASP) was originally adopted in 2013, covering an area north of Downtown Los Angeles. The original CASP intended to preserve industrial uses and associated jobs in the area while accommodating new multi-family residential and commercial uses in targeted areas. Los Angeles City Planning began updating the CASP in 2020 to better support the production of more affordable, mixed-income, and permanent supportive housing compared to the original CASP. HR&A Advisors, Inc. (HR&A) was engaged to analyze the financial feasibility implications of an inclusionary housing program in the CASP as a part of these updates. The study aims to inform decision-makers, stakeholders, and the public about the potential implementation of an inclusionary housing program.

The analysis summarized in this memorandum reports the financial feasibility results for inclusionary housing programs that would require developers to set aside specified percentages of affordable housing units within market-rate multi-family housing developments. Different percentages of set-aside units are tested at multiple affordable household income levels, for a base Floor Area Ratio (FAR) level and for FAR bonuses with higher affordability requirements. Two scenarios were tested, one without and one with ground floor retail use. Implications of waiving the City's Affordable Housing Linkage fee are also addressed. The analysis found that inclusionary housing is not feasible at the base FAR of 1.5 under current real estate market conditions. However, an incentive zoning approach can unlock a range of percentages of supportable affordable housing at different household income levels.

The financial feasibility analysis is based on current real estate market conditions. It also considers the impact of the recently adopted Measure ULA real estate transfer tax increase by comparing development scenarios with and without the new tax increase. This memorandum provides an overview of HR&A's analytic approach, prototypical development programs used in the analysis, affordability scenarios, preliminary findings, and implementation conclusions for consideration by City staff, stakeholders, and City decision makers.

ANALYTIC APPROACH

Opportunity Site & Development Programs

The financial feasibility analysis provided herein focuses on two development programs for a 1.53-acre opportunity site at 1440 N. Spring Street, located within the existing CASP Urban Village District. Site plans and massing models referenced for this study were produced by John Kaliski Architects (JKA) and have been adjusted for the study parameters. The two development programs tested in this analysis are:

1. 100 percent Residential Development
2. Mixed-use Residential Development with 4,000 sf Ground-floor Retail

The massing models reflect zoning parameters provided by City staff, with adjustments to accommodate different development programs. These massing models were then tested for financial feasibility to support a base zoning inclusionary and incentive zoning inclusionary housing system. More specifically, inclusionary housing is tested at a Base FAR level of 1.5 and at higher 3.0 and 4.5 FARs, assuming developers take advantage of the Local Affordable Housing Incentive Program described below. “Financial feasibility” is defined in the memo’s Methodology section.

Table 1 provides an overview of the development scenarios. Scenario 2 and Scenario 3 have higher construction hard costs as their respective development density will likely require concrete podium ground floors and upper-story wood frame construction, compared to Scenario 1, which is a purely wood frame product type.

Table 1. Development Scenarios for the CASP Opportunity Site

	FAR	Stories	Gross building Area (SF)
Scenario 1	1.5	3	100,000 SF
Scenario 2 (With FAR bonus)	3.0	7	200,629 SF
Scenario 3 (With FAR bonus)	4.5	8	301,373 SF

Methodology

HR&A tested the development programs using a Residual Land Value (RLV) financial feasibility model. This model accounts for total development costs, net operating income, capitalized project value net of sale closing costs, and an allowance for developer profit applied to each multifamily development program to solve for the amount that a well-informed, capable developer could afford to pay for land and earn a market-responsive return on investment, relative to prevailing land values.

- We calibrated the RLV model to ensure that RLV results are aligned with recent land purchase transactions – i.e., $155 per square foot for the CASP area.
- For the FAR bonus scenarios, we used a RLV threshold that is 10 percent more than prevailing land prices (i.e., a RLV benchmark of $171 per square foot for bonus FAR scenarios of 3.0 and 4.5) to approximate the scale of incentive a developer would expect to pursue larger developments.

Market conditions have shifted in recent years, with significant volatility in market rents, and construction materials and labor costs, due to COVID-19 pandemic period inflation and supply chain issues. HR&A used assumptions based on current market-rate rents and construction costs in the adjacent Chinatown submarket area, and affordable rents per the Los Angeles Housing Department’s 2022 Schedule VI household income and maximum affordable rent schedule.

HR&A’s RLV calculations also considered the cost associated with Measure ULA. Measure ULA imposes a 4.5 percent additional tax on sales of real estate valued at between $5 million and $10 million, or a 5.5 percent additional tax on sales of more than $10 million (or a 6.06 percent total tax when Measure ULA is combined with the existing base real estate transfer tax).

Affordability Scenarios

Maximum supportable affordable housing set-aside percentages were tested for affordability levels of Acutely Low-Income (ALI), Extremely Low-Income (ELI), Very Low-Income (VLI), Low-Income (LI) and Moderate Income (MI), as specified in the Los Angeles Housing Department’s 2022 Schedule VI income and rent schedule. HR&A’s financial model considers affordable units as a percentage of total units in a project, including any density bonus units, rather than a percentage of the “Base” units before considering the density bonus, consistent with the City’s Transit Oriented Communities (TOC) program. Supportable affordability percentages were compared with the Set A Affordability requirements as listed in the Cornfield Arroyo Seco Specific Plan Preliminary Draft from Summer 2023, except as noted, as shown in Table 2.

Table 2. Set A Affordability Requirements

Income Level	Set A Requirement
ALI	10%*
ELI	11%
VLI	15%
LI	25%
MI	40%*

*Based on conversations with City Staff

As noted below, additional sensitivity testing involved including or excluding requirements for developers to pay the City's Affordable Housing Linkage Fee that applies to new multifamily development.

FEASIBILITY ANALYSIS, INCLUDING MEASURE ULA

The following sections detail the results of HR&A's financial feasibility testing of each development program and the associated scenarios (including impacts from Measure ULA), with additional clarification included to explain the results of the analysis. A subsequent section shows results from excluding the Measure ULA tax for reference. Additional information regarding the analysis results and assumptions is included in the memo's appendix in Table 7 and Table 8.

For each development program and scenario, the supportable percentage of affordable units was tested with a set of A and B scenarios.

- "A" Scenarios apply the Affordable Housing Linkage Fee based on the current City regulation. If the percentage of affordable units is at or above specified exemption thresholds, the Affordable Housing Linkage Fee is exempt as it is fulfilled by the set-aside affordable units. If the percentage of affordable units is below these thresholds, the Affordable Housing Linkage Fee is applied as a development cost in the scenario.

- "B" Scenarios assume that the Affordable Housing Linkage Fee is completely waived, to evaluate the supportable affordable set-aside percentages that would be feasible without the Affordable Housing Linkage Fee.

These results are shown in comparison with the CASP Set A affordable housing set-aside percentages.

Development Program I: 100 Percent Residential Development

The first development program tested is a 100 percent residential development with structured parking. The unit counts vary, with 113 units in the 1.5 FAR Scenario, 226 units in the 3.0 FAR scenario, and 339 units in the 4.5 FAR scenario. The supportable affordable unit set-aside percentages at different income levels are summarized in Table 3.

Table 3. Summary of Development Program I Feasible Affordable Housing Set-Aside Results

Development Program I Feasibility Results							
Income Level	Set A Req.	1A	1B	2A	2B	3A	3B
ALI	*10%*	*0%*	1.7%	3.5%	6.6%	10.9%	10.9%
ELI	*11%*	*0%*	1.7%	3.5%	7.0%	11.4%	11.4%
VLI	*15%*	*0%*	1.7%	4.8%	8.3%	13.2%	13.2%
LI	*25%*	*0%*	1.7%	4.8%	9.7%	11.1%	14.4%
MI	*40%*	*0%*	2.6%	9.7%	15.4%	18.8%	25.3%

	Affordable Housing Linkage Fee Applied
	Affordable Housing Linkage Fee Applies but is Exempted
	Affordable Housing Linkage Fee Waived

Scenario 1: Base 1.5 FAR

Scenario 1A applies the Affordable Housing Linkage Fee per City regulation. With the linkage fee included, Scenario 1A cannot support any affordable unit set-aside percentage, making inclusionary housing infeasible at the base FAR level.

Scenario 1B waives the Affordable Housing Linkage Fee for all income levels and is feasible at a very low percentages of affordable set-aside units – i.e., significantly below the Set A requirement. The supportable affordable set-aside percentages for Scenario 1B are 1.7 percent for ALI, ELI, VLI and LI, and 2.6 percent for MI.

Scenario 2: Bonus 3.0 FAR

Scenario 2A applies the Affordable Housing Linkage Fee per City regulation. Scenario 2A is feasible with very low affordable unit set-aside percentages, again all below the Set A affordable unit set-aside percentage requirements. The supportable affordable unit set-aside percentages for Scenario 2A are 3.5 percent ALI, 3.5 percent ELI, 4.8 percent VLI, 4.8 percent LI, and 9.7 percent MI.

Scenario 2B waives the Affordable Housing Linkage Fee for all income levels. Scenario 2B is feasible at marginally higher affordable unit set-aside percentages than Scenario 2A, although all are still below Set A affordable unit set-aside percentage requirements. The supportable affordable unit set-aside percentages for Scenario 2B are 6.6 percent ALI, 7.0 percent ELI, 8.3 percent VLI, 9.7 percent LI and 15.4 percent MI.

Scenario 3: Bonus 4.5 FAR

Scenario 3A applies the Affordable Housing Linkage Fee per City regulation. Scenario 3A can support enough ALI, ELI and VLI set-aside units to achieve exemption from the Affordable Housing Linkage Fee, at 10.9 percent, 11.4 percent and 13.2 percent respectively, though only ALI and ELI reach levels above Set A requirements. The remaining supportable affordable unit set-aside percentages are 11.1 percent LI, and 18.8 percent MI. [1]

Scenario 3B waives the Affordable Housing Linkage Fee for all income levels. Scenario 3B ALI, ELI and VLI are feasible at values that match those found in Scenario 3A, because the supportable Scenarios 3B ALI, ELI and VLI percentages also result from exemption from the Affordable Housing Linkage Fee, at 10.9 percent, 11.4 percent and 13.2 percent, respectively. VLI income level remains below Set A requirements. LI and MI income levels affordable unit set-aside percentages increase, but to levels below Set A requirements, at 14.4 percent LI, and 25.3 percent MI, respectively.

[1] LI results in lower affordable unit percentages than ELI and VLI due to the additional financial burden of the Affordable Housing Linkage Fee.

Development Program II: Mixed-use Residential with Ground-floor Retail

The second development program tested is a mixed-use residential development with 4,000 sf of retail on the ground floor and structured parking. The unit count ranges from 110 units in the 1.5 FAR Scenario, to 223 units in the 3.0 FAR scenario, and 336 units in the 4.5 FAR scenario. The supportable affordable unit set-aside percentages at different income levels are summarized in Table 4.

Table 4. Development Program II Feasible Affordable Housing Set-Aside Results

Development Program II Feasibility Results							
Income Level	Set A Req.	1A	1B	2A	2B	3A	3B
ALI	*10%*	*0%*	*0%*	2.6%	5.3%	10.1%	10.1%
ELI	*11%*	*0%*	*0%*	2.6%	5.8%	11.0%	11.0%
VLI	*15%*	*0%*	*0%*	3.1%	7.6%	13.0%	13.0%
LI	*25%*	*0%*	*0%*	3.1%	8.5%	10.1%	13.6%
MI	*40%*	*0%*	*0%*	8.5%	14.3%	17.5%	24.7%

Orange	*Affordable Housing Linkage Fee Applied*
Green	*Affordable Housing Linkage Fee Applies but is Exempted*
Blue	*Affordable Housing Linkage Fee Waived*

Scenario 1: Base 1.5 FAR

Scenario 1A applies the Affordable Housing Linkage Fee per City regulation, while scenario 1B waives the Affordable Housing Linkage Fee for all income levels. Neither Scenario 1A nor 1B is feasible with or without affordable set-aside units at any income level. The development costs for the additional retail space and parking required to serve it in Development Program II exceed achievable rental revenue and reduce the development return. This results in inclusionary affordable housing being infeasible at the Base FAR level even in the case of waived Affordable Housing Linkage Fees.

Scenario 2: Bonus 3.0 FAR

Scenario 2A applies the Affordable Housing Linkage Fee per City regulation. Scenario 2A is feasible with very low affordable unit set-aside percentages, all below the Set A affordable unit set-aside percentage requirements, resulting in the Affordable Housing Linkage Fee being applied at all income levels. The supportable affordable unit set-aside percentages for Scenario 2A are 2.6 percent ALI and ELI, 3.1 VLI and LI, and 8.5 percent MI.

Scenario 2B waives the Affordable Housing Linkage Fee for all income levels. Scenario 2B is feasible at marginally higher affordable unit set aside percentages than 2A, though all are below Set A affordable unit set-aside percentage requirements. The supportable affordable unit set-aside percentages for Scenario 2B are 5.3 percent ALI, 5.8 percent ELI, 7.6 percent VLI, 8.5 percent LI, and 14.3 percent MI.

Scenario 3: Bonus 4.5 FAR

Scenario 3A applies the Affordable Housing Linkage Fee per City regulation. Two income levels in Scenario 3A, ALI and ELI are feasible at affordable unit set-aside percentages above the Set A requirements. The remainder of the income level affordable unit set-aside percentages are below the Set A requirements. The supportable affordable unit set-aside percentages for Scenario 3A ALI and ELI are 10.1 percent and 11.0 percent respectively. The supportable affordable unit set-aside percentages for Scenario 3A for VLI, LI and MI are 13.0 percent, 10.1 percent and 17.5 percent, respectively.[2]

Scenario 3B waives the Affordable Housing Linkage Fee for all income levels. Scenario 3B ALI, ELI and VLI were found to be feasible at values that matched those found in Scenario 3A because Scenario 3A and 3B ALI, ELI and

[2] LI results in a lower affordable unit set-aside percentage than ELI and VLI due to the additional costs from the Affordable Housing Linkage Fee

VLI are exempt from the Affordable Housing Linkage Fee. The remaining income level affordable unit set-aside percentages remained feasible, but at levels below Set A requirements. Income level affordable unit set-aside percentage for VLI also remains below Set A requirements. The supportable affordable unit set-aside percentages for Scenario 3B are 10.1 percent ALI, 11.0 percent ELI, 13.0 percent VLI, 13.6 percent LI, and 24.7 percent MI.

FEASIBILITY ANALYSIS, EXCLUDING MEASURE ULA TAX IMPACTS

For comparison purposes, HR&A also evaluated the proposed Development Programs **without** the cost associated with Measure ULA. For these feasibility tests, the real estate transfer tax of 5.5 percent above the base tax of 0.56 percent was removed from the "costs of sale" element of the RLV financial analysis. In this alternate test, it is also assumed that without the Measure ULA transaction tax, construction activity would increase, raising construction costs by an additional five percent[3] for the base building across all typologies. For this analysis, wood frame hard cost is assumed to be $263 per square foot, and for podium construction is assumed to be $284 per square foot. The resulting supportable affordable unit set aside percentages for each test is shown in Table 5 and Table 6.

Table 5. Development Program I Feasible Affordable Housing Set-Aide Results; No ULA

Development Program I Feasibility Results - Excluding ULA Transfer Tax							
Income Level	Set A Req.	1A	1B	2A	2B	3A	3B
ALI	*10%*	*1.7%*	3.5%	9.7%	9.7%	13.2%	13.2%
ELI	*11%*	*1.7%*	5.3%	9.7%	9.7%	14.1%	14.1%
VLI	*15%*	*2.6%*	6.1%	11.4%	11.4%	16.2%	16.2%
LI	*25%*	*2.6%*	6.1%	9.2%	11.9%	14.1%	17.3%
MI	*40%*	*3.5%*	11.4%	15.4%	22.1%	24.1%	30.9%

	Affordable Housing Linkage Fee Applied
	Affordable Housing Linkage Fee Applies but is Exempted
	Affordable Housing Linkage Fee Waived

Table 6. Development Program II Feasible Affordable Housing Set-Aside Results; No ULA

Development Program II Feasibility Results – Excluding ULA Transfer Tax							
Income Level	Set A Req.	1A	1B	2A	2B	3A	3B
ALI	*10%*	*0%*	*2.7%*	8.5%	8.5%	12.5%	12.5%
ELI	*11%*	*0%*	*2.7%*	9.4%	9.4%	13.3%	13.3%
VLI	*15%*	*0%*	*5.4%*	8.0%	10.7%	15.7%	15.7%
LI	*25%*	*0%*	*5.4%*	8.5%	11.6%	13.3%	17.2%
MI	*40%*	*0%*	*7.2%*	14.3%	18.8%	23.5%	29.4%

	Affordable Housing Linkage Fee Applied
	Affordable Housing Linkage Fee Applies but is Exempted
	Affordable Housing Linkage Fee Waived

Both Development Programs I and II are modeled without the Measure ULA transfer tax and like the previous set of feasibility tests each includes a Scenario A and B. Scenario A applies the Affordable Housing Linkage Fee at all income levels and Scenario B waives the Affordable Housing Linkage fee.

Across all scenarios in both Development Programs (i.e., without and with ground floor retail and additional parking) the cost savings associated with no Measure ULA tax caused a slight increase in the supportable

[3] The no-ULA analysis assumes that one of three pending lawsuits against Measure ULA and/or a pending state ballot measure that would negate it succeeds, thereby increasing demand for multifamily construction services, and pushing construction labor and material costs higher by five percent.

affordable unit set aside percentages. But once again, most scenarios remained below levels of affordability in the Set A requirements, except for Scenario 3A and 3B ALI, ELI and VLI in both Development Programs I and II.

Many developers in Los Angeles sell their multifamily projects upon lease-up stabilization or shortly thereafter, and therefore will consider the added cost of complying with Measure ULA in assessing exit value feasibility. Measure ULA's additional real estate transfer tax cost diminishes net profit to a developer and effectively transfers developer profit that could be used to support on-site affordable set-aside units to Measure ULA funding. While it is not suggested or presumed that the impact of Measure ULA can be disregarded, this sensitivity test indicates the incremental affordability benefits that are supportable in a scenario without the higher transfer tax. Full analysis results from the impacts excluding Measure ULA can be found in Appendix Table 9.

FINDINGS AND CONCLUSIONS

Real estate market conditions have changed in recent years, with rising interest rates, fluctuating labor costs and supply chain issues, and development costs are now higher due to voter approval of Measure ULA. The analysis summarized above shows that, at least for the development scenarios tested, all these changes have consequences for financially feasible affordable housing set-aside requirements under consideration for the CASP update, as summarized below.

Inclusionary Findings and Conclusions

- The proposed Set A affordability requirements, with the current Affordable Housing Linkage Fee and Measure ULA requirements, are not feasible at the base FAR of 1.5 or incentive 3.0 FAR for any income level. The Set A affordability requirements are feasible, however, at incentive FAR of 4.5 for ALI, and ELI for both a 100 percent residential program and a mixed-use program with ground-floor retail.
- The Affordable Housing Linkage Fee has a significant impact on the supportable affordable unit set-aside percentages. If completely waived, both development programs can support additional on-site affordable units at all income levels though most remain at levels below the CASP's Set A levels with the exception of ALI and ELI at FAR 4.5. The Table 3 "B" columns provide a summary of supportable affordable unit set-aside percentages for the 100 percent residential development program assuming that the Affordable Housing Linkage Fee is waived, and Table 4 "B" columns provide a summary for the mixed-use development program assuming that the Affordable Housing Linkage Fee is waived.
- The addition of ground floor retail has a negative impact on financial returns. The existing CASP's requirement to have non-residential uses within a residential building is likely to result in a lower amount of supportable affordable units on-site as indicated in Table 4 "B" columns.

If construction costs and financing costs continue to rise in the future and continue to do so at rates faster than rent increases, these factors will negatively impact development feasibility and reduce the likelihood of new development. While land values may adjust downward over time in response, this typically happens slowly. Implementing affordable housing set-aside requirements above those found to be feasible in HR&A's analysis would further reduce financial feasibility and limit new market rate and affordable housing production in the CASP in the meantime.

APPENDIX: KEY ASSUMPTIONS

Based on current real estate market conditions, key assumptions used in HR&A's RLV models are outlined below.

Program Assumptions

- **Parking Ratio:** The residential parking ratio is assumed at 0.8 stalls per unit. While older residential product in the area has higher parking ratios, newer projects have lower parking ratios. For instance, 717-759 N. Hill Street has a total of 411 residential units with a parking ratio of 0.76.

Development Cost Assumptions

- **Hard Costs:** Hard costs used for podium-type construction (Type III) are assumed to be $270 per square foot, and wood frame construction (Type V) are assumed to be lower at $250 per square foot. Structured parking is assumed to be $160 per square foot. A 5.0 percent hard cost contingency is applied to total hard cost. For the development scenarios modeled without the Measure ULA transfer tax we assumed a slightly higher (5%) hard cost, effectively reversing efficiencies and value-engineering we assumed developers would find necessary with Measure ULA in place.
- **Soft Costs:** Soft costs are factored as a percentage of hard costs, totaling 17 percent of hard costs inclusive of permits and fees, design and engineering professionals, legal and accounting fees, property taxes and insurance, and a development management fee.
- **Financing Costs:** Financing costs assumed for the analysis are based on a 65 percent loan to cost ratio, an average outstanding loan balance of 50%, loan fees of 2.5 percent, a 7.5 percent interest rate, and a 2-year construction period.

Revenue Assumptions

- **Rents for Market-rate Apartments:** HR&A benchmarked rental rates in the CASP based on a market scan of new rental apartments in the surrounding Chinatown submarket. Monthly rental rates were derived from CoStar for newly built products since 2015 at $4.06 per square foot for a studio, $3.96 per square foot for a one-bedroom, $3.41 per square foot for a two-bedroom, and $3.41 per square foot for a three-bedroom.
- **Rents of Income-Restricted Units:** HR&A based income-restricted affordable rents on Los Angeles Housing Department's 2022 Income and Rent Limits Land Use Schedule VI, with utility allowances netted out per Housing Authority of the City of LA's utility allowance schedule.

Project Value

- **Cap Rates:** Development scenario completed value is calculated by dividing the net operating income by the capitalization rate applicable to the development program.[4]
- **Developer Profit Margin:** HR&A utilized an industry standard development profit margin for typical mixed-use residential rental development at 12.5 percent.

[4] Sourced from CoStar Market Data and 2022 2H CBRE Cap Rate Report.

Table 7. Scenario Assumptions

Scenario	Scenario 1A	Scenario 1 B	Scenario 2A	Scenario 2B	Scenario 3A	Scenario 3B
Affordable Housing Linkage Fee	*Per Regulation*	*Waived*	*Per Regulation*	*Waived*	*Per Regulation*	*Waived*
Development Program						
FAR	**1.49**	**1.49**	**2.99**	**2.99**	**4.50**	**4.50**
Land (Acres)	1.54	1.54	1.54	1.54	1.54	1.54
Land (sf)	67,009 SF	67,009 SF	67,009 SF	67,009 SF	67,009 SF	67,009 SF
Const. Type	Wood Frame	Wood Frame	Podium	Podium	Podium	Podium
Number of Floors	3	3	7	7	8	8
Parking	Structured	Structured	Structured	Structured	Structured	Structured
Avg Unit Size (sf)	752 SF	752 SF	752 SF	752 SF	752 SF	752 SF
Parking Ratio (Residential)	0.80	0.80	0.80	0.80	0.80	0.80
Development Costs						
Hard Costs PSF Residential Program (Including Measure ULA)	$250	$250	$270	$270	$270	$270
Hard Costs PSF Residential Program (Excluding Measure ULA)	$263	$263	$284	$284	$284	$284
Structured Parking	$160	$160	$160	$160	$160	$160
Demolition / Site Improvements	$15	$15	$15	$15	$15	$15
Rent Assumptions						
Studio	$2,030	$2,030	$2,030	$2,030	$2,030	$2,030
1 Bedroom	$3,168	$3,168	$3,168	$3,168	$3,168	$3,168
2 Bedroom	$3,581	$3,581	$3,581	$3,581	$3,581	$3,581
2 Bedroom	$4,433	$4,433	$4,433	$4,433	$4,433	$4,433
Market Rate Rent (psf/mo.)	$3.82	$3.82	$3.82	$3.82	$3.82	$3.82
Parking Revenue (per Unit per mo.)	$150	$150	$150	$150	$150	$150
Development Program I 100% Residential						
Total Residential Units	113	113	226	226	339	339
Residential SF	100%	100%	100%	100%	100%	100%
Development Program II 4,000 SF Retail						
Total Residential Units	110	110	223	223	336	336
Residential SF	96%	96%	98%	98%	99%	99%
Retail sf	4%	4%	2%	2%	1%	1%

Table 8. Development Program Assumptions and Results – Including Measure ULA Transfer Tax

Scenario	Scenario 1A	Scenario 1 B	Scenario 2A	Scenario 2B	Scenario 3A	Scenario 3B
Development Program I 100% Residential						
Development Costs						
Total Development Costs Programmable SF	$446	$433	$465	$452	$463	$450
Total Development Costs Per Unit (Excl. land)	$394,505	$382,728	$412,747	$400,970	$411,274	$399,497
Benchmark Land Values						
Residual Land Value Benchmark	**$155**	**$155**	**$171**	**$171**	**$171**	**$171**
Zero Affordability RLV	**$150**	**$169**	**$230**	**$270**	**$346**	**$405**
Supportable Affordable Housing % Results	**Aff %**	**Aff %**	**Aff %**		**Aff %**	
Acutely Low (15%)	0%	1.7%	3.5%	6.6%	10.9%	10.9%
Extremely Low (30%)	0%	1.7%	3.5%	7.0%	11.4%	11.4%
Very Low (50%)	0%	1.7%	4.8%	8.3%	13.2%	13.2%
Low (60%)	0%	1.7%	4.8%	9.7%	11.1%	14.4%
Moderate (110%)	0%	2.6%	9.7%	15.4%	18.8%	25.3%
Development Program II 4,000 SF Retail						
Development Costs						
Total Development Costs Programmable SF	$458	$445	$471	$458	$467	$454
Total Development Costs Per Unit (Excl. land)	$417,034	$405,256	$424,116	$412,338	$418,801	$407,023
Benchmark Land Values						
RLV Benchmark	**$155**	**$155**	**$171**	**$171**	**$171**	**$171**
RLV Without Affordable	**$132**	**$151**	**$215**	**$254**	**$323**	**$382**
Supportable Affordable Housing % Results	**Aff %**	**Aff %**	**Aff %**	**Aff %**	**Aff %**	**Aff %**
Acutely Low (15%)	0%	0%	2.6%	5.3%	10.1%	10.1%
Extremely Low (30%)	0%	0%	2.6%	5.8%	11.0%	11.0%
Very Low (50%)	0%	0%	3.1%	7.6%	13.0%	13.0%
Low (60%)	0%	0%	3.1%	8.5%	10.1%	13.6%
Moderate (110%)	0%	0%	8.5%	14.3%	17.5%	24.7%

Table 9. Development Program Assumptions and Results – Excluding Measure ULA Transfer Tax

Scenario	Scenario 1A	Scenario 1 B	Scenario 2A	Scenario 2B	Scenario 3A	Scenario 3B
Development Program I 100% Residential						
Development Costs						
Total Development Costs Programmable SF	$462	$449	$483	$470	$481	$467
Total Development Costs Per Unit (Excl. land)	$408,897	$397,120	$428,340	$416,562	$426,889	$415,111
Benchmark Land Values						
Residual Land Value Benchmark	**$155**	**$155**	**$171**	**$171**	**$171**	**$171**
Zero Affordability RLV	**$175**	**$194**	**$276**	**$315**	**$414**	**$473**
Supportable Affordable Housing % Results	**Aff %**	**Aff %**	**Aff %**	**Aff %**	**Aff %**	**Aff %**
Acutely Low (15%)	2%	3.5%	9.7%	9.7%	13.2%	13.2%
Extremely Low (30%)	2%	5.3%	9.7%	9.7%	14.1%	14.1%
Very Low (50%)	3%	6.1%	11.4%	11.4%	16.2%	16.2%
Low (60%)	3%	6.1%	9.2%	11.9%	14.1%	17.3%
Moderate (110%)	4%	11.4%	15.4%	22.1%	24.1%	30.9%
Development Program II 4,000 SF Retail						
Development Costs						
Total Development Costs Programmable SF	$473	$461	$488	$475	$484	$471
Total Development Costs Per Unit (Excl. land)	$431,269	$419,491	$439,625	$427,848	$434,361	$422,583
Benchmark Land Values						
RLV Benchmark	**$155**	**$155**	**$171**	**$171**	**$171**	**$171**
RLV Without Affordable	**$158**	**$177**	**$262**	**$301**	**$392**	**$451**
Supportable Affordable Housing % Results	**Aff %**	**Aff %**	**Aff %**	**Aff %**	**Aff %**	**Aff %**
Acutely Low (15%)	0%	2.7%	8.5%	8.5%	12.5%	12.5%
Extremely Low (30%)	0%	2.7%	9.4%	9.4%	13.3%	13.3%
Very Low (50%)	0%	5.4%	8.0%	10.7%	15.7%	15.7%
Low (60%)	0%	5.4%	8.5%	11.6%	13.3%	17.2%
Moderate (110%)	0%	7.2%	14.3%	18.8%	23.5%	29.4%