

<b>1200 Ashby Avenue, Berkeley, CA</b>									
<b>LAND ACREAGE/COSTS</b>									
Total Acreage	0.79	43560		SQFT	\$/SQFT				
Available for Sale	<b>0.79</b>	<b>43560</b>		<b>34,210</b>	<b>\$</b>	<b>100</b>	<b>\$</b>	<b>3,420,000</b>	
<b>GRAND TOTAL LAND FOR</b>	<b>0.79</b>			<b>34,210.00</b>			<b>\$</b>	<b>3,420,000</b>	

Residential	Unit	SQFT	Underground	Ground Flr	Podium Flr	3rd Flr	4th Flr	5th Flr	tot units	tot sqft
Jr.1B/1BA/Balcony	P0	654.00			2	2	2	2	8	5,232
1B/1BA	P1A	730.00			8	8	8	7	31	22,630
1B/1BA/Balcony	P1B	768.00			2	2	2	2	8	6,144
1B/1BA/Balcony	P1C	690.00			2	2	2	2	8	5,520
1B/1BA	P1E	809.50			2	0	0	0	2	1,619
1.5 BD/1 BA	P1D	809.50			2	2	0	0	4	3,238
1.5BD/1BA	P1F	734.00			2	2	2	0	6	4,404
2B/2BA	P2A	1,050.50			2	2	2	1	7	7,354
2B/2BA	P2B	1,117.00			3	2	2	2	9	10,053
2B/2BA/Balcony	P2C	1,078.50			3	3	3	3	12	12,942
2.5BD/2BA	P2A	1,166.00			1	1	1	0	3	

<b>Total Residential</b>	<b>866</b>			<b>29</b>	<b>26</b>	<b>24</b>	<b>19</b>	<b>98</b>	<b>79,136</b>
<b>Net SQFT Units</b>		<b>31,861</b>	31,141.00	24,624	21,888	20,269	15,854		<b>82,634</b>
<b>Balconies</b>									
<b>Vertical Circulation</b>	2%			608	608	608	608		2,432
<b>Mechanical</b>	0%			502	502	496	496		1,996
<b>Courtyard/NE Balcony</b>				4,790					4,790
<b>Roof Deck</b>						1554			1,554
<b>Corridor</b>				2701	3988	2,557	3379		12,625
Total Gross Floor Area				33,225	26,986	25,484	20,337	-	<b>106,031</b>
<b>Building Footprint</b>				33,225	33,225	33,225	33,225	-	132,898
				2,475.50	(261)	443	(2,436)		106,031

RESIDENTIAL HARD COSTS	GSF	\$/GSQFT	\$/NET SQFT	\$ TOTAL	\$/UNIT
Site work	34,210	25	11	855,250	\$ 8,727
Ground Floor Garage	28,440	60	22	1,706,400	\$ 17,412
Klaus Parking Puzzle Lifts	103	17,000	22	1,751,000	\$ 17,867
Circulation, etc.	23,397	30	9	701,910	
Condos	82,634	150	157	12,395,025	\$ 126,480
<b>TOTAL RESIDENTIAL COSTS</b>	<b>\$ 82,634</b>	<b>\$ 164</b>	<b>\$ 220</b>	<b>\$ 17,409,585</b>	<b>\$ 177,649</b>

COMMERCIAL HARD COSTS	GSF	\$/GSQFT	\$/NET SQFT	\$ TOTAL	\$/UNIT
Ground flr Garage	4,560	60		273,600	
Ground Flr Retail	6,000	100		600,000	
Retail Tenant Improvements	6,000	30		180,000	
RKC Precon fee and blueprints	16,117	4,818		45,035	
<b>TOTAL COMM. COSTS</b>	<b>15,378</b>	<b>\$ 71</b>	<b>183</b>	<b>1,098,635</b>	<b>\$ 18,508,220</b>

Market-Rate Proforma	sqft	\$/sqft	\$/unit	no of units	Gross Sale	Gross Sale		
Jr.1B/1BA/Balcony	P0	80%	654.00	\$ 500.00	\$ 327,000	6.00	\$ 1,962,000	\$ 1,962,000
1B/1BA	P1A	80%	730.00	\$ 500.00	\$ 365,000	26.00	\$ 9,490,000	\$ 9,490,000
1B/1BA/Balcony	P1B	80%	768.00	\$ 500.00	\$ 384,000	8.00	\$ 3,072,000	\$ 3,072,000
1B/1BA/Balcony	P1C	80%	690.00	\$ 500.00	\$ 345,000	6.00	\$ 2,070,000	\$ 2,070,000
1B/1BA	P1E	80%	809.50	\$ 450.00	\$ 364,275	2.00	\$ 728,550	\$ 728,550
1.5 BD/1 BA	P1D	80%	809.50	\$ 475.00	\$ 384,513	4.00	\$ 1,538,050	\$ 1,538,050
1.5BD/1BA	P1F	80%	734.00	\$ 525.00	\$ 385,350	4.00	\$ 1,541,400	\$ 1,541,400
2B/2BA	P2A	80%	1,050.50	\$ 425.00	\$ 446,463	5.00	\$ 2,232,313	\$ 2,232,313
2B/2BA	P2B	80%	1,117.00	\$ 400.00	\$ 446,800	7.00	\$ 3,127,600	\$ 3,127,600
2B/2BA/Balcony	P2C	80%	1,078.50	\$ 450.00	\$ 485,325	12.00	\$ 5,823,900	\$ 5,823,900
2.5BD/2BA	P2A	80%	1,166.00	\$ 425.00	\$ 495,550	3.00	\$ 1,486,650	\$ 1,486,650
<b>MARKET-RATE GROSS SALES PROCEEDS</b>	<b>873</b>	<b>468.18</b>	<b>402,661</b>	<b>83.00</b>	<b>\$ 33,072,463</b>	<b>\$ 33,072,463</b>		

<b>MARKET-RATE GSP</b>	<b>83.00</b>	<b>\$ 33,072,463</b>	<b>33,072,463</b>
less costs of sale	0.05		
<b>Net Sale Proceeds</b>		<b>\$ 31,418,839</b>	<b>\$ 31,418,839</b>

<b>Market-Rate Net Operating Income</b>	<b>\$ 31,418,839</b>	<b>\$ 31,418,839</b>
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Projected Escalation Factor for AMI		6%			
Affordable AT 60% AMI	sqft	\$/sqft	\$/unit	no of units	
Jr.1B/1BA/Balcony	P0	10%	654.00	\$ 177.83	116,300
1B/1BA	P1A	10%	730.00	\$ 169.86	124,000
1B/1BA/Balcony	P1B	10%	768.00	\$ 161.46	124,000
1B/1BA/Balcony	P1C	10%	690.00	\$ 168.55	116,300
1B/1BA	P1E	10%	809.50	\$ 153.18	124,000
1.5 BD/1 BA	P1D	10%	809.50	\$ 153.18	124,000
1.5BD/1BA	P1F	10%	734.00	\$ 168.94	124,000
2B/2BA	P2A	10%	1,050.50	\$ 147.55	155,000
2B/2BA	P2B	10%	1,117.00	\$ 138.76	155,000
2B/2BA/Balcony	P2C	10%	1,078.50	\$ 143.72	155,000
2.5BD/2BA	P2A	10%	1,166.00	\$ 132.93	155,000
<b>GSP FOR 60% AMI</b>		5,705.50	156.00	133,873	<b>7.00</b>
<b>Escalation in AMIs</b>	<b>3 yrs</b>				<b>\$ 996,914</b>

<b>BMR's at 60% AMI GPI</b>	<b>\$ 996,914</b>	<b>\$ 996,914</b>
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Affordable AT 60% AMI					
Affordable AT 60% AMI	sqft	\$/sqft	\$/unit	no of units	GPI
Jr.1B/1BA/Balcony	P0	10%	654.00	\$ 177.83	116,300
1B/1BA	P1A	10%	730.00	\$ 169.86	124,000
1B/1BA/Balcony	P1B	10%	768.00	\$ 161.46	124,000
1B/1BA/Balcony	P1C	10%	690.00	\$ 168.55	116,300
1B/1BA	P1E	10%	809.50	\$ 153.18	124,000
1.5 BD/1 BA	P1D	10%	809.50	\$ 153.18	124,000
1.5BD/1BA	P1F	10%	734.00	\$ 168.94	124,000
2B/2BA	P2A	10%	1,050.50	\$ 147.55	155,000
2B/2BA	P2B	10%	1,117.00	\$ 138.76	155,000
2B/2BA/Balcony	P2C	10%	1,078.50	\$ 143.72	155,000
2.5BD/2BA	P2A	10%	1,166.00	\$ 132.93	155,000
<b>GPI for 50% AMI</b>	<b>0</b>	5%	5,705.50	\$ -	-
<b>AFFORDABLE GROSS</b>		1,276.04	143.00	122,717	<b>8.00</b>
<b>Escalation in AMIs</b>	<b>3 yrs</b>	9%			<b>\$ 1,132,074</b>

<b>BMRs at 60% AMI GPI</b>	<b>\$ 1,132,074</b>	<b>\$ 1,132,074</b>
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<b>TOTAL BMRS GPI</b>	<b>15.00</b>	<b>\$ 2,128,988</b>	<b>\$ 2,128,988</b>
<b>LESS COSTS OF SALE</b>	<b>0.05</b>		
<b>EPI</b>			<b>\$ 2,022,539</b>
<b>Affordable NOI</b>			<b>\$ 2,022,539</b>





Resolution No. 61,497-N.S. Inclusionary Rent Calculations for 2008							
City of Berkeley Housing Department							
Minimum Square Footage	<400	400-599	600-699	700-849	850-999	1,000-1,199	1,200 and above
Persons Per Household	1	1.25	1.5	2	3	4	6
COB Income at 30% of AMI	\$18,100	\$18,750	\$19,400	\$20,700	\$23,300	\$25,800	\$30,000
COB Income at 50% of AMI	\$30,150	\$31,225	\$32,300	\$34,450	\$38,750	\$43,050	\$49,950
COB Income at 60% of AMI	\$36,180	\$37,470	\$38,760	\$41,340	\$46,500	\$51,660	\$59,940
COB Income at 80% of AMI	\$48,240	\$49,960	\$51,680	\$55,120	\$62,000	\$68,880	\$79,920
Median Income Level for Rent Calculation	\$60,300	\$62,450	\$64,600	\$68,900	\$77,500	\$86,100	\$99,900
Rents							
Applicable Inclusionary Gross Rent Level, (81% of AMI)	\$1,221	\$1,265	\$1,308	\$1,395	\$1,569	\$1,744	\$2,023
Applicable Density Bonus Gross Rent, (20 percent at 60% of AMI)	\$905	\$937	\$969	\$1,034	\$1,163	\$1,292	\$1,499
Applicable Density Bonus Gross Rent, (10 percent at 50% of AMI)	\$754	\$781	\$808	\$861	\$969	\$1,076	\$1,249
Applicable Housing Trust Fund Gross Rent Level, (80% of AMI)	\$1,206	\$1,249	\$1,292	\$1,378	\$1,550	\$1,722	\$1,998
Applicable Housing Trust Fund Gross Rent Level, (60% of AMI)	\$905	\$937	\$969	\$1,034	\$1,163	\$1,292	\$1,499
Applicable Housing Trust Fund Gross Rent Level, (50% of AMI)	\$754	\$781	\$808	\$861	\$969	\$1,076	\$1,249
Applicable Housing Trust Fund Gross Rent Level, (30% of AMI)	\$452	\$468	\$485	\$517	\$581	\$646	\$749
Old Sales Prices (effective on projects with applications deemed complete before 19 February 2004)							
Applicable Inclusionary Sale Prices (90% of AMI)	\$162,800	\$168,600	\$174,400	\$186,000	\$209,300	\$232,500	\$269,700
Applicable Inclusionary Sale Prices (81% of AMI)	\$146,500	\$151,800	\$157,000	\$167,400	\$188,300	\$209,200	\$242,800
New Sales Prices (effective 19 February 2004 through 19 February 2006. Renewal on City Council agenda, May							
Inclusionary Sale Prices (60% of AMI)	\$ 108,500	\$ 112,400	\$ 116,300	\$ 124,000	\$ 139,500	\$ 155,000	\$ 179,800
Applicable Inclusionary Sale Prices (80% of AMI)	\$144,700	\$149,900	\$155,000	\$165,400	\$186,000	\$206,600	\$239,800
Sales prices, effective 19 February 2004 through 19 February 2006. Also applicable to projects with condo							
Applicable Inclusionary Sale Prices (120% of AMI)	\$217,100	\$224,800	\$232,600	\$248,000	\$279,000	\$310,000	\$359,600

1200 Ashby Avenue  
 Rental Project Model

**F O R R E N T M O D E L**  
**Density Bonus Feasibility Analysis**

10/21/08

	A		B		C		D	
Project Assumptions	Project without Inclusionary, Density Bonus or Concessions		Column A with 20% Inclusionary		Column B plus 35% Density Bonus (BMRs on 5th Flr)		Column C with Density Bonus Concessions & Incentives	
Lot Square Footage	34,210							
Average Gross Monthly Rent (Market Rate)	\$ 2,114							
<b>Total Residential Units (Dwelling Units and Group Living)</b>	<b>74</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>98</b>	<b>0</b>	<b>98</b>	
<b>Number of Residential Units</b>	<b>74</b>	<b>0</b>	<b>59</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>83</b>	
Market Rate - 2nd Floor	25		20		26		23	
Market Rate - 3rd Floor	25		20		22		21	
Market Rate - 4th Floor	24		19		20		20	
Market Rate - 5th Floor					15		19	
Inclusionary/50% AMI - 2nd Floor	0	0	8	0	8	0	8	
Inclusionary/50% AMI - 3rd Floor	0	0	3		2		3	
Inclusionary/50% AMI - 4th Floor	0	0	3		2		3	
Inclusionary/50% AMI - 5th Floor	0	0	2		2		2	
Inclusionary/60% AMI - 2nd Floor	0	0	7	0	7	0	7	
Inclusionary/60% AMI - 3rd Floor			3		1		3	
Inclusionary/60% AMI - 4th Floor			2		2		2	
Inclusionary/60% AMI - 5th Floor			2		2		2	
Residential Sq Ft - Market Rate	62,849		50,109		70,493		70,493	
Residential Sq Ft - Inclusionary	0		12,740		12,740		12,740	
<b>Ground Floor SF Floor Area</b>	<b>33,726</b>		<b>33,726</b>	<b>0</b>	<b>33,726</b>	<b>0</b>	<b>33,726</b>	
Ground Floor Retail	7,500		7,500		7,500		7,500	
Parking garage	23,726		23,726		23,726		23,726	
Vertical Circulation	2,500		2,500		2,500		2,500	
Gross Floor Area	33,726		33,726		33,726		33,726	

	Project without Inclusionary, Density Bonus or Concessions		Column A with 20% Inclusionary		Column B plus 35% Density Bonus		Column C with Density Bonus Concessions & Incentives	
<b>INCOME ASSUMPTIONS</b>								
<b>Total Residential Units</b>	<b>74</b>		<b>74</b>		<b>98</b>		<b>98</b>	
<b>Gross Annual Rents</b>								
Market Rate - 2nd - 4th floors	\$1,989,524		\$1,586,242		\$2,279,887		\$2,292,792	
Ground Floor Retail	\$270,000		\$270,000		\$270,000		\$270,000	
Inclusionary/50% AMI - 2nd Floor	\$0		\$27,405		\$18,270		\$27,405	
Inclusionary/50% AMI - 3rd Floor	\$0		\$27,405		\$18,270		\$27,405	
Inclusionary/50% AMI - 4th Floor	\$0		\$18,270		\$18,270		\$18,270	
Inclusionary/50% AMI - 5th Floor	\$0		\$0		\$18,270			
Inclusionary/60% AMI - 2nd Floor			\$33,606		\$11,202		\$33,606	
Inclusionary/60% AMI - 3rd Floor			\$22,404		\$22,404		\$22,404	
Inclusionary/60% AMI - 4th Floor			\$22,404		\$22,404		\$22,404	
Inclusionary/60% AMI - 5th Floor					\$22,404			
Parking Income								
Market Rate Rent	\$1,989,524		\$1,586,242		\$2,279,887		\$2,292,792	
Inclusionary/50% AMI - 60%AMI Residential Rent	\$0		\$151,494		\$151,494		\$151,494	
<b>Gross Residential+Comm Rent</b>	<b>\$2,259,524</b>		<b>\$2,007,736</b>		<b>\$2,701,381</b>		<b>\$2,714,286</b>	
Less 5% Vacancy	(\$112,976)		(\$100,387)		(\$135,069)		(\$135,714)	
Less Operating Expenses	(\$532,800)	\$600	(\$532,800)	\$600	(\$705,600)	\$600	(\$705,600)	\$600
Plus Misc Income (application fees, etc)	\$26,640		\$26,640		\$35,280		\$35,280	
<b>Net Operating Income (NOI)</b>	<b>\$1,640,387</b>		<b>\$1,401,189</b>		<b>\$1,895,992</b>		<b>\$1,908,251</b>	
Less Financing Costs	(\$1,312,310)		(\$1,120,951)		(\$1,516,793)		(\$1,526,601)	
<b>Net Annual Cash Flow</b>	<b>\$328,077</b>		<b>\$280,238</b>		<b>\$379,198</b>		<b>\$381,650</b>	

<b>DEBT AND EQUITY CALCS:</b>								
Interest Rate	7.00%		7.00%		7.00%		7.00%	
Term	30		30		30		30	
Monthly Payment	(\$109,359)		(\$93,413)		(\$126,399)		(\$127,217)	
Max Debt	\$16,437,510		\$14,040,621		\$18,998,792		\$19,121,641	
Required Cash Equity	\$6,984,049		\$9,380,938		\$9,278,012		\$9,155,163	
Cost of Inclusionary	\$0		\$2,396,889					
Value of Density Bonus & Concessions	\$0							

<b>DEVELOPMENT COST ASSUMPTIONS</b>	<b>Project without Inclusionary, Density Bonus or Concessions</b>	<b>Cost Per GSF</b>	<b>Column A with 20% Inclusionary</b>	<b>Cost Per GSF</b>	<b>Column B plus 35% Density Bonus</b>	<b>Cost Per GSF</b>	<b>Column C with Density Bonus Concessions &amp; Incentives</b>	<b>Cost Per GSF</b>
Gross Residential SF Floor Area	78,561		78,561	0	104,040	0	104,040	0
Gross Retail SF Floor Area	7,500		7,500	0	7,500	0	7,500	0
Gross Parking SF Floor Area	23,726		23,726	0	23,726	0	23,726	0
Parking Puzzle Lifts		46		46	61		61	
<b>Gross SF</b>	<b>109,787</b>		<b>109,787</b>		<b>135,266</b>		<b>135,266</b>	
Hard Costs	\$15,712,184	\$200	\$15,712,184	\$200	\$19,767,626	\$190	\$19,767,626	\$190
Parking Lifts	\$775,200	\$17,000	\$775,200	\$17,000	\$1,030,200	\$17,000	\$1,030,200	\$17,000
Soft Costs	\$3,513,175	\$32	\$3,513,175	\$32	\$4,057,978	\$30	\$4,057,978	\$30
Land Costs	\$3,421,000	\$100	\$3,421,000	\$100	\$3,421,000	\$100	\$3,421,000	\$100
<b>Total Project Development Costs</b>	<b>\$23,421,559</b>	<b>\$213</b>	<b>\$23,421,559</b>	<b>\$213</b>	<b>\$28,276,804</b>	<b>\$209</b>	<b>\$28,276,804</b>	<b>\$209</b>
<b>Total Cost per Unit</b>	<b>\$316,508</b>		<b>\$316,508</b>		<b>\$288,539</b>		<b>\$288,539</b>	

  

<b>RESIDENTIAL CONTRIBUTION RECAP</b>	<b>Project without Inclusionary, Density Bonus or Concessions</b>	<b>Column A with 20% Inclusionary</b>	<b>Column B plus 35% Density Bonus</b>	<b>Column C with Density Bonus Concessions &amp; Incentives</b>
<b>Total Project Development Costs</b>	<b>\$23,421,559</b>	<b>\$23,421,559</b>	<b>\$28,276,804</b>	<b>\$28,276,804</b>
<b>Net Operating Income</b>	<b>\$1,640,387</b>	<b>\$1,401,189</b>	<b>\$1,895,992</b>	<b>\$1,908,251</b>
<b>Yield (NOI/Costs)</b>	<b>7.00%</b>	<b>5.98%</b>	<b>6.71%</b>	<b>6.75%</b>
<b>Cash on Cash</b>	<b>4.70%</b>	<b>2.99%</b>	<b>4.09%</b>	<b>4.17%</b>
<b>Building value at 6.0% Cap Rate</b>	<b>\$27,339,791</b>	<b>\$23,353,150</b>	<b>\$31,599,859</b>	<b>\$31,804,188</b>
<b>Potential Gross Profit (Value less Total Costs)</b>	<b>\$3,918,232</b>	<b>(\$68,408)</b>	<b>\$3,323,055</b>	<b>\$3,527,384</b>
<b>Net Annual Contribution from Density Bonus Concession &amp; Incentives</b>				

<b>PUZZLE LIFTS NEEDED</b>				
Max Parking Spaces	62	62	62	
Comm Parking	15	15	15	
Available Res Parking	47	47	47	
Total Spaces needed	76	76	101	
empty space ratio	1.2	1.20	1.20	
total Puzzle lifts	46	46	61	

Resolution No. 61,497-N.S. Inclusionary Rent Calculations for 2008							
City of Berkeley Housing Department							
Minimum Square Footage	<400	400-599	600-699	700-849	850-999	1,000-1,199	1,200 and above
Persons Per Household	1	1.25	1.5	2	3	4	6
COB Income at 30% of AMI	\$18,100	\$18,750	\$19,400	\$20,700	\$23,300	\$25,800	\$30,000
COB Income at 50% of AMI	\$30,150	\$31,225	\$32,300	\$34,450	\$38,750	\$43,050	\$49,950
COB Income at 80% of AMI	\$48,240	\$49,960	\$51,680	\$55,120	\$62,000	\$68,880	\$79,920
Median Income Level for Rent Calculation	\$60,300	\$62,450	\$64,600	\$68,900	\$77,500	\$86,100	\$99,900
Rents							
Applicable Inclusionary Gross Rent Level, (81% of AMI)	\$1,221	\$1,265	\$1,308	\$1,395	\$1,569	\$1,744	\$2,023
Applicable Density Bonus Gross Rent, (20 percent at 60% of AMI)	\$905	\$937	\$969	\$1,034	\$1,163	\$1,292	\$1,499
Applicable Density Bonus Gross Rent, (10 percent at 50% of AMI)	\$754	\$781	\$808	\$861	\$969	\$1,076	\$1,249
Applicable Housing Trust Fund Gross Rent Level, (80% of AMI)	\$1,206	\$1,249	\$1,292	\$1,378	\$1,550	\$1,722	\$1,998
Applicable Housing Trust Fund Gross Rent Level, (60% of AMI)	\$905	\$937	\$969	\$1,034	\$1,163	\$1,292	\$1,499
Applicable Housing Trust Fund Gross Rent Level, (50% of AMI)	\$754	\$781	\$808	\$861	\$969	\$1,076	\$1,249
Applicable Housing Trust Fund Gross Rent Level, (30% of AMI)	\$452	\$468	\$485	\$517	\$581	\$646	\$749
Old Sales Prices (effective on projects with applications deemed complete before 19 February 2004)							
Applicable Inclusionary Sale Prices (90% of AMI)	\$162,800	\$168,600	\$174,400	\$186,000	\$209,300	\$232,500	\$269,700
Applicable Inclusionary Sale Prices (81% of AMI)	\$146,500	\$151,800	\$157,000	\$167,400	\$188,300	\$209,200	\$242,800
New Sales Prices (effective 19 February 2004 through 19 February 2006. Renewal on City Council)							
Applicable Inclusionary Sale Prices (80% of AMI)	\$144,700	\$149,900	\$155,000	\$165,400	\$186,000	\$206,600	\$239,800
Sales prices, effective 19 February 2004 through 19 February 2006. Also applicable to projects with							
Applicable Inclusionary Sale Prices (120% of AMI)	\$217,100	\$224,800	\$232,600	\$248,000	\$279,000	\$310,000	\$359,600

1200 Ashby Avenue, Berkeley, CA

LAND ACREAGE/COSTS

			SQFT	\$/SQFT		
Total Acreage	0.79	43560	34,210			
Available for Sale	0.79	43560	34,210	\$ 100	\$	3,420,000
<b>GRAND TOTAL LAND FOR</b>	<b>0.79</b>		<b>34,210.00</b>		<b>\$</b>	<b>3,420,000</b>

Residential		Unit SQFT	Underground	Ground Flr	Podium Flr	3rd Flr	4th Flr	5th Flr	tot units	tot sqft
Jr.1B/1BA/Balcony	P0	654.00			2	2	2	2	8	5,232
1B/1BA	P1A	730.00			8	8	8	7	31	22,630
1B/1BA/Balcony	P1B	768.00			2	2	2	2	8	6,144
1B/1BA/Balcony	P1C	690.00			2	2	2	2	8	5,520
1B/1BA	P1E	809.50			2	0	0	0	2	1,619
1.5 BD/1 BA	P1D	809.50			2	2	0	0	4	3,238
1.5BD/1BA	P1F	734.00			2	2	2	0	6	4,404
2B/2BA	P2A	1,050.50			2	2	2	1	7	7,354
2B/2BA	P2B	1,117.00			3	2	2	2	9	10,053
2B/2BA/Balcony	P2C	1,078.50			3	3	3	3	12	12,942
2.5BD/2BA	P2A	1,166.00			1	1	1	0	3	

<b>Total Residential</b>		<b>866</b>			<b>29</b>	<b>26</b>	<b>24</b>	<b>19</b>	<b>98</b>	<b>79,136</b>
<b>Net SQFT Units</b>			<b>31,861</b>	31,141.00	24,624	21,888	20,269	15,854		<b>82,634</b>
<b>Balconies</b>										-
<b>Vertical Circulation</b>	2%				608	608	608	608		2,432
<b>Mechanical</b>	0%				502	502	496	496		1,996
<b>Courtyard/NE Balcony</b>					4,790					4,790
<b>Roof Deck</b>							1,554			1,554
<b>Corridor</b>					2,701	3,988	2,557	3,379		12,625
Total Gross Floor Area					33,225	26,986	25,484	20,337	-	106,031
<b>Building Footprint</b>					33,225	33,225	33,225	33,225	-	132,898
					2,475.50	(261)	443	(2,436)		106,031

RESIDENTIAL HARD COSTS		GSF	\$/GSQFT	\$/NET SQFT	\$ TOTAL	\$/UNIT
Site work		34,210	23.29	10	796,751	8,130
Underground Garage		33,000	117.00	-		-
Klaus Parking Puzzle Lifts	98	98	15000	19	1,470,000	15,000
Rentals		82,634	155	162	12,808,193	130,696
<b>TOTAL RESIDENTIAL COSTS</b>		<b>\$ 82,634</b>	<b>\$ 142</b>	<b>\$ 190</b>	<b>\$ 15,074,943</b>	<b>\$ 153,826</b>

COMMERCIAL HARD COSTS		GSF	\$/GSQFT	\$/NET SQFT	\$ TOTAL	
Ground flr Garage		5,700	57.74		329,118	
Ground Flr Retail		7,500	93.48		701,100	
Retail Tenant Improvements		7,500	30		225,000	
RKC Precon fee and blueprints	13,477	4,818			45,035	
<b>TOTAL COMM. COSTS</b>		<b>18,018</b>	<b>\$ 72</b>	<b>173</b>	<b>1,300,253</b>	<b>\$ 16,375,196</b>

Market-Rate Proforma		sqft	\$/sqft	\$/unit	no of units	gross monthl Rent	Gross annual Rent	Net SQFT
Jr.1B/1BA/Balcony	P0	80%	654.00	\$ 2.14	1,400	6.00 \$ 8,400	\$ 100,800	10 3,924
1B/1BA	P1A	80%	730.00	\$ 2.26	1,650	26.00 \$ 42,900	\$ 514,800	6 18,980
1B/1BA/Balcony	P1B	80%	768.00	\$ 2.41	1,850	8.00 \$ 14,800	\$ 177,600	8 6,144
1B/1BA/Balcony	P1C	80%	690.00	\$ 2.61	1,800	6.00 \$ 10,800	\$ 129,600	6 4,140
1B/1BA	P1E	80%	809.50	\$ 2.29	1,850	2.00 \$ 3,700	\$ 44,400	6 1,619
1.5 BD/1 BA	P1D	80%	809.50	\$ 2.59	2,100	4.00 \$ 8,400	\$ 100,800	6 3,238
1.5BD/1BA	P1F	80%	734.00	\$ 2.79	2,050	4.00 \$ 8,200	\$ 98,400	16 2,936
2B/2BA	P2A	80%	1,050.50	\$ 2.38	2,500	5.00 \$ 12,500	\$ 150,000	6 5,253
2B/2BA	P2B	80%	1,117.00	\$ 2.33	2,600	7.00 \$ 18,200	\$ 218,400	8 7,819
2B/2BA/Balcony	P2C	80%	1,078.50	\$ 2.41	2,600	12.00 \$ 31,200	\$ 374,400	3 12,942
2.5BD/2BA	P2A	80%	1,166.00	\$ 2.44	2,850	3.00 \$ 8,550	\$ 102,600	3 3,498
<b>MARKET-RATE GROSS POTENTIAL INCOM</b>		873	2.42	<b>2,114</b>	<b>83.00</b>	\$ 167,650	1,909,200.00	<b>78</b>

<b>MARKET-RATE GPI</b>					<b>83.00</b>	<b>\$ 167,650</b>	<b>1,909,200.00</b>	<b>849</b>
less vacancy	0.05					\$ (8,383)	(100,590)	
EPI						\$ 159,268	1,911,210	
less operating exp:	0.29	(48,619)				\$ (50,095)	(601,138)	
<b>\$ 603.55</b>		(50,095)					-	

<b>Market-Rate Net Operating Income</b>						<b>\$ 109,173</b>	<b>1,310,072</b>	
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Projected Escalation Factor for AMI		6%				Gross Monthly Income	Gross Annual Income	Net SQFT
<b>Affordable AT 60% AMI</b>		sqft	\$/sqft	\$/unit	no of units			
Jr.1B/1BA/Balcony	P0	10%	654.00	\$ 1.43	937	1.00 \$ 937	11,241	654
1B/1BA	P1A	10%	730.00	\$ 1.42	1,034	2.00 \$ 2,067	24,804	1,460
1B/1BA/Balcony	P1B	10%	768.00	\$ 1.35	1,034	0.00 \$ -	-	-
1B/1BA/Balcony	P1C	10%	690.00	\$ 1.50	1,034	1.00 \$ 1,034	12,402	690
1B/1BA	P1E	10%	809.50	\$ 1.28	1,034	0.00 \$ -	-	-
1.5 BD/1 BA	P1D	10%	809.50	\$ 1.60	1,292	0.00 \$ -	-	-
1.5BD/1BA	P1F	10%	734.00	\$ 1.76	1,292	1.00 \$ 1,292	15,498	734
2B/2BA	P2A	10%	1,050.50	\$ 1.23	1,292	1.00 \$ 1,292	15,498	1,051
2B/2BA	P2B	10%	1,117.00	\$ 1.16	1,292	1.00 \$ 1,292	15,498	1,117
2B/2BA/Balcony	P2C	10%	1,078.50	\$ 1.08	1,163	0.00 \$ -	-	-
2.5BD/2BA	P2A	10%	1,166.00	\$ 1.00	1,163	0.00 \$ -	-	-
<b>GPI FOR 60% AMI</b>		5,705.50	1.34	1,142	<b>7.00</b>	<b>\$ 7,912</b>	<b>\$ 94,941</b>	<b>5,706</b>
<b>BMR's at 60% AMI GPI</b>						<b>\$ 8,624</b>	<b>\$ 103,486</b>	<b>815.07</b>

Affordable AT 50% AMI		sqft	\$/sqft	\$/unit	no of units	Monthly GPI	Annual GPI	Net SQFT
Jr.1B/1BA/Balcony	P0	10%	654.00	\$ 1.23	808	1.00 \$ 808	9,690	654
1B/1BA	P1A	10%	730.00	\$ 1.18	861	3.00 \$ 2,584	31,005	2,190
1B/1BA/Balcony	P1B	10%	768.00	\$ 1.12	861	0.00 \$ -	-	-
1B/1BA/Balcony	P1C	10%	690.00	\$ 1.25	861	1.00 \$ 861	10,335	690
1B/1BA	P1E	10%	809.50	\$ 1.06	861	0.00 \$ -	-	-
1.5 BD/1 BA	P1D	10%	809.50	\$ 1.33	1,076	0.00 \$ -	-	-
1.5BD/1BA	P1F	10%	734.00	\$ 1.47	1,076	1.00 \$ 1,076	12,915	734
2B/2BA	P2A	10%	1,050.50	\$ 1.02	1,076	1.00 \$ 1,076	12,915	1,051
2B/2BA	P2B	10%	1,117.00	\$ 0.96	1,076	1.00 \$ 1,076	12,915	1,117
2B/2BA/Balcony	P2C	10%	1,078.50	\$ 0.90	969	0.00 \$ -	-	-
2.5BD/2BA	P2A	10%	1,166.00	\$ 1.33	1,550	0.00 \$ -	-	-
<b>GPI for 50% AMI</b>	0	5%	5,705.50	\$ -	-	0.00 \$ -	-	-
<b>AFFORDABLE GROSS</b>			1,276.04	1.07	923	<b>8.00</b>	<b>7481.25</b>	<b>\$ 89,775</b>
<b>BMRs at 50% AMI GPI</b>						<b>\$ 8,155</b>	<b>\$ 97,855</b>	<b>804.44</b>

<b>TOTAL BMRS GPI</b>					<b>15.00</b>	<b>\$ 16,778</b>	<b>\$ 201,340</b>	
less vacancy	0.025					(419)	(5,034)	
EPI						\$ 16,359	196,307	
less operating exp	\$ 603.55					\$ (9,053)	(108,639)	
<b>Affordable NOI</b>						<b>\$ 7,306</b>	<b>87,668</b>	
<b>GRAND TOTAL Residential NOI</b>					<b>98.00</b>	<b>\$ 116,478</b>	<b>\$ 1,397,740</b>	



1200 Ashby Avenue  
 Rental Project Model

**F O R R E N T M O D E L**  
**Density Bonus Feasibility Analysis**

10/21/08

	A		B		C		D	
Project Assumptions	Project without Inclusionary, Density Bonus or Concessions		Column A with 20% Inclusionary		Column B plus 35% Density Bonus (BMRs on 5th Flr)		Column C with Density Bonus Concessions & Incentives	
Lot Square Footage	34,210							
Average Gross Monthly Rent (Market Rate)	\$ 2,114							
<b>Total Residential Units (Dwelling Units and Group Living)</b>	<b>74</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>98</b>	<b>0</b>	<b>98</b>	
<b>Number of Residential Units</b>	<b>74</b>	<b>0</b>	<b>59</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>83</b>	
Market Rate - 2nd Floor	25		20		26		23	
Market Rate - 3rd Floor	25		20		22		21	
Market Rate - 4th Floor	24		19		20		20	
Market Rate - 5th Floor					15		19	
Inclusionary/50% AMI - 2nd Floor	0	0	8	0	8	0	8	
Inclusionary/50% AMI - 3rd Floor	0	0	3		2		3	
Inclusionary/50% AMI - 4th Floor	0	0	3		2		3	
Inclusionary/50% AMI - 5th Floor	0	0	2		2		2	
Inclusionary/60% AMI - 2nd Floor	0	0	7	0	7	0	7	
Inclusionary/60% AMI - 3rd Floor			3		1		3	
Inclusionary/60% AMI - 4th Floor			2		2		2	
Inclusionary/60% AMI - 5th Floor			2		2		2	
Residential Sq Ft - Market Rate	62,849		50,109		70,493		70,493	
Residential Sq Ft - Inclusionary	0		12,740		12,740		12,740	
<b>Ground Floor SF Floor Area</b>	<b>33,726</b>	<b>0</b>	<b>33,726</b>	<b>0</b>	<b>33,726</b>	<b>0</b>	<b>33,726</b>	
Ground Floor Retail	7,500		7,500		7,500		7,500	
Parking garage	23,726		23,726		23,726		23,726	
Vertical Circulation	2,500		2,500		2,500		2,500	
Gross Floor Area	33,726		33,726		33,726		33,726	

	A		B		C		D	
INCOME ASSUMPTIONS	Project without Inclusionary, Density Bonus or Concessions		Column A with 20% Inclusionary		Column B plus 35% Density Bonus		Column C with Density Bonus Concessions & Incentives	
<b>Total Residential Units</b>	<b>74</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>98</b>	<b>0</b>	<b>98</b>	
<b>Gross Annual Rents</b>								
Market Rate - 2nd - 4th floors	\$1,989,524		\$1,586,242		\$2,279,887		\$2,292,792	
Ground Floor Retail	\$270,000		\$270,000		\$270,000		\$270,000	
Inclusionary/50% AMI - 2nd Floor	\$0		\$27,405		\$18,270		\$27,405	
Inclusionary/50% AMI - 3rd Floor	\$0		\$27,405		\$18,270		\$27,405	
Inclusionary/50% AMI - 4th Floor	\$0		\$18,270		\$18,270		\$18,270	
Inclusionary/50% AMI - 5th Floor	\$0		\$0		\$18,270		\$18,270	
Inclusionary/60% AMI - 2nd Floor			\$33,606		\$11,202		\$33,606	
Inclusionary/60% AMI - 3rd Floor			\$22,404		\$22,404		\$22,404	
Inclusionary/60% AMI - 4th Floor			\$22,404		\$22,404		\$22,404	
Inclusionary/60% AMI - 5th Floor					\$22,404		\$22,404	
Parking Income								
Market Rate Rent	\$1,989,524		\$1,586,242		\$2,279,887		\$2,292,792	
Inclusionary/50% AMI - 60%AMI Residential Rent	\$0		\$151,494		\$151,494		\$151,494	
<b>Gross Residential+Comm Rent</b>	<b>\$2,259,524</b>	<b>\$600</b>	<b>\$2,007,736</b>	<b>\$600</b>	<b>\$2,701,381</b>	<b>\$600</b>	<b>\$2,714,286</b>	
Less 5% Vacancy	(\$112,976)		(\$100,387)		(\$135,069)		(\$135,714)	
Less Operating Expenses	(\$532,800)		(\$532,800)		(\$705,600)		(\$705,600)	
Plus Misc Income (application fees, etc)	\$26,640		\$26,640		\$35,280		\$35,280	
<b>Net Operating Income (NOI)</b>	<b>\$1,640,387</b>		<b>\$1,401,189</b>		<b>\$1,895,992</b>		<b>\$1,908,251</b>	
Less Financing Costs	(\$1,312,310)		(\$1,120,951)		(\$1,516,793)		(\$1,526,601)	
<b>Net Annual Cash Flow</b>	<b>\$328,077</b>		<b>\$280,238</b>		<b>\$379,198</b>		<b>\$381,650</b>	

DEBT AND EQUITY CALCS:								
Interest Rate	7.00%		7.00%		7.00%		7.00%	
Term	30		30		30		30	
Monthly Payment	(\$109,359)		(\$93,413)		(\$126,399)		(\$127,217)	
Max Debt	\$16,437,510		\$14,040,621		\$18,998,792		\$19,121,641	
Required Cash Equity	\$6,984,049		\$9,380,938		\$9,278,012		\$9,155,163	
Cost of Inclusionary	\$0		\$2,396,889					
Value of Density Bonus & Concessions	\$0							

<b>DEVELOPMENT COST ASSUMPTIONS</b>	<b>Project without Inclusionary, Density Bonus or Concessions</b>	<b>Cost Per GSF</b>	<b>Column A with 20% Inclusionary</b>	<b>Cost Per GSF</b>	<b>Column B plus 35% Density Bonus</b>	<b>Cost Per GSF</b>	<b>Column C with Density Bonus Concessions &amp; Incentives</b>	<b>Cost Per GSF</b>
Gross Residential SF Floor Area	78,561		78,561	0	104,040	0	104,040	0
Gross Retail SF Floor Area	7,500		7,500	0	7,500	0	7,500	0
Gross Parking SF Floor Area	23,726		23,726	0	23,726	0	23,726	0
Parking Puzzle Lifts		46		46	61		61	
<b>Gross SF</b>	<b>109,787</b>		<b>109,787</b>		<b>135,266</b>		<b>135,266</b>	
Hard Costs	\$15,712,184	\$200	\$15,712,184	\$200	\$19,767,626	\$190	\$19,767,626	\$190
Parking Lifts	\$775,200	\$17,000	\$775,200	\$17,000	\$1,030,200	\$17,000	\$1,030,200	\$17,000
Soft Costs	\$3,513,175	\$32	\$3,513,175	\$32	\$4,057,978	\$30	\$4,057,978	\$30
Land Costs	\$3,421,000	\$100	\$3,421,000	\$100	\$3,421,000	\$100	\$3,421,000	\$100
<b>Total Project Development Costs</b>	<b>\$23,421,559</b>	<b>\$213</b>	<b>\$23,421,559</b>	<b>\$213</b>	<b>\$28,276,804</b>	<b>\$209</b>	<b>\$28,276,804</b>	<b>\$209</b>
<b>Total Cost per Unit</b>	<b>\$316,508</b>		<b>\$316,508</b>		<b>\$288,539</b>		<b>\$288,539</b>	

  

<b>RESIDENTIAL CONTRIBUTION RECAP</b>	<b>Project without Inclusionary, Density Bonus or Concessions</b>	<b>Column A with 20% Inclusionary</b>	<b>Column B plus 35% Density Bonus</b>	<b>Column C with Density Bonus Concessions &amp; Incentives</b>
<b>Total Project Development Costs</b>	<b>\$23,421,559</b>	<b>\$23,421,559</b>	<b>\$28,276,804</b>	<b>\$28,276,804</b>
<b>Net Operating Income</b>	<b>\$1,640,387</b>	<b>\$1,401,189</b>	<b>\$1,895,992</b>	<b>\$1,908,251</b>
<b>Yield (NOI/Costs)</b>	<b>7.00%</b>	<b>5.98%</b>	<b>6.71%</b>	<b>6.75%</b>
<b>Cash on Cash</b>	<b>4.70%</b>	<b>2.99%</b>	<b>4.09%</b>	<b>4.17%</b>
<b>Building value at 6.0% Cap Rate</b>	<b>\$27,339,791</b>	<b>\$23,353,150</b>	<b>\$31,599,859</b>	<b>\$31,804,188</b>
<b>Potential Gross Profit (Value less Total Costs)</b>	<b>\$3,918,232</b>	<b>(\$68,408)</b>	<b>\$3,323,055</b>	<b>\$3,527,384</b>
<b>Net Annual Contribution from Density Bonus Concession &amp; Incentives</b>				

<b>PUZZLE LIFTS NEEDED</b>				
Max Parking Spaces	62	62	62	
Comm Parking	15	15	15	
Available Res Parking	47	47	47	
Total Spaces needed	76	76	101	
empty space ratio	1.2	1.20	1.20	
total Puzzle lifts	46	46	61	

Resolution No. 61,497-N.S. Inclusionary Rent Calculations for 2008							
City of Berkeley Housing Department							
Minimum Square Footage	<400	400-599	600-699	700-849	850-999	1,000-1,199	1,200 and above
Persons Per Household	1	1.25	1.5	2	3	4	6
COB Income at 30% of AMI	\$18,100	\$18,750	\$19,400	\$20,700	\$23,300	\$25,800	\$30,000
COB Income at 50% of AMI	\$30,150	\$31,225	\$32,300	\$34,450	\$38,750	\$43,050	\$49,950
COB Income at 80% of AMI	\$48,240	\$49,960	\$51,680	\$55,120	\$62,000	\$68,880	\$79,920
Median Income Level for Rent Calculation	\$60,300	\$62,450	\$64,600	\$68,900	\$77,500	\$86,100	\$99,900
Rents							
Applicable Inclusionary Gross Rent Level, (81% of AMI)	\$1,221	\$1,265	\$1,308	\$1,395	\$1,569	\$1,744	\$2,023
Applicable Density Bonus Gross Rent, (20 percent at 60% of AMI)	\$905	\$937	\$969	\$1,034	\$1,163	\$1,292	\$1,499
Applicable Density Bonus Gross Rent, (10 percent at 50% of AMI)	\$754	\$781	\$808	\$861	\$969	\$1,076	\$1,249
Applicable Housing Trust Fund Gross Rent Level, (80% of AMI)	\$1,206	\$1,249	\$1,292	\$1,378	\$1,550	\$1,722	\$1,998
Applicable Housing Trust Fund Gross Rent Level, (60% of AMI)	\$905	\$937	\$969	\$1,034	\$1,163	\$1,292	\$1,499
Applicable Housing Trust Fund Gross Rent Level, (50% of AMI)	\$754	\$781	\$808	\$861	\$969	\$1,076	\$1,249
Applicable Housing Trust Fund Gross Rent Level, (30% of AMI)	\$452	\$468	\$485	\$517	\$581	\$646	\$749
Old Sales Prices (effective on projects with applications deemed complete before 19 February 2004)							
Applicable Inclusionary Sale Prices (90% of AMI)	\$162,800	\$168,600	\$174,400	\$186,000	\$209,300	\$232,500	\$269,700
Applicable Inclusionary Sale Prices (81% of AMI)	\$146,500	\$151,800	\$157,000	\$167,400	\$188,300	\$209,200	\$242,800
New Sales Prices (effective 19 February 2004 through 19 February 2006. Renewal on City Council)							
Applicable Inclusionary Sale Prices (80% of AMI)	\$144,700	\$149,900	\$155,000	\$165,400	\$186,000	\$206,600	\$239,800
Sales prices, effective 19 February 2004 through 19 February 2006. Also applicable to projects with							
Applicable Inclusionary Sale Prices (120% of AMI)	\$217,100	\$224,800	\$232,600	\$248,000	\$279,000	\$310,000	\$359,600

1200 Ashby Avenue, Berkeley, CA										
LAND ACREAGE/COSTS										
					SQFT		\$/SQFT			
Total Acreage	0.79	43560			34,210					
Available for Sale	<b>0.79</b>	<b>43560</b>			<b>34,210</b>	<b>\$</b>	<b>100</b>	<b>\$</b>	<b>3,420,000</b>	
<b>GRAND TOTAL LAND FOR</b>	<b>0.79</b>				<b>34,210.00</b>			<b>\$</b>	<b>3,420,000</b>	
Residential		Unit SQFT	Underground	Ground Flr	Podium Flr	3rd Flr	4th Flr	5th Flr	tot units	tot sqft
Jr.1B/1BA/Balcony	P0	654.00			2	2	2	2	8	5,232
1B/1BA	P1A	730.00			8	8	8	7	31	22,630
1B/1BA/Balcony	P1B	768.00			2	2	2	2	8	6,144
1B/1BA/Balcony	P1C	690.00			2	2	2	2	8	5,520
1B/1BA	P1E	809.50			2	0	0	0	2	1,619
1.5 BD/1 BA	P1D	809.50			2	2	0	0	4	3,238
1.5BD/1BA	P1F	734.00			2	2	2	0	6	4,404
2B/2BA	P2A	1,050.50			2	2	2	1	7	7,354
2B/2BA	P2B	1,117.00			3	2	2	2	9	10,053
2B/2BA/Balcony	P2C	1,078.50			3	3	3	3	12	12,942
2.5BD/2BA	P2A	1,166.00			1	1	1	0	3	
<b>Total Residential</b>		<b>866</b>			<b>29</b>	<b>26</b>	<b>24</b>	<b>19</b>	<b>98</b>	<b>79,136</b>
<b>Net SQFT Units</b>			<b>31,861</b>	<b>31,141.00</b>	<b>24,624</b>	<b>21,888</b>	<b>20,269</b>	<b>15,854</b>		<b>82,634</b>
<b>Balconies</b>										-
<b>Vertical Circulation</b>	2%				608	608	608	608		2,432
<b>Mechanical</b>	0%				502	502	496	496		1,996
<b>Courtyard/NE Balcony</b>					4,790					4,790
<b>Roof Deck</b>							1554			1,554
<b>Corridor</b>					2701	3988	2,557	3379		12,625
Total Gross Floor Area					33,225	26,986	25,484	20,337	-	106,031
<b>Building Footprint</b>					33,225	33,225	33,225	33,225	-	132,898
					2,475.50	(261)	443	(2,436)		106,031
RESIDENTIAL HARD COSTS										
					GSF	\$/GSQFT	\$/NET SQFT	\$ TOTAL	\$/UNIT	
Site work					34,210	23.29	10	796,751	8,130	
Underground Garage					33,000	117.00	-		-	
Klaus Parking Puzzle Lifts	98				98	15000	19	1,470,000	15,000	
Rentals					82,634	155	162	12,808,193	130,696	
<b>TOTAL RESIDENTIAL COSTS</b>					<b>\$ 82,634</b>	<b>\$ 142</b>	<b>\$ 190</b>	<b>\$ 15,074,943</b>	<b>\$ 153,826</b>	
COMMERCIAL HARD COSTS										
					GSF	\$/GSQFT	\$/NET SQFT	\$ TOTAL		
Ground flr Garage					5,700	57.74		329,118		
Ground Flr Retail					7,500	93.48		701,100		
Retail Tenant Improvements					7,500	30		225,000		
RKC Precon fee and blueprints	13,477				4,818			45,035		
<b>TOTAL COMM. COSTS</b>					<b>18,018</b>	<b>\$ 72</b>	<b>173</b>	<b>1,300,253</b>	<b>\$ 16,375,196</b>	
										124,049
Market-Rate Proforma										
		sqft	\$/sqft	\$/unit	no of units	gross monthl Rent	Gross annaul Rent		Net SQFT	
Jr.1B/1BA/Balcony	P0	80%	654.00	\$ 2.14	1,400	6.00	8,400	100,800	10	3,924
1B/1BA	P1A	80%	730.00	\$ 2.26	1,650	26.00	42,900	514,800	6	18,980
1B/1BA/Balcony	P1B	80%	768.00	\$ 2.41	1,850	8.00	14,800	177,600	8	6,144
1B/1BA/Balcony	P1C	80%	690.00	\$ 2.61	1,800	6.00	10,800	129,600	6	4,140
1B/1BA	P1E	80%	809.50	\$ 2.29	1,850	2.00	3,700	44,400	6	1,619
1.5 BD/1 BA	P1D	80%	809.50	\$ 2.59	2,100	4.00	8,400	100,800	6	3,238
1.5BD/1BA	P1F	80%	734.00	\$ 2.79	2,050	4.00	8,200	98,400	16	2,936
2B/2BA	P2A	80%	1,050.50	\$ 2.38	2,500	5.00	12,500	150,000	6	5,253
2B/2BA	P2B	80%	1,117.00	\$ 2.33	2,600	7.00	18,200	218,400	8	7,819
2B/2BA/Balcony	P2C	80%	1,078.50	\$ 2.41	2,600	12.00	31,200	374,400	3	12,942
2.5BD/2BA	P2A	80%	1,166.00	\$ 2.44	2,850	3.00	8,550	102,600	3	3,498
<b>MARKET-RATE GROSS POTENTIAL INCOM</b>		873	2.42	<b>2,114</b>	<b>83.00</b>	\$ 167,650	1,909,200.00			<b>849</b>
MARKET-RATE GPI										
less vacancy	0.05						(8,383)	(100,590)		
EPI							159,268	1,911,210		
less operating exp:	0.29	(48,619)					(50,095)	(601,138)		
<b>\$ 603.55</b>		(50,095)								
Market-Rate Net Operating Income										
							<b>\$ 109,173</b>	<b>1,310,072</b>		
Projected Escalation Factor for AMI										
		sqft	\$/sqft	\$/unit	no of units	Gross Monthly Income	Gross Annual Income		Net SQFT	
<b>Affordable AT 60% AMI</b>										
Jr.1B/1BA/Balcony	P0	10%	654.00	\$ 1.43	937	1.00	937	11,241	654	
1B/1BA	P1A	10%	730.00	\$ 1.42	1,034	2.00	2,067	24,804	1,460	
1B/1BA/Balcony	P1B	10%	768.00	\$ 1.35	1,034	0.00	-	-	-	
1B/1BA/Balcony	P1C	10%	690.00	\$ 1.50	1,034	1.00	1,034	12,402	690	
1B/1BA	P1E	10%	809.50	\$ 1.28	1,034	0.00	-	-	-	
1.5 BD/1 BA	P1D	10%	809.50	\$ 1.60	1,292	0.00	-	-	-	
1.5BD/1BA	P1F	10%	734.00	\$ 1.76	1,292	1.00	1,292	15,498	734	
2B/2BA	P2A	10%	1,050.50	\$ 1.23	1,292	1.00	1,292	15,498	1,051	
2B/2BA	P2B	10%	1,117.00	\$ 1.16	1,292	1.00	1,292	15,498	1,117	
2B/2BA/Balcony	P2C	10%	1,078.50	\$ 1.08	1,163	0.00	-	-	-	
2.5BD/2BA	P2A	10%	1,166.00	\$ 1.00	1,163	0.00	-	-	-	
<b>GPI FOR 60% AMI</b>		5,705.50	1.34	1,142	<b>7.00</b>	<b>\$ 7,912</b>	<b>\$ 94,941</b>		<b>5,706</b>	
<b>BMR's at 60% AMI GPI</b>						<b>\$ 8,624</b>	<b>\$ 103,486</b>		<b>815.07</b>	
Affordable AT 50% AMI										
		sqft	\$/sqft	\$/unit	no of units	Monthly GPI	Annual GPI		Net SQFT	
Jr.1B/1BA/Balcony	P0	10%	654.00	\$ 1.23	808	1.00	808	9,690	654	
1B/1BA	P1A	10%	730.00	\$ 1.18	861	3.00	2,584	31,005	2,190	
1B/1BA/Balcony	P1B	10%	768.00	\$ 1.12	861	0.00	-	-	-	
1B/1BA/Balcony	P1C	10%	690.00	\$ 1.25	861	1.00	861	10,335	690	
1B/1BA	P1E	10%	809.50	\$ 1.06	861	0.00	-	-	-	
1.5 BD/1 BA	P1D	10%	809.50	\$ 1.33	1,076	0.00	-	-	-	
1.5BD/1BA	P1F	10%	734.00	\$ 1.47	1,076	1.00	1,076	12,915	734	
2B/2BA	P2A	10%	1,050.50	\$ 1.02	1,076	1.00	1,076	12,915	1,051	
2B/2BA	P2B	10%	1,117.00	\$ 0.96	1,076	1.00	1,076	12,915	1,117	
2B/2BA/Balcony	P2C	10%	1,078.50	\$ 0.90	969	0.00	-	-	-	
2.5BD/2BA	P2A	10%	1,166.00	\$ 1.33	1,550	0.00	-	-	-	
<b>GPI for 50% AMI</b>	0	5%	5,705.50	\$ -	-	0.00	-	-		
<b>AFFORDABLE GROSS</b>		1,276.04	1.07	923	<b>8.00</b>	<b>7481.25</b>	<b>\$ 89,775</b>		<b>6,436</b>	
<b>BMRs at 50% AMI GPI</b>						<b>\$ 8,155</b>	<b>\$ 97,855</b>		<b>804.44</b>	
TOTAL BMRS GPI										
						<b>15.00</b>	<b>\$ 16,778</b>	<b>\$ 201,340</b>		
less vacancy	0.025						(419)	(5,034)		
EPI							16,359	196,307		
less operating exp	\$ 603.55						(9,053)	(108,639)		
Affordable NOI										
							<b>\$ 7,306</b>	<b>87,668</b>		
GRAND TOTAL Residential NOI										
						<b>98.00</b>	<b>\$ 116,478</b>	<b>\$ 1,397,740</b>		

**1200 Ashby Avenue**  
**Application for Concessions Pursuant to State Density Bonus Law**  
**Review Based on Feasibility Standard**

**I. Introduction.**

Under the State law a developer is entitled to a density bonus of 35% and two “incentives” or “concessions” if 20% of the units in a condominium project will be affordable for persons and families with a household income which does not exceed 80% of area median income (AMI).

In this case the applicant has applied for a use permit to construct a mixed use project which includes 98 residential units. 74 of the units are permitted under the City’s zoning ordinance and the applicant has proposed to provide 15 affordable units (8 restricted to very low income households at 50% AMI and 7 restricted to households at 60% of AMI). The applicant has requested 24 additional units pursuant to the State Density Bonus law. In addition, the applicant has requested the following concession:

1. a distribution of the inclusionary units which is more favorable to the developer than the City’s requirement that:

**All Inclusionary Units shall be reasonably dispersed throughout the project, be of the same size and contain, on average, the same number of bedrooms as the non-Inclusionary Units in the project; and be comparable with the design or use of non-inclusionary units in terms of appearance, materials and finish quality. (BMC 23C.12.040)**

The application has requested that none of the inclusionary units be placed on the top (5<sup>th</sup>) floor, which will contain nineteen units. This floor is authorized as a result of the density bonus. This distribution of units would not meet the requirements set forth in the above quoted section of the inclusionary ordinance.

**II. The Standard for Granting or Denying an Incentive or Concession**

Under the state law, a City is required to grant a concession or incentive unless the City makes a written finding that the concession or incentive “is not required in order to provide for affordable housing costs.”

*The city, county, or city and county shall grant the concession or incentive requested by the applicant unless the city, county, or city and county makes a written finding, based upon substantial evidence, of either of the following:*

*(A) The concession or incentive is not required in order to provide for affordable housing costs, as defined in Section 50052.5 of the Health and Safety Code, or for rents for the targeted units to be set as specified in subdivision (c).*

*(B) The concession or incentive would have a specific adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5 of the Government Code, upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low and moderate income households. Government Code Section 65915 (d)(1).*

However, the concept of “not required in order to provide for affordable housing costs” is not defined. In applying this standard, the City has considered whether the concession(s) make the developer “whole” for the lost revenue due to the affordability requirements.

### **III. The Applicant’s Submission**

The applicant has submitted a proforma which compares the returns from:

1. a base project without any inclusionary units,
2. a project with 20% inclusionary units,
3. a project with 20% Inclusionary units and 35% density bonus units.
4. a project with 20% inclusionary units and 35% density bonus units and the concessions which have been requested.

### **IV. Costs Set Forth in Applicant’s Proforma**

The applicant estimates total project development costs of \$23,421,559 for the base project of 74 residential units. The net annual cash flow for the base project without Inclusionary units, density bonus units or concessions is \$328,077. The net annual cash flow for the base project with Inclusionary units drops to \$280,238 in the first year for a difference of \$47,839. These figures are based on a projected interest rate of 7% which seems low given the current economic climate. An internet search of current commercial real estate rates showed rates as high as 9.25% depending on the lender. The applicant’s estimated annual operating expenses are \$532,000 for the base unit project (74 units) and \$705,600 for the density bonus project (98 units). In each instance, the estimate is \$7,200 per unit, a pretty low figure.

Assuming a more reasonable but conservative interest rate of 8%, the net annual cash flow to drops to \$193,035 for the base project without Inclusionary units and to **minus** \$46,162 for the base project with Inclusionary units. With the additional 24 market rate density bonus units, the net annual cash flow increases to \$223,115. With the additional market rate density bonus units plus the concession requested, the net annual cash flow increases slightly to \$224, 557.

The net cash flow for this project appears to be pretty low as is the estimate for operating expenses even with the additional market rate units. With the requested additional density bonus units and the concession, the project shows a small positive cash flow. Without the 24 market rate units and the concession to cover reasonable operating expenses, an operating reserve and a replacement reserve, the project is infeasible.

## **V. Conclusion**

In this case, staff concludes that there is not “substantial evidence” that the incentives and concessions are not necessary. Therefore, they should be granted.