



DOWNTOWN OAKLAND DEVELOPMENT FEASIBILITY STUDY

FINAL REPORT

Prepared for City of Oakland Department of Planning and Building and MTC | November 25, 2013

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1. Introduction

In early 2013, AECOM began work on the *Downtown Oakland Development Feasibility Study* for the City of Oakland's Department of Planning and Building. This project is conducted as part of AECOM's Smart Growth Technical Assistance master service agreement with the Metropolitan Transportation Commission (MTC).

As there have been a series of recent development feasibility studies¹ in Oakland, primarily in the Lake Merritt area, the purpose of this study is to build on existing work to answer the following questions:

1. Given existing planning and economic conditions, is development in downtown Oakland feasible? What kind of development is feasible?
2. Is there potential to require a developer contribution, as suggested in previous reports? What should the scale of the contribution be?
3. Is there potential to implement development incentive and bonus programs? Which parts of downtown would it apply to, and what triggers or thresholds should be considered?

AECOM uses a static land residual analysis methodology which evaluates the feasibility of a project at stabilized occupancy. This point-in-time evaluation considers the remaining value, if any, after accounting for land value, development costs, and developer profits. The development feasibility analysis methodology builds an understanding of the relationship between location, planning parameters, building configuration, and feasibility, and highlights where potential incentive and bonus programs might be most useful to promote feasible development in the Downtown.

In order to evaluate the feasibility of development, as well as the potential for a developer contribution or incentive program, the City of Oakland identified three sites in Downtown Oakland, which are reflective of the Downtown sites mostly likely to be redeveloped. Sixteen scenarios, reflecting a mix of residential and office land uses as well as a mix of building heights were explored across the three sites. One of the scenarios (1c) reflects a scenario in which land is provided free of charge, and the development relies on construction methods which allow for up to 15 percent savings.

A summary of the three sites and the various scenarios analyzed is presented in Figure 1 and Table 1 below.

¹ "Lake Merritt Station Area Plan Community Benefits Analysis," Strategic Economics, December 2012; "Lake Merritt Station Area Plan Market Opportunity Analysis," June 2010; "Affordable Housing Assessment Lake Merritt Station Area Plan," Conley Consulting Group, June 2010.

Figure 1. Site Locations, Downtown Oakland, California

Source: AECOM

Table 1. Development Scenarios Summary

Scenario	Site	Mixed Use (Retail / &)	Low / High Rise (Construction Type)	Parking (Y/N)
1a	226 13th Street	Residential	Low (Type V)	Y
1b		Residential	Low (Type V)	N
1c **		Residential	Low (Type V)	Y
2a*		Residential	High (Type I)	Y
2b*		Residential	High (Type I)	N
3a	301 19th Street	Residential	Low (Type V)	Y
3b		Residential	Low (Type V)	N
4a*		Residential	High (Type I)	Y
4b*		Residential	High (Type I)	N
5		Office	Low (Type III)	Y
6*		Office	High (Type I)	Y
7a	2100 Telegraph Avenue and 495 22nd Street	Residential	Low (Type V)	Y
7b		Residential	Low (Type V)	N
8a*		Residential	High (Type I)	Y
8b*		Residential	High (Type I)	N
9		Residential -- Condo	Low (Type V)	Y

Source: City of Oakland, AECOM

* Indicates high-rise development / "a" indicates parking, "b" indicates no parking

** Scenario 1c represents a Chinatown development, with free land, and modular construction

2. Key Feasibility Findings

The development feasibility results support the findings of previous studies undertaken by the City of Oakland. The key findings of the current analysis include:

- **Under *today's* market conditions, new development in Oakland is difficult, yet becoming increasingly more feasible**— Of the sixteen evaluated scenarios, five currently break even (after developer profit). The five scenarios that are currently feasible include the four rental residential development scenarios on the Telegraph Avenue site, as well as the low-rise, parked residential scenario on the 19th Street site. The Telegraph Avenue scenarios received premium rental rates due to their location, with the 19th Street site evaluated with market-rate rates.
- **Despite current market challenges, rental residential developments are projected to become increasingly attractive** – While not all sites are currently feasible, attractive locations near a BART station and along accessible corridors show great promise for development as soon as next year (2014). Given current market assumptions, residential rental rates ranging from \$3.00 per square foot at sites commanding premium retail/commercial rates to \$3.30 per square foot in Chinatown (a 26 percent rate increase from current market conditions) would render the all the project scenarios feasible. Office lease rates would need to increase by up to 200 percent, to as much as \$49.00 per square foot, in order to make office projects feasible.

Given these primary findings, the following points review the differences among the development types:

- **Residential developments are more feasible than office developments** – Residential developments consistently perform better than commercial developments. For low-rise scenarios, the low-rise office building scenario is as infeasible as the least feasible residential site (13th Street high-rise scenario 2b), while the high-rise office building is more than 2 times less feasible than high-rise residential.
- **Feasible high-rise scenarios generate more revenue than low-rise, but low-rise scenarios are more readily feasible than high-rise** – While few of the developments are feasible, high-rise development's attractiveness depends on the rental rate tipping point. The Telegraph Avenue scenarios, which benefit from a 10 percent rental premium assumption, represent the tipping

point between low-rise and high-rise feasibility. For the four rental residential Telegraph sites, the high-rise buildings generate more than 30 percent additional revenue than the low-rise scenarios. For sites with rental revenue assumptions below this 10 percent premium assumption, low-rise buildings are much more feasible than high-rise. Despite the Telegraph Avenue site's high-rise feasibility, for all scenarios, low-rise residential scenarios generated an average of 30 percent more value per gross floor area (GFA) and per unit than the high-rise scenarios. This is primarily due to the significant increase in construction costs associated with the transition from low-rise (type V) to high-rise (type I) residential development.

- **Location matters** – Of the three sites evaluated, the Telegraph Avenue site, with its favorable lease and rental rates is far and away the most feasible.
- **Development contributions tied to high-rise development are becoming increasingly more viable as a significant as a potential source of income in strategic locations** – Based on the feasibility analysis, high-rise development on large sites in premium locations (ex. Telegraph Avenue) are increasingly demonstrating the ability to support a public amenity contribution, as they generate larger returns than their low-rise counterpoints. For the four feasible scenarios on the Telegraph Avenue site, potential developer contribution ranges from \$22 to \$27 per GSF. It is important to note, however, that this potential reflects ideal location and rental conditions. This is still not the case for less-central sites, such as 226 13th Street, near Chinatown, or for all high-rise or commercial buildings. For those sites, developers will need to be creative to finance development under current conditions. Additional costs in the form of developer contributions on the 13th Street and 19th Street sites placed on new development would likely further stall new construction in Downtown, as either rental rates will need to climb to justify new construction, alternative construction methods will need to be used, or the cost of land will need to be reduced.
- **Community benefit contributions can be small and incremental** – As most locations in Downtown Oakland remain infeasible for future development, requiring significant developer contribution for high-rise residential buildings will further incentivize low-rise development. Rather, if rental housing continues to escalate above the rate of construction costs, the City could consider smaller developer contributions from across all residential projects, but below 3% of total development costs. As currently evaluated, the five feasible projects generate an average of 6 percent of development costs for possible contribution. However, it is not advised

to set community benefit requirements on the exception, as it will ultimately undermine typical development projects that do not have the specific advantages of a single site/location.

- **Community benefit contributions should not be considered for commercial development.**
Under prevailing market conditions, private office development leasing levels are well below development costs. Additional costs placed on commercial development would only further delay new commercial construction and continue a market interest to build residential over commercial uses.
- **Consider a development fee program over a density bonus program.** The development feasibility analysis found that market forces already drive developers to low-rise development as wood frame construction (i.e. one story of concrete podium with five stories of wood-frame residential) is more profitable per dollar of investment and has lower capital risks. Additional costs placed specifically on high-rise development may further incentivize developers to build at lower densities, which, in turn could limit proceeds for community benefit. A development fee can be charged to all residential development regardless of height. It would neither incentivize low- or high-rise development but would set a reasonable nexus of developments' impact on community infrastructure, which the developer would offset through a predefined development impact fee.
- **Chinatown development is difficult even under ideal situation -** A test scenario (1c) was evaluated to understand the potential feasibility of a Chinatown site in which the land is provided free of charge, by a public entity or other agency, and the development relies on modular construction, resulting in residential construction cost savings of up to 15 percent. Even under these favorable conditions, scenario 1c is not *currently* feasible.

It is important to note that while the feasibility study demonstrates the challenges of new development, in the past few months there has been a growing amount of renovation and repurposing of existing buildings. This study does not review the feasibility of these types of projects, which can often pave the way for a more successful development atmosphere.

COMPARISON OF KEY FINDINGS TO PREVIOUS REPORTS

In December of 2012, Strategic Economics completed a separate development feasibility study for the Lake Merritt Station Area Plan Area, entitled the *Lake Merritt Station Area Plan Community Benefits Analysis*. The Strategic Economics memorandum summarized some key findings, which continue to be very much in line with the findings presented in this report. The key findings of the Strategic Economics analysis include:

Table 2. Comparison of Findings with Previous Report

<i>Lake Merritt Station Area Plan Community Benefits Analysis (December 2012)</i>	Downtown Oakland Development Feasibility Study (October 2013)
<i>Under current market conditions, none of the development scenarios tested are financially feasible</i>	Because the analysis was performed just shy of a year ago, the increase in rental revenue since that point has adjusted feasibility upwards, rendering just under half of the rental residential sites feasible.
<i>Lower parking ratios may or may not improve development feasibility</i>	This study reaches the same conclusion (see p.54)
<i>The smaller parcels in the planning area will be more challenging to develop than larger sites of 1 to 2 acres.</i>	The sites evaluated in this study range from 1.3 to 2.2 acres. No sites less than 1 acre were evaluated. However, it is generally understood that smaller sites can pose significant design challenges, which increase development costs and reduce expected revenue.
<i>Significant increases in rents will be required for residential development to occur in the Plan Area.</i>	The rental rates evaluated in the Strategic Economics Lake Merritt Analysis range from \$2.03 to \$2.50 per square foot, significantly lower than the \$2.60 to \$3.20 rates reviewed in this analysis. The rates evaluated in this report reflect a portion of the increase needed to support new development. The analysis demonstrates that the required rates are within the range presented in the Lake Merritt Analysis (\$3.00-\$3.35 compared to \$2.87 to \$3.73)
<i>Low-rise wood frame construction will be the first building type to become feasible, likely followed by high-rise concrete and steel construction.</i>	This study reaches the same conclusion (see p. 4)
<i>The majority of development in the Lake Merritt Station Area over the next two decades will be low-rise rather than mid-rise or high-rise.</i>	This study reviewed the entire Downtown area rather than the Lake Merritt Station Area, but did conclude that while low-rise is currently more feasible on less premium sites, the scale is slowly tipping to make high-rise development more attractive.

Source: AECOM; "Lake Merritt Station Area Plan Community Benefits Analysis," Strategic Economics, December 2012.

3. Site Scenarios

In coordination with the City, AECOM has developed 16 site scenarios for evaluation. The scenarios vary by site, building use, and height, in order to tease out development differences between the variations.

DEVELOPMENT SCENARIO FACTORS

Five varying development factors were considered in across scenarios:

1. Sites – three sites were used
2. Building uses – two mixed-use building types were applied
3. Building height – low-rise and high-rise developments were evaluated
4. Parking ratios – two parking ratios were applied to residential buildings
5. Rental vs. ownership – two leasing/ownership structures were explored

SITES

As part of the study, the City identified three specific site locations within Downtown Oakland. The sites were chosen for their distribution throughout Downtown Oakland's Priority Development Area (PDA). Each of the three sites currently hosts a parking lot or parking garage, and is otherwise empty and represents a realistic development opportunity. The sites include:

1. 226 13th Street
2. 301 19th Street
3. 2100 Telegraph Avenue and 495 22nd Street

Figure 2. Site Locations, Downtown Oakland, California

All Sites , Downtown Oakland

226 13th Street301 19th Street2100 Telegraph Avenue and 495 22nd Street

Source: AECOM

BUILDING USES

On the three sites, two building use mixes will be considered:

1. Mixed use – Retail / Rental Residential
2. Mixed use – Retail / Office

Figure 3. Low-Rise Mixed Use Development

Source: AECOM (Tetsuya Yaguchi)

BUILDING HEIGHTS

Additionally, because of findings from previous studies, particularly Strategic Economics' Lake Merritt Station Area Plan Community Benefits Analysis, completed in December 2012, only low and high rise buildings are considered. Mid-range buildings around 8 stories were identified as currently unfeasible in the Strategic Economics report.² The following building heights are considered, allowing for type V wood-frame, low-rise residential buildings, type III low-rise office buildings, and type I construction-concrete frame, high-rise buildings. The four building heights reviewed are:

1. +/-65' (residential low-rise) – ranges from 50' to 75'
2. +/-85' (office low-rise) – ranges from 40' to 85'
3. +/-175' (residential high-rise)
4. +/-240' (residential and office high-rise) – ranges from 240' to 270'

Figure 4. High-Rise Mixed Use Development (left) and Low-Rise Mixed Use Development (right)



Source: AECOM (Tetsuya Yaguchi)

² Mid-rise 8-story projects are significantly more expensive to build as building type and materials change, but the development receives insufficient incremental revenue to justify the change in building cost.

PARKING RATIOS

Evaluating multiple parking scenarios is essential to this analysis due to the varied responses of stakeholders to the necessity of parking as a development component. While most of the developers who were interviewed for this report indicated that they would be hesitant to develop a property without adequate parking, particularly in areas that are less BART-accessible, the City of Oakland has also indicated that their staff has had recent conversations expressing the opposite – that the burden of developing parking on-site limits development potential. Evaluating two parking ratios also provides this analysis support for whether changes in required parking ratios can encourage development and increase feasibility.

In order to evaluate both development options, two parking ratio scenarios have been developed for each of the rental residential scenarios: a) one parking space per unit (1:1), and b) zero parking spaces per unit (0:1).

For the residential units with no parking, the ground floor is built out as live/work lofts.

Figure 5. Low-Rise Live/Work Residential Development



Source: AECOM (Tetsuya Yaguchi)

RENTAL VS. OWNERSHIP

While previous market studies have indicated that the residential ownership market is currently not a viable one, there is increasing evidence that developers are revisiting ownership properties. The San Francisco Business Times recently published an article identifying four projects in Oakland that are currently selling new condominiums during the summer of 2013: two near Jack London Square, and two in Uptown Oakland, north of West Grand Avenue.³ Aside from these projects, however, there are few other condo buildings on the market in Oakland. Given the upswing in the San Francisco real estate market, the City of Oakland asked that one property on Telegraph Avenue be evaluated as an ownership scenario. Aside from the one Telegraph scenario, the rest of the residential development scenarios are all rental properties.

DEVELOPMENT SCENARIOS

Table 3 summarizes the 15 development scenarios identified for review. While this study is primarily reviewing rental residential, AECOM has included two additional sites (4a and 8b), which provide more typical condominium parking ratios for comparison.

The following figures present conceptual designs and layouts for each of the 15 proposed scenario variations on the three opportunity sites.⁴ The building designs adhere to existing planning codes and restrictions. In addition to conceptual building floor plans and sections, massing diagrams representing the buildings on site are included to provide context and an understanding of how the types of development being proposed

³ "Bridgewater Condos Hit the Market." San Francisco Business Times. 27.51 (July 12, 2013): 10.

⁴ Scenario 9 (condo) is a duplicate of scenario 7a, in terms of site, building use, height, and parking ratio. Scenario 9 only varies in terms of financing and feasibility analysis, and thus is not presented as a separate diagram.

compares to the existing neighborhoods. AECOM focused the retail on specific retail corridors rather than wrap the entire building in retail frontage. This is in response to the developer interviews which cautioned that 100 percent ground floor retail would drain the economic feasibility of the project.

It is also important to note that the proposed development scenarios are hypothetical. While they have been vetted with the City and with the real estate development community, any future development would be expected to follow current zoning and development standards, or design guidelines, which are subject to change.

Table 3. Development Scenarios Summary

Scenario	Site	Mixed Use (Retail / &)	Total Site Area (Sq. Ft.)	Base Building Height (Ft.)	Tower Height (Ft.)	Total Uses (GFA)				Total Live/Work Units	Total Residential Units	Residential or Office Parking Ratio	Total Parking Spaces
						Retail (Sq. Ft.)	Office (Sq. Ft.)	Live / Work (Sq. Ft.)	Residential (Sq. Ft.)				
1a	226 13th Street	Residential	59,727	70	0	18,500	0	0	203,300	0	200	1.0	199
1b		Residential	59,727	70	0	15,300	0	26,600	217,900	17	214	0.0	0
1c**			59,727	70	0	18,500	0	0	203,300	0	200	1.0	199
2a*		Residential	59,727	50	270	18,500	0	0	368,700	0	365	1.1	397
2b*		Residential	59,727	50	270	8,000	0	29,800	436,200	19	431	0.0	0
3a	301 19th Street	Residential	57,935	70	0	14,200	0	0	184,100	0	175	1.0	183
3b		Residential	57,935	70	0	15,400	0	16,700	220,000	11	211	0.0	0
4a*		Residential	57,935	75	175	14,300	0	0	254,800	0	246	1.0	253
4b*		Residential	57,935	75	175	20,300	0	6,000	263,900	4	257	0.0	0
5		Office	57,935	85	0	11,000	145,900	0	0	0	0	N/A	86
6*		Office	57,935	40	240	10,600	387,100	0	0	0	0	N/A	196
7a	2100 Telegraph Avenue and 495 22nd Street	Residential	93,334	70	0	12,700	0	11,300	326,900	7	323	1.0	337
7b		Residential	93,334	70	0	16,200	0	40,000	330,900	26	323	0.0	0
8a*		Residential	93,334	75	175	19,000	0	0	456,000	0	446	1.0	465
8b*		Residential	93,334	75	175	20,300	0	33,700	488,100	22	479	0.0	0
9		Residential - Condo	93,334	70	0	12,700	0	11,300	326,900	7	323	1.0	337

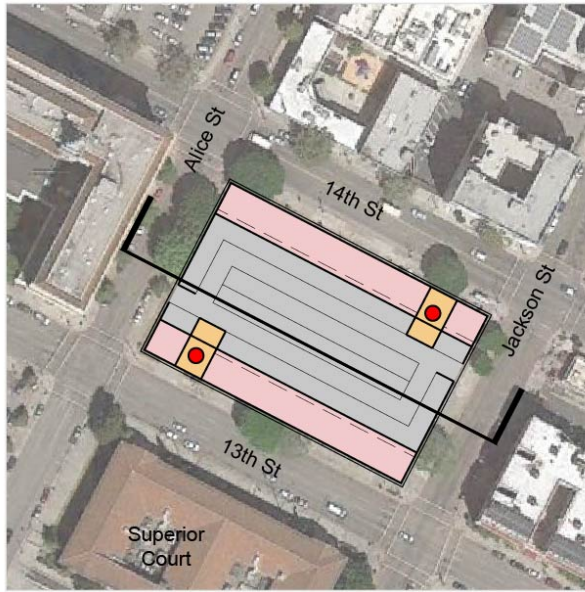
Source: City of Oakland, AECOM

* Indicates high-rise development / "a" indicates parking, "b" indicates no parking

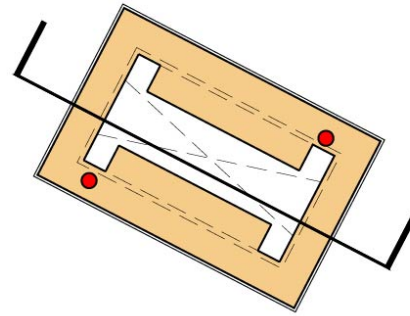
** Scenario 1c represents a Chinatown development, with free land, and modular construction – representing a 15% savings in construction costs

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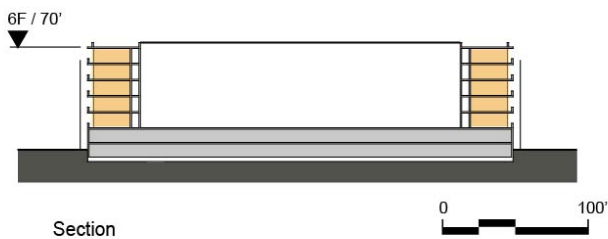
Figure 6. Scenarios 1a and 1c (Mixed Use Residential with Parking, +/-65')



Site Plan / Ground Floor Plan



Podium Plan



Section

Legend

● Elevator Core

Development Summary

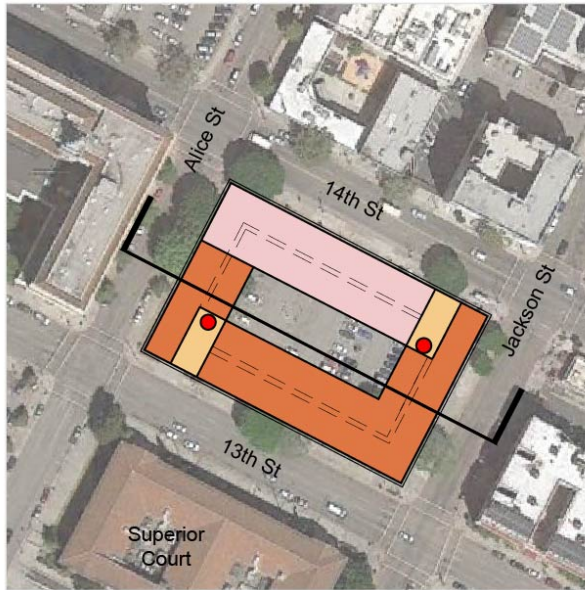
Retail	18,500 sf
Residential	203,300 sf (200 units)
Parking	69,600 sf (199 spaces)

Figure 7. Scenario 1a In Situ (Mixed Use Residential with Parking, +/-65')

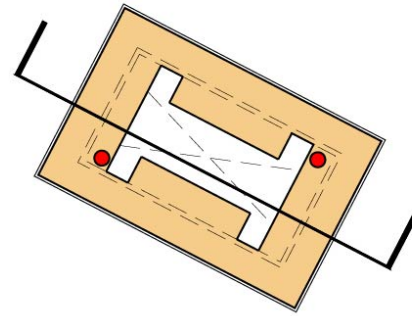


Source: AECOM

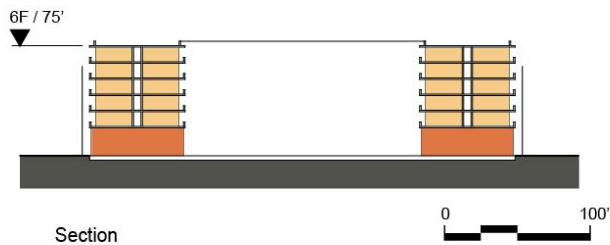
Figure 8. Scenario 1b (Mixed Use Residential without Parking, +/-65')



Site Plan / Ground Floor Plan



Podium Plan



Section



Legend

● Elevator Core

Development Summary

Retail	15,300 sf
Live Work	26,600 sf
Residential	217,900 sf (214 units)

Figure 9. Scenario 1b In Situ (Mixed Use Residential without Parking, +/-65')



Source: AECOM

Figure 10. Scenario 2a (Mixed Use Residential with Parking, +/-240')

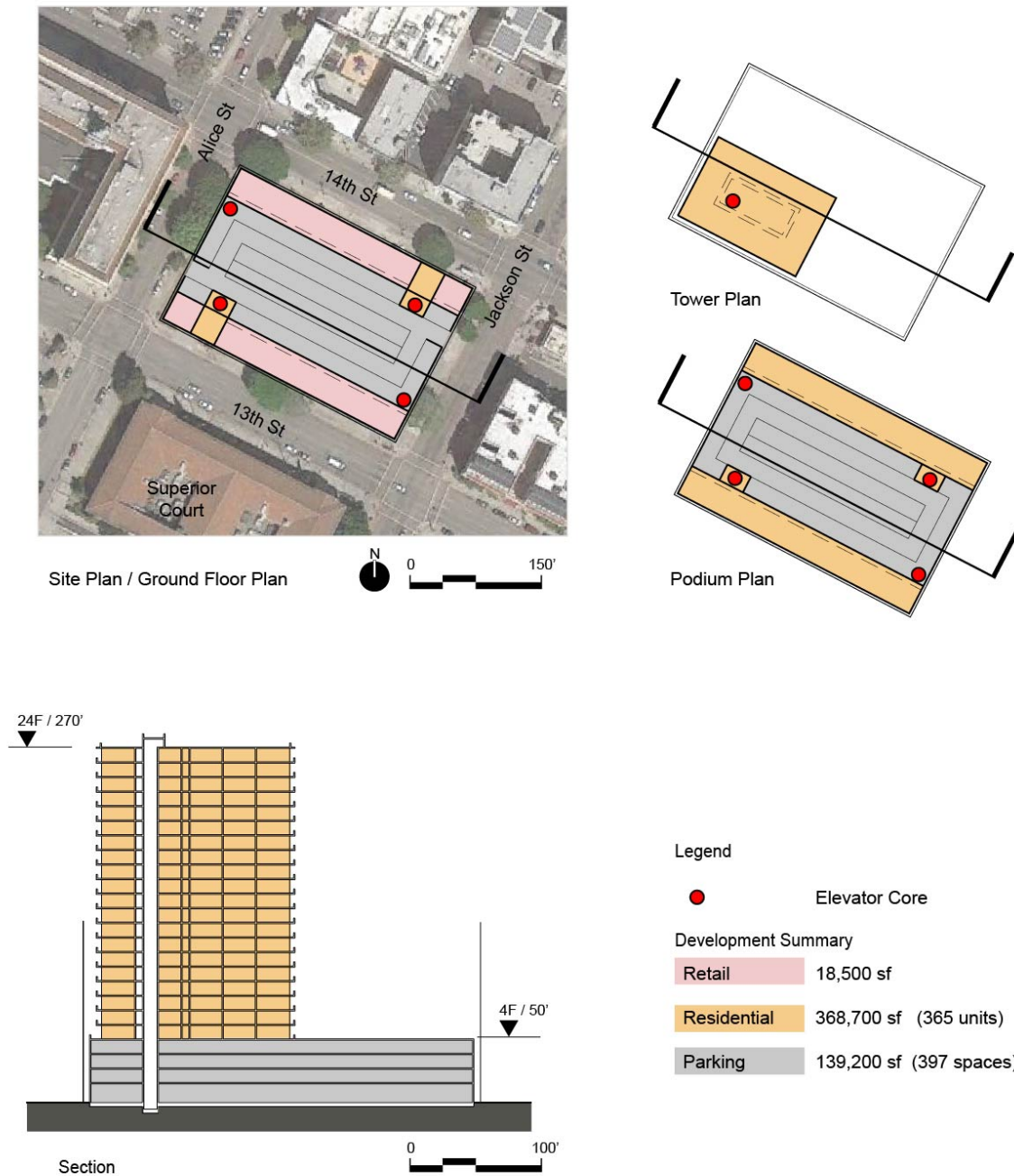
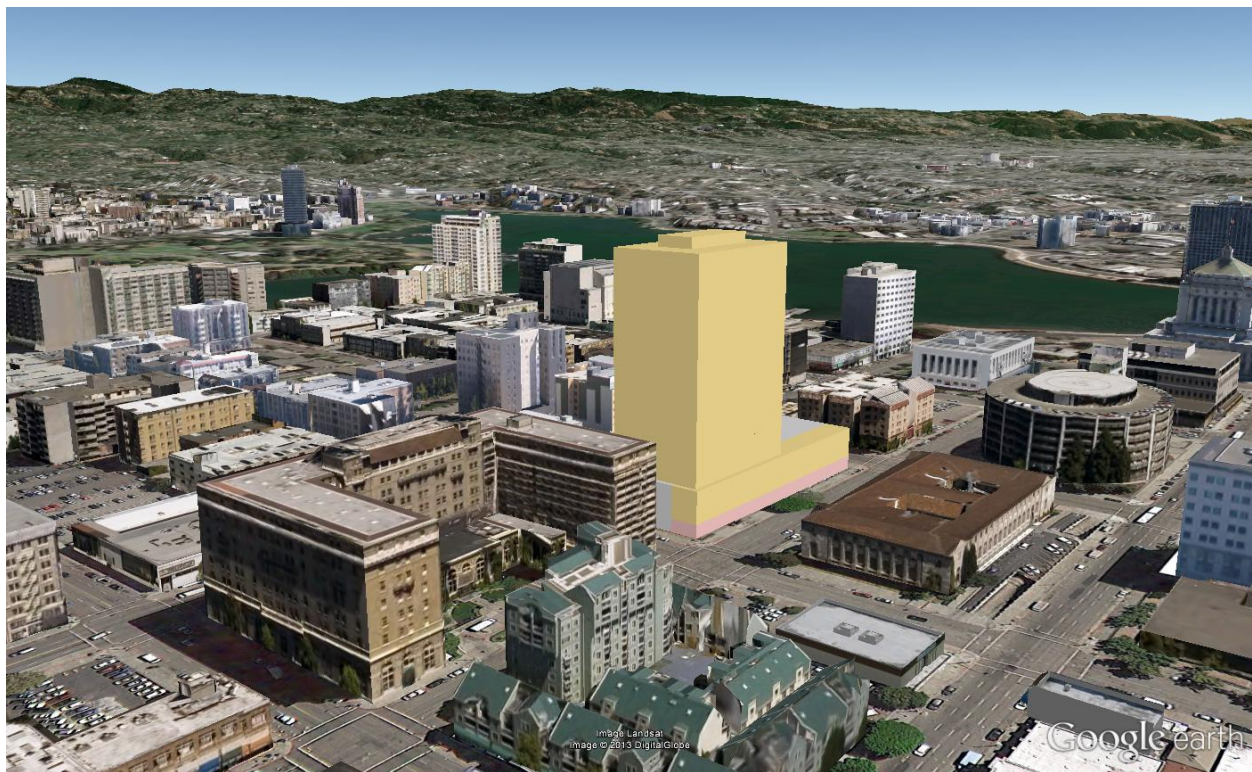


Figure 11. Scenario 2a In Situ (Mixed Use Residential with Parking, +/-240')



Source: AECOM

Figure 12. Scenario 2b (Mixed Use Residential without Parking, +/-240')

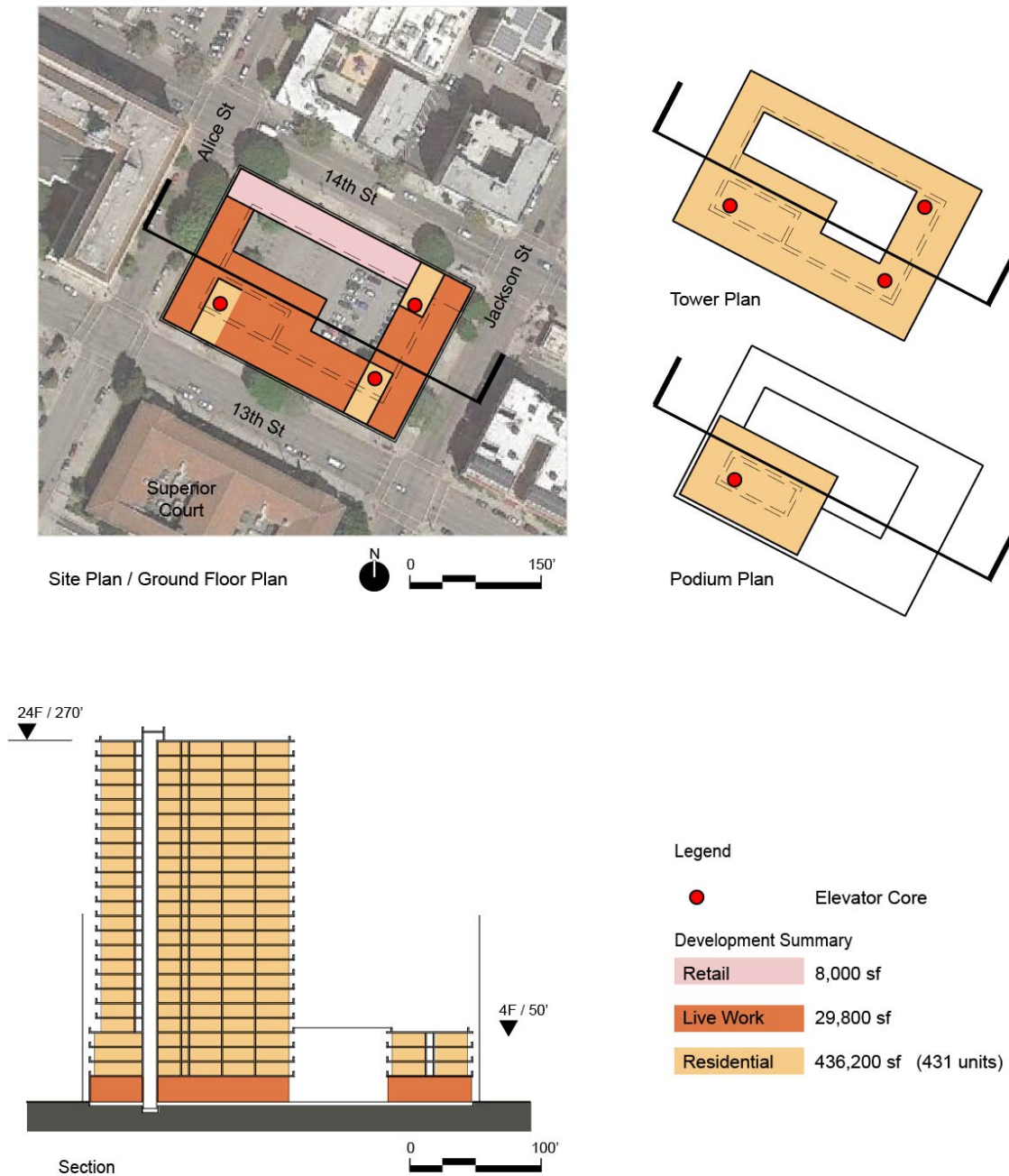
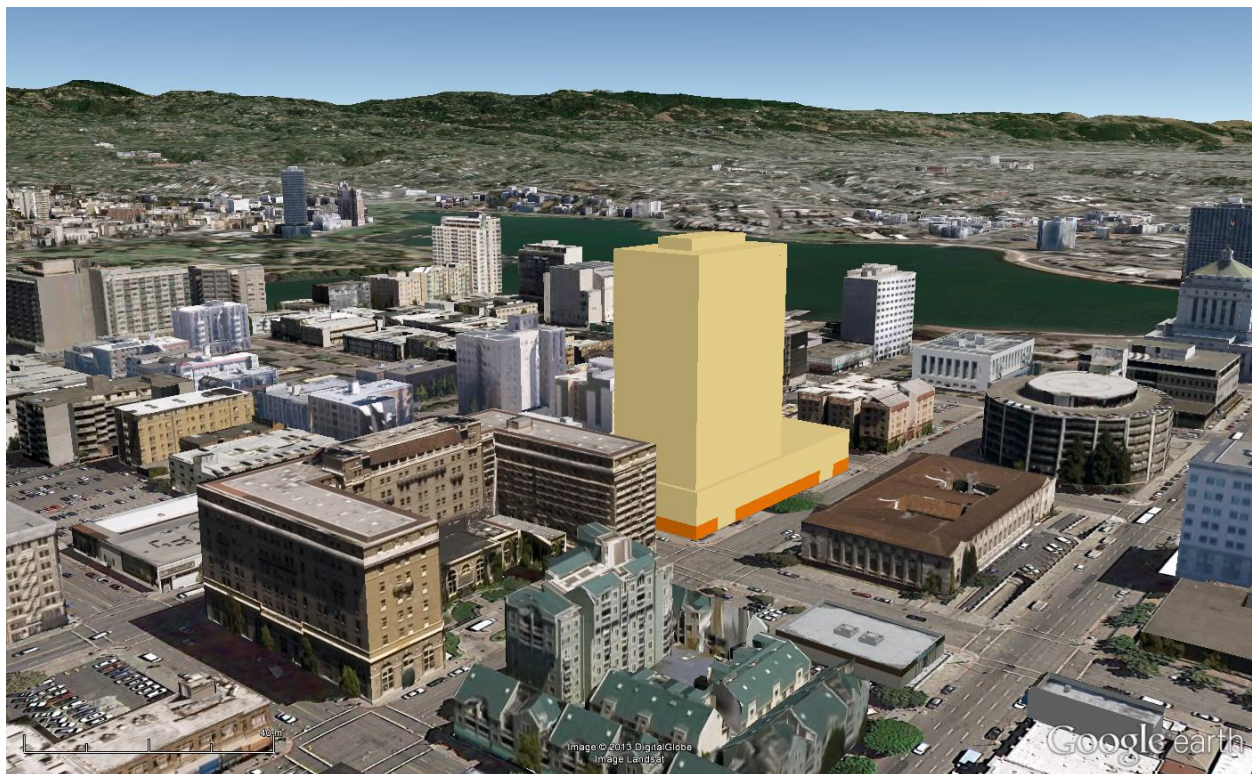
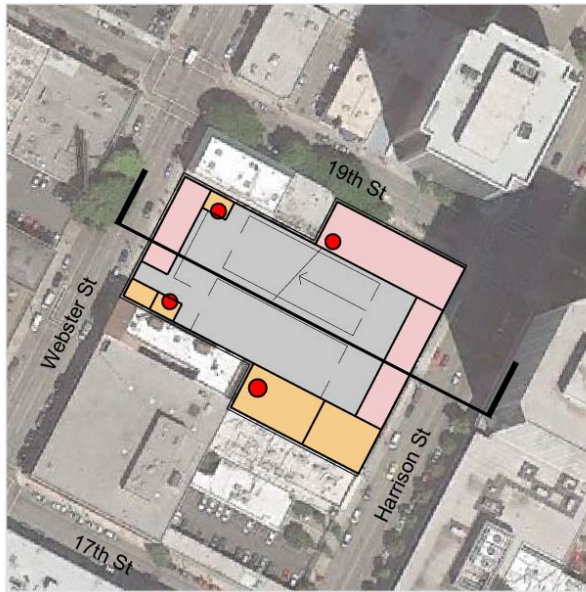


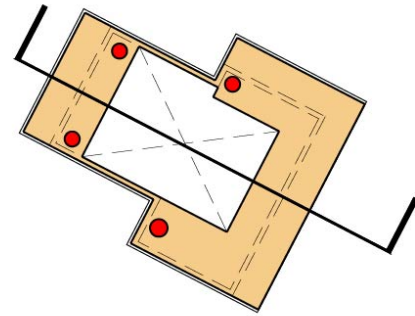
Figure 13. Scenario 2b In Situ (Mixed Use Residential without Parking, +/-240')



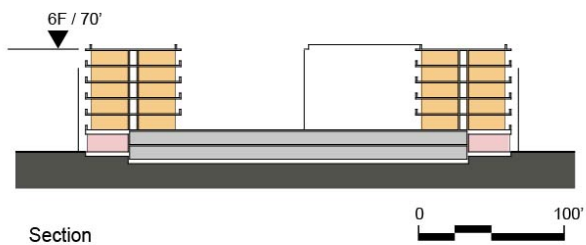
Source: AECOM

Figure 14. Scenario 3a (Mixed Use Residential with Parking, +/-65')

Site Plan / Ground Floor Plan



Podium Plan



Section

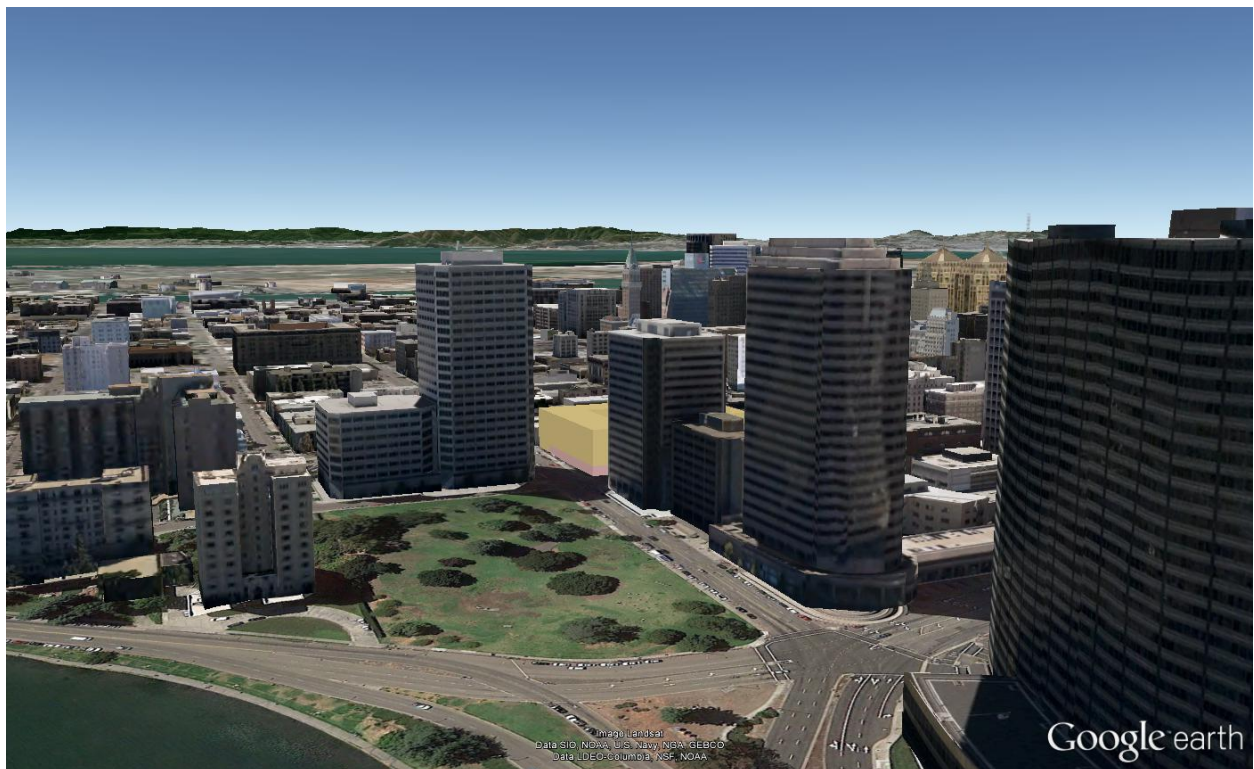
Legend

● Elevator Core

Development Summary

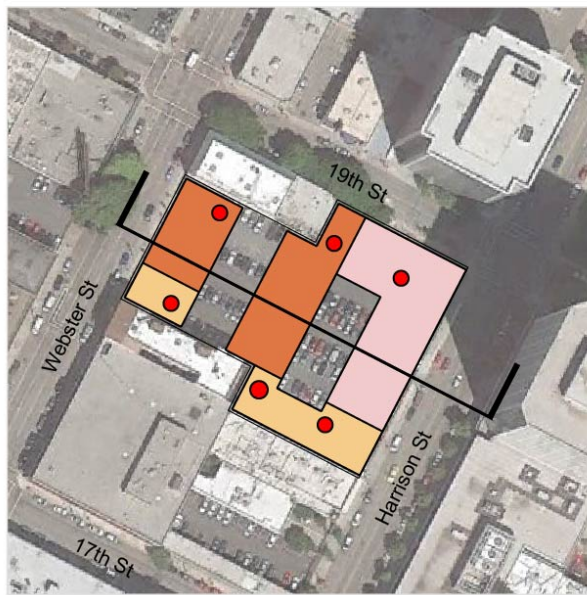
Retail	14,200 sf
Residential	184,100 sf (175 units)
Parking	64,000 sf (183 spaces)

Figure 15. Scenario 3a In Situ (Mixed Use Residential with Parking, +/-65')

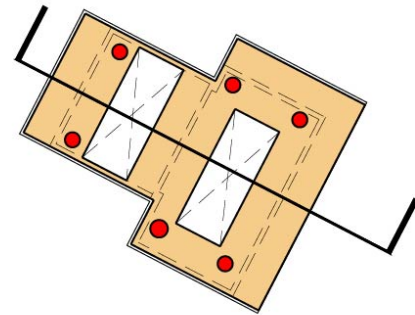


Source: AECOM

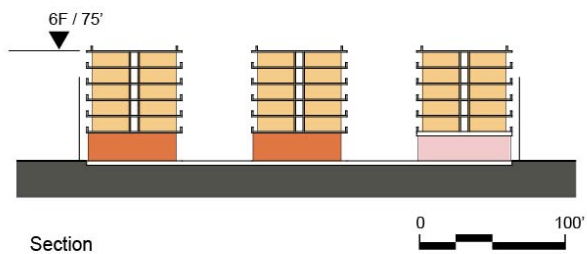
Figure 16. Scenario 3b (Mixed Use Residential without Parking, +/-65')



Site Plan / Ground Floor Plan



Podium Plan



Section

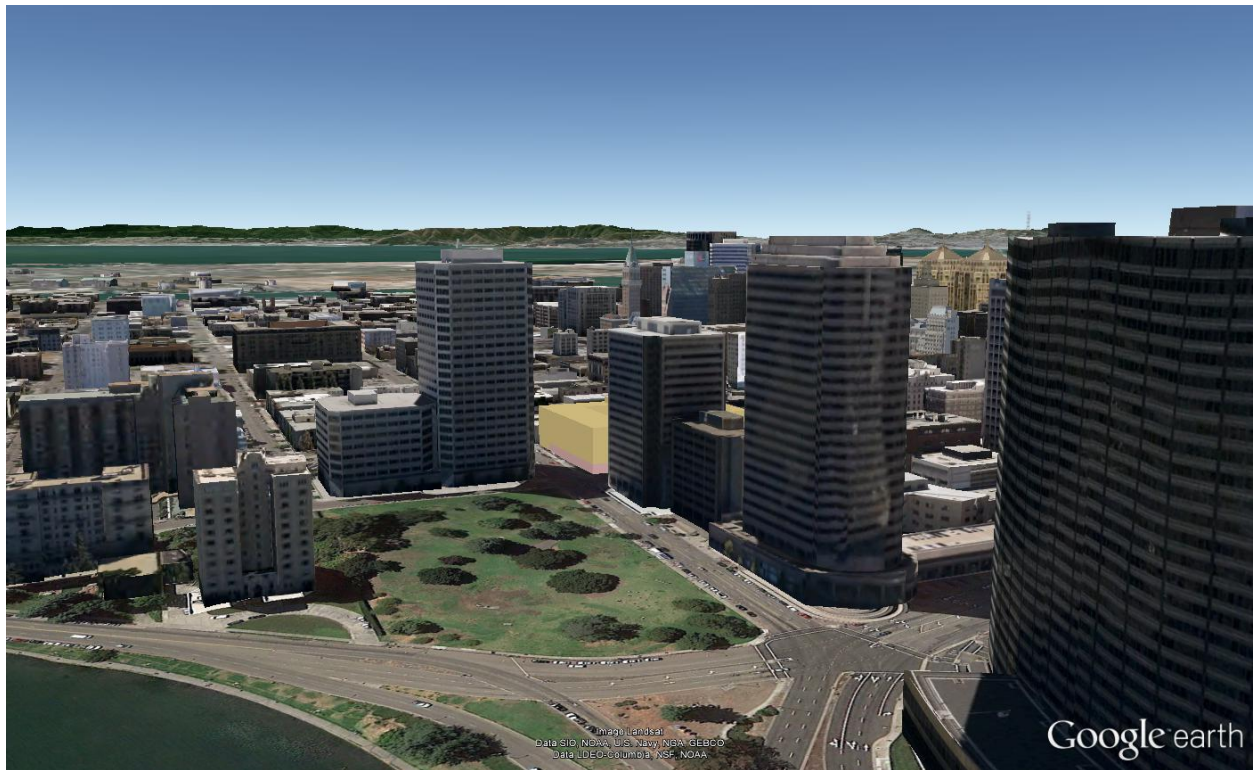
Legend

● Elevator Core

Development Summary

Retail	15,400 sf
Live Work	16,700 SF
Residential	220,000 sf (211 units)

Figure 17. Scenario 3b In Situ (Mixed Use Residential without Parking, +/-65')



Source: AECOM

Figure 18. Scenario 4a (Mixed Use Residential with Parking, +/-175')

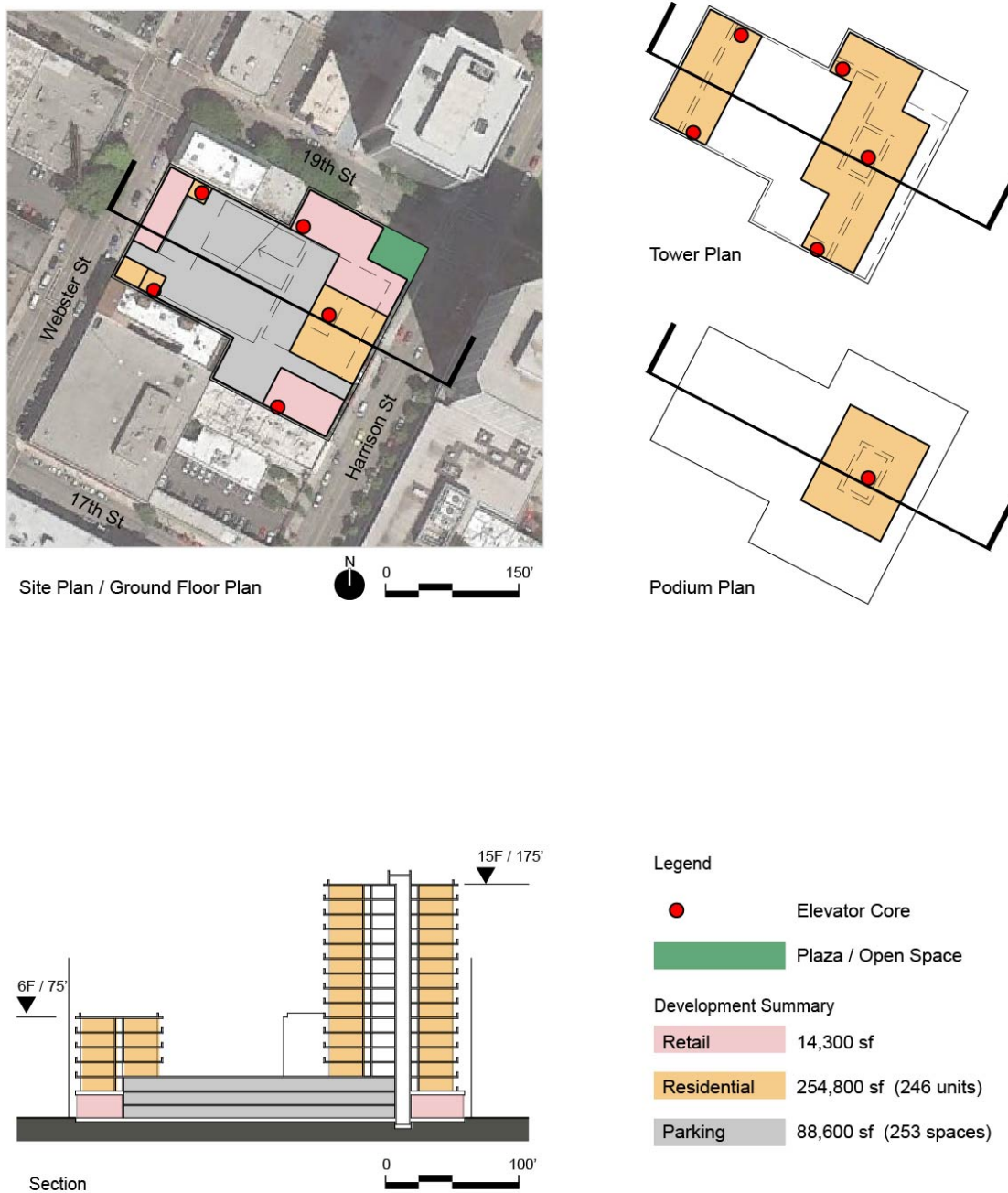


Figure 19. Scenario 4a In Situ (Mixed Use Residential with Parking, +/-175')

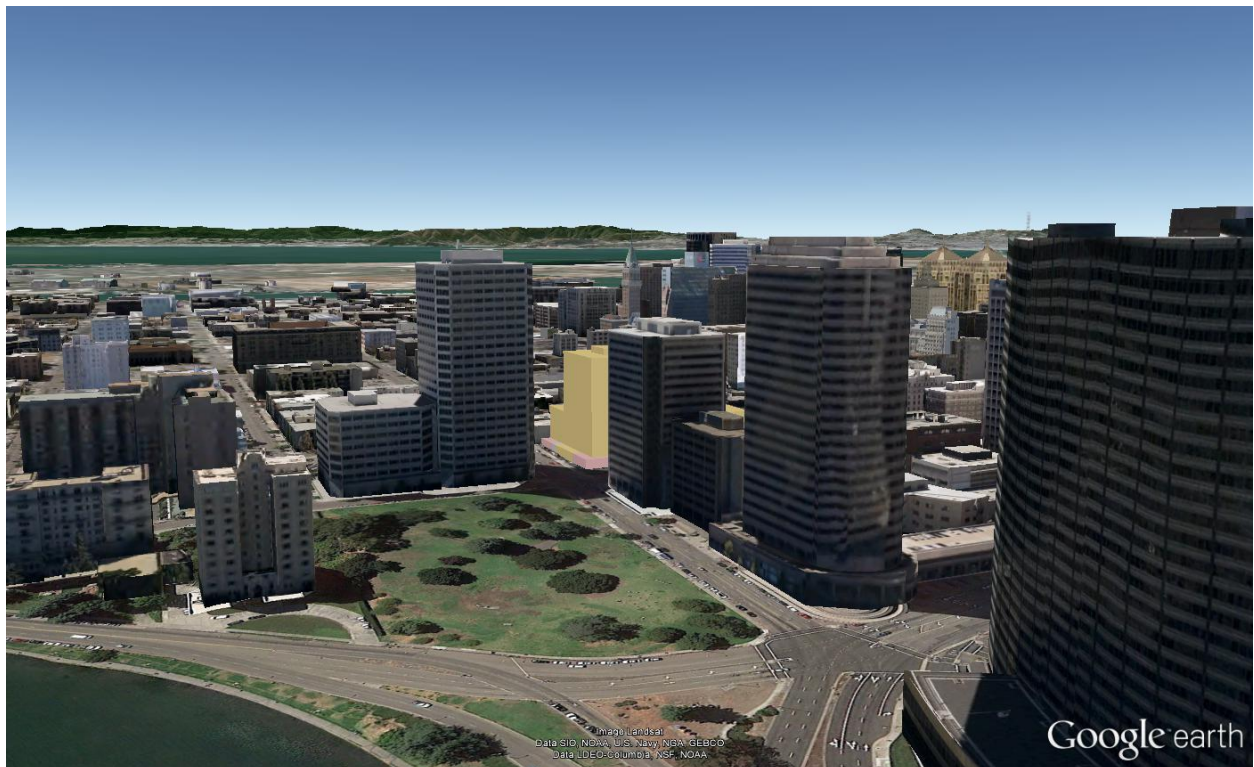


Figure 20. Scenario 4b (Mixed Use Residential without Parking, +/-175')

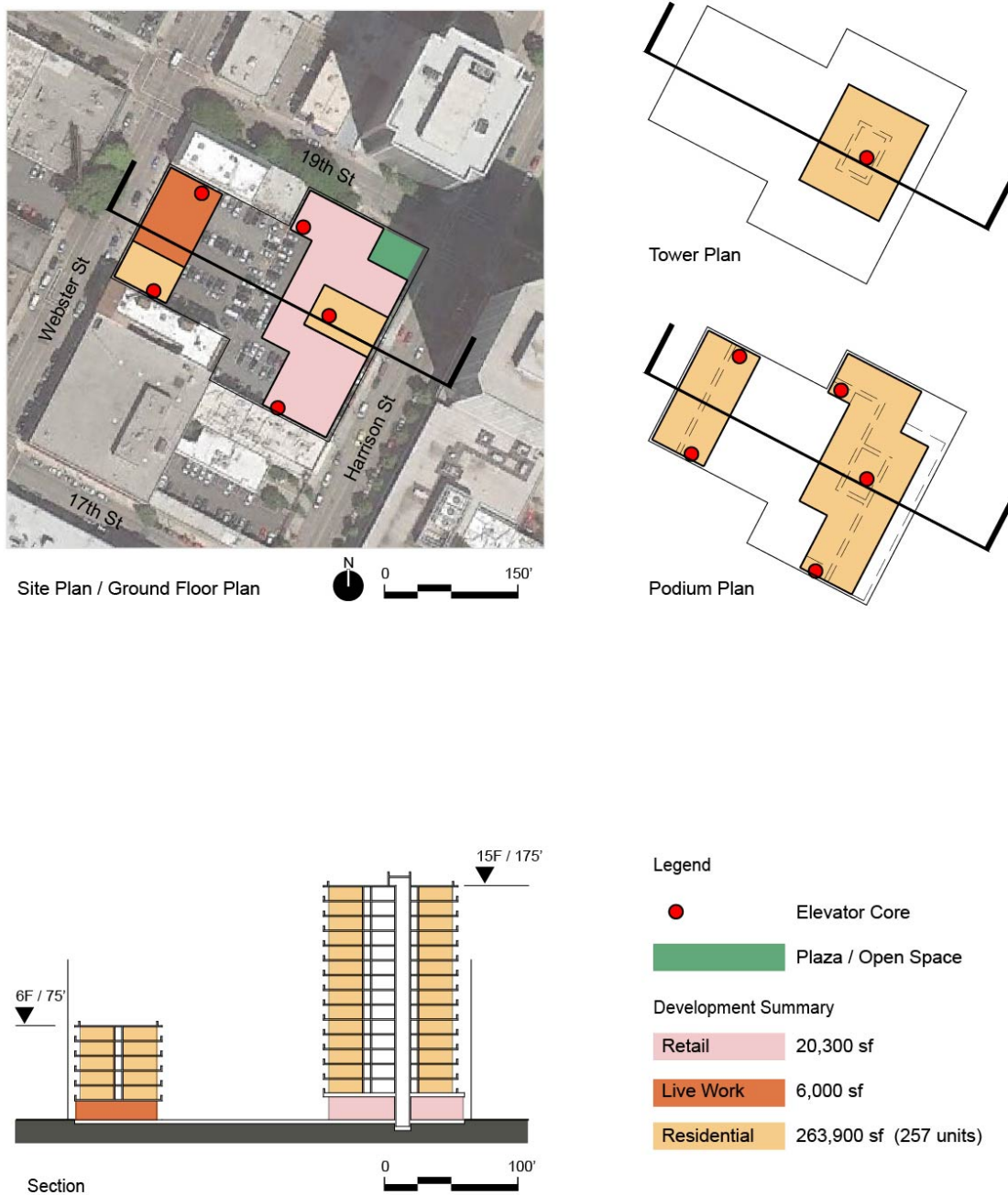
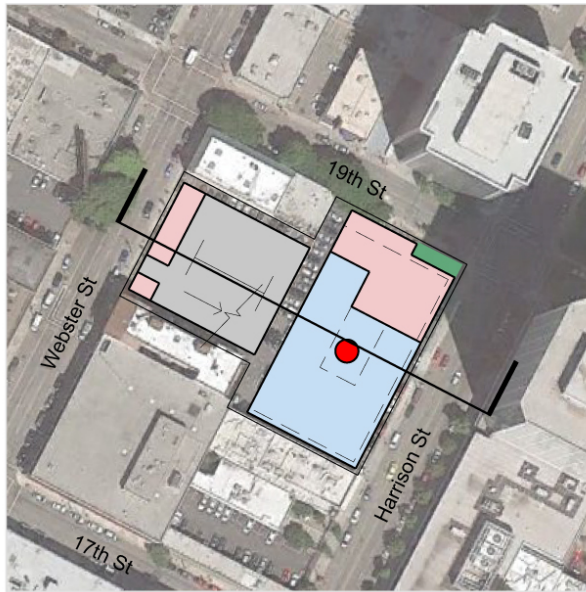


Figure 21. Scenario 4b In Situ (Mixed Use Residential without Parking, +/-175')

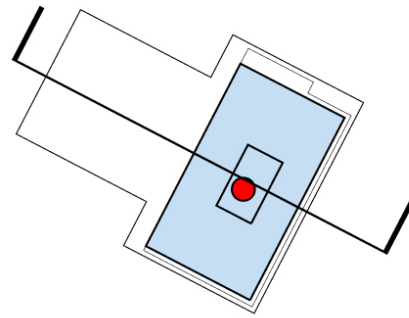


Source: AECOM

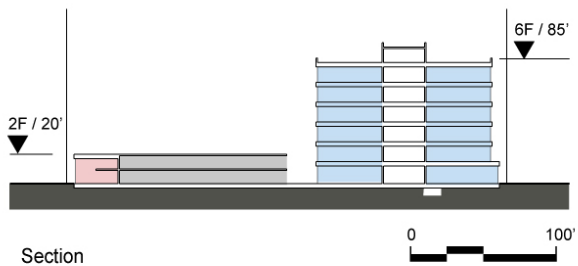
Figure 22. Scenario 5 (Mixed Use Office, +/-85')



Site Plan / Ground Floor Plan



Podium Plan



Section

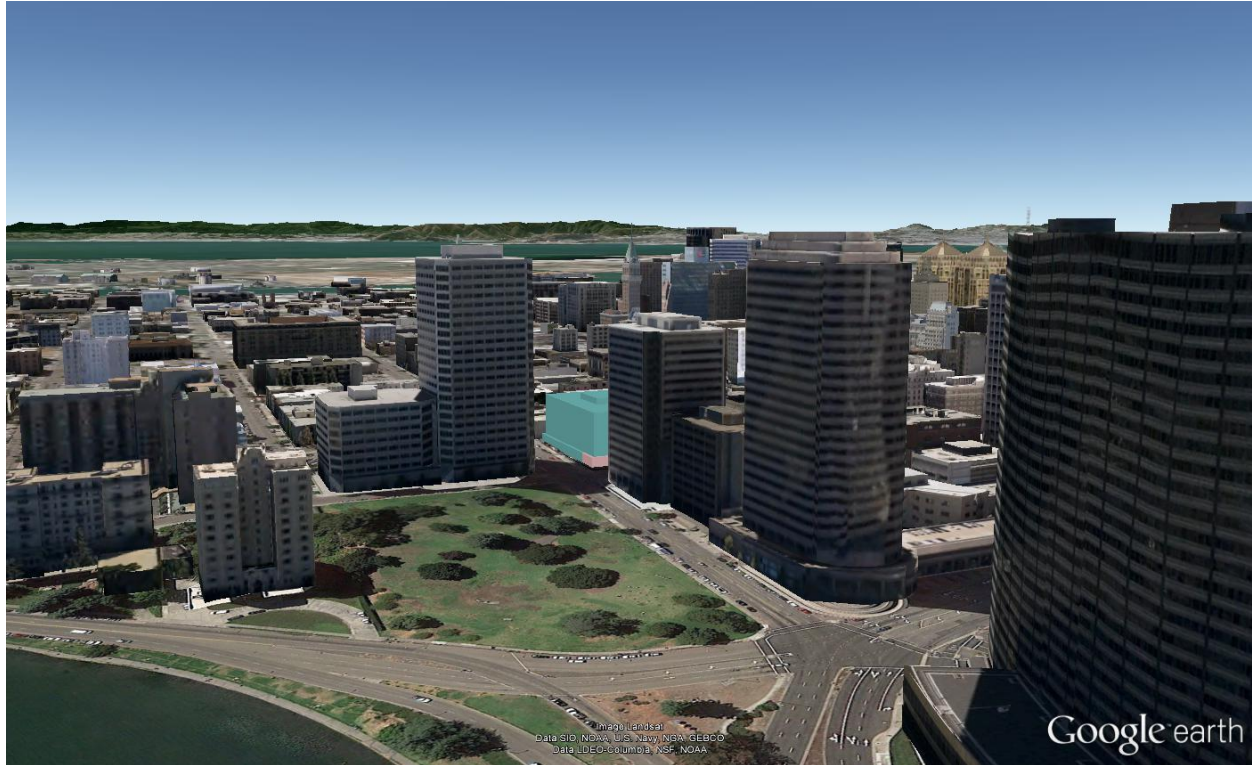
Legend

- Elevator Core
- Plaza / Open Space

Development Summary

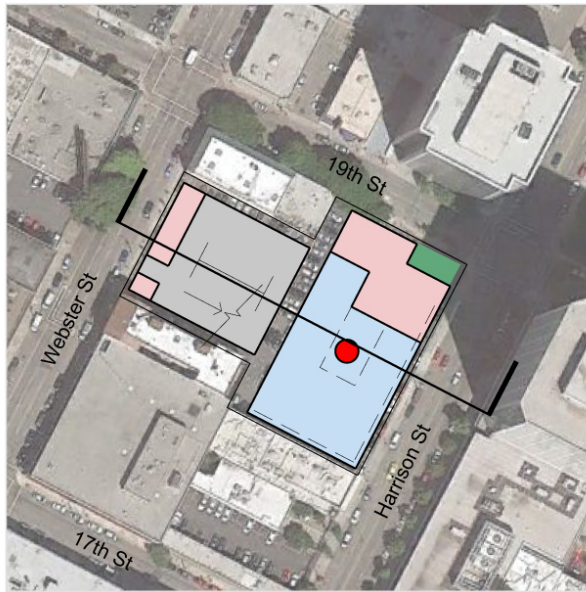
	Retail	11,000 sf
	Office	145,900 sf
	Parking	30,400 sf (86 spaces)

Figure 23. Scenario 5 In Situ (Mixed Use Office, +/-85')

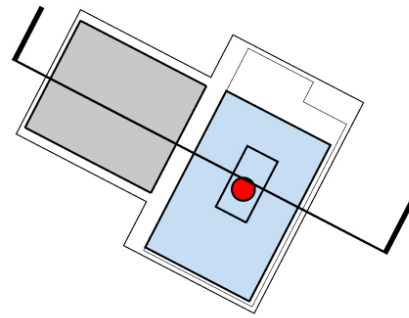


Source: AECOM

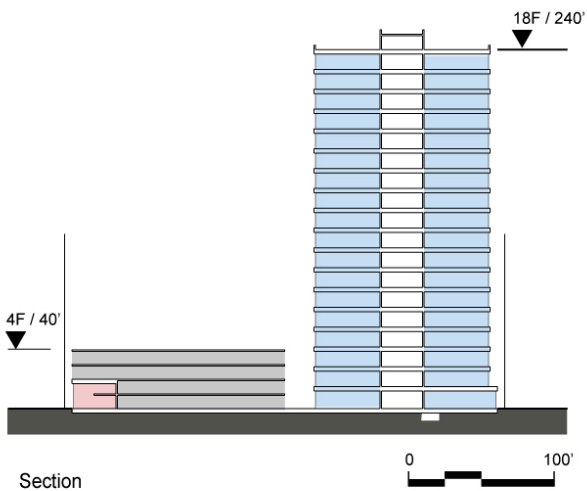
Figure 24. Scenario 6 (Mixed Use Office, +/-240')



Site Plan / Ground Floor Plan



Parking Deck and Tower Plan



Section

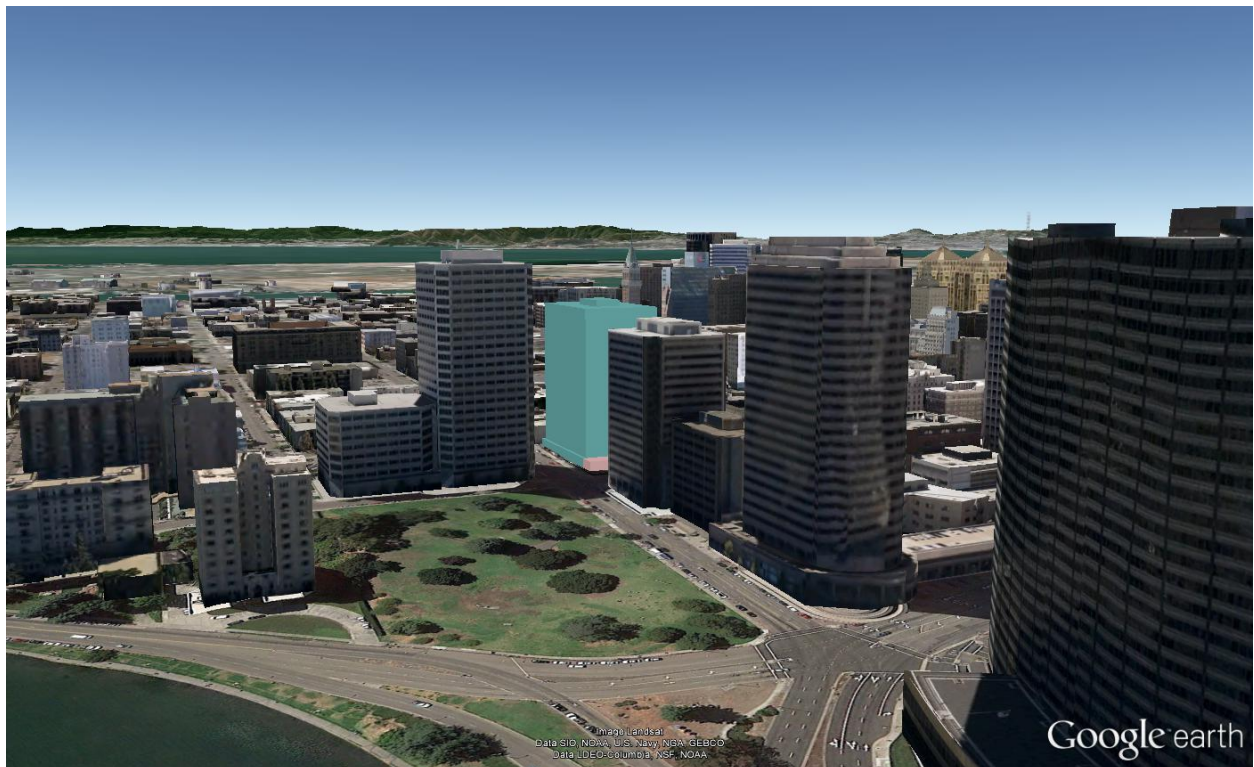
Legend

- Elevator Core
- Plaza / Open Space

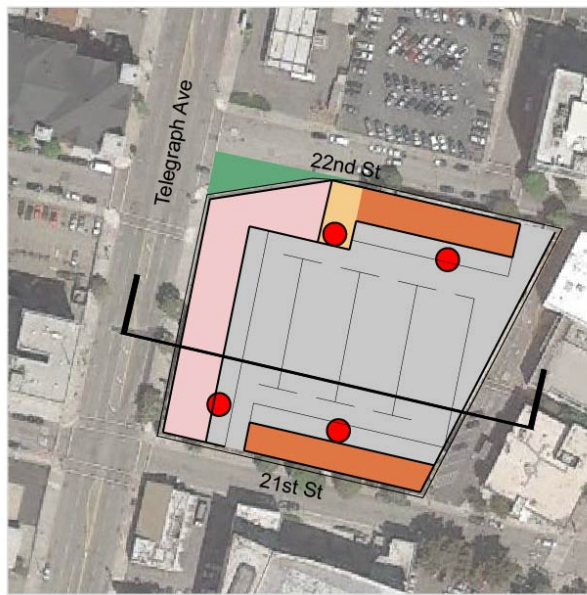
Development Summary

	Retail	10,600 sf
	Office	387,100 sf
	Parking	68,600 sf (196 spaces)

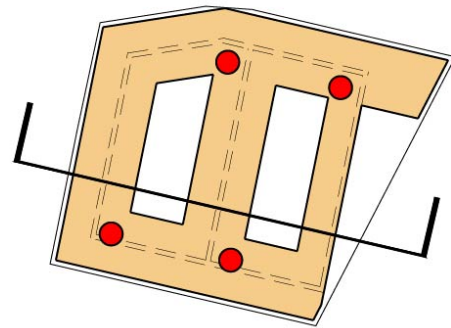
Figure 25. Scenario 6 In Situ (Mixed Use Office, +/-240')



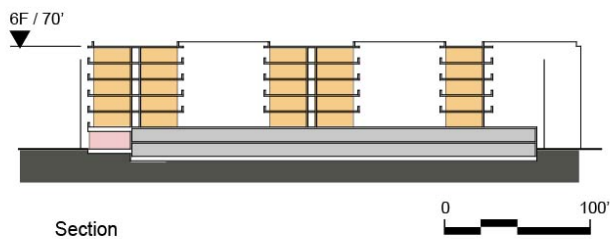
Source: AECOM

Figure 26. Scenario 7a (Mixed Use Residential with Parking, +/-65')

Site Plan / Ground Floor Plan



Podium Plan



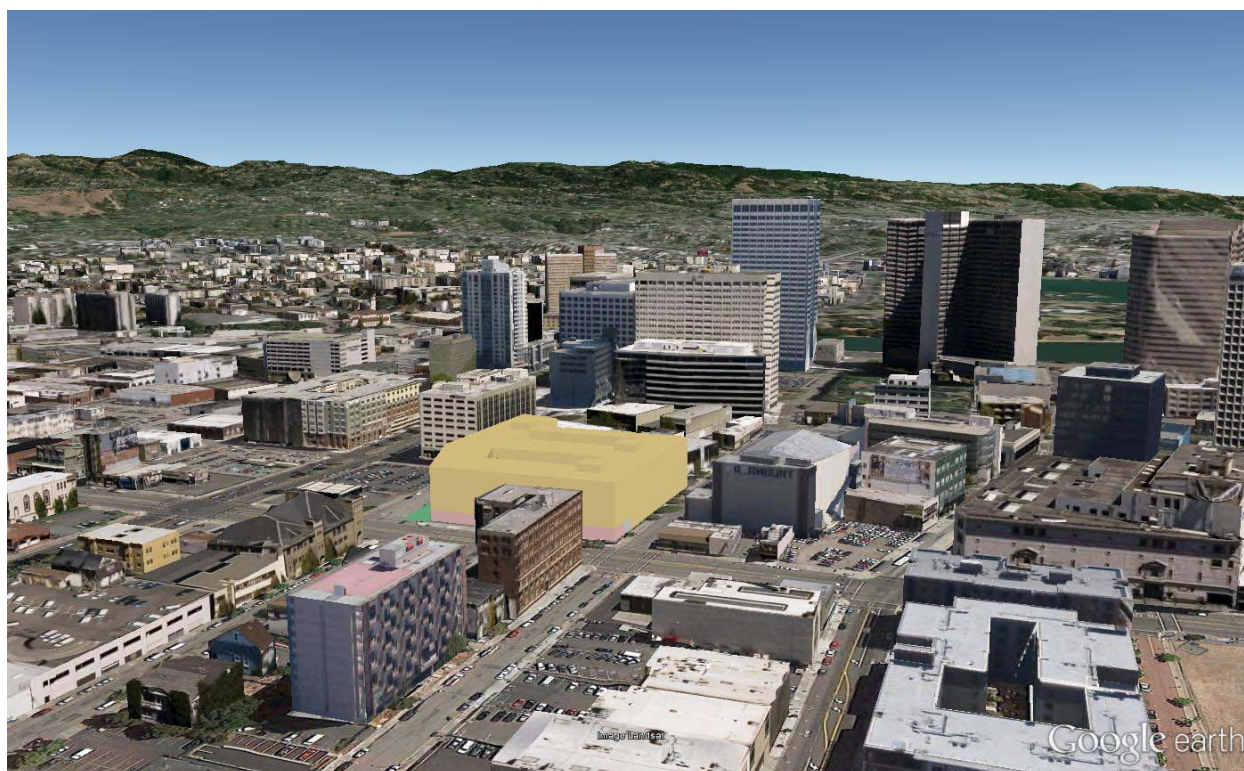
Section

Legend

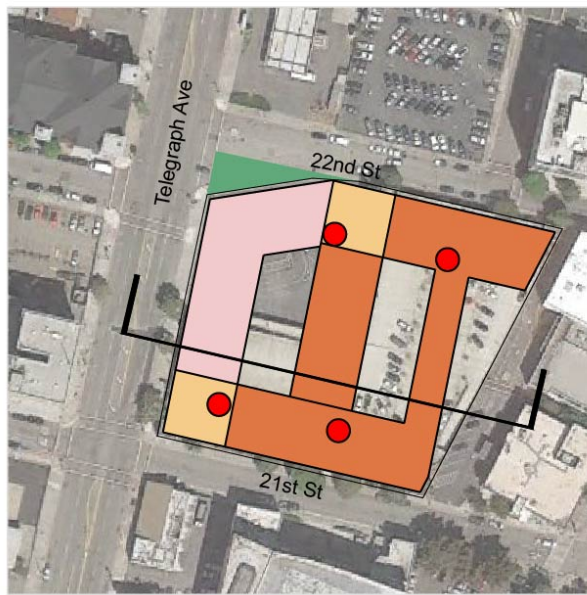
- Elevator Core
- Plaza / Open Space

Development Summary

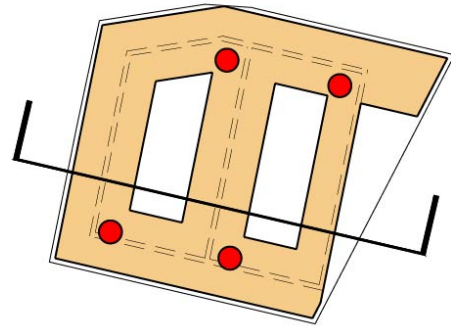
 Retail	12,700 sf
 Live Work	11,300 sf
 Residential	326,900 sf (323 units)
 Parking	114,600 sf (337 spaces)



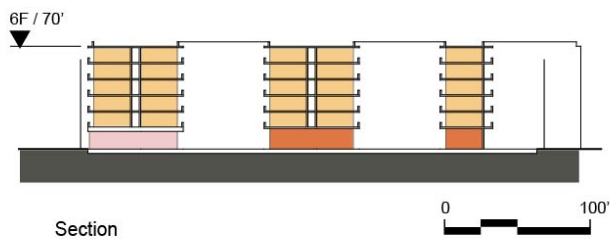
Source: AECOM

Figure 28. Scenario 7b (Mixed Use Residential without Parking, +/-65')

Site Plan / Ground Floor Plan



Podium Plan



Section

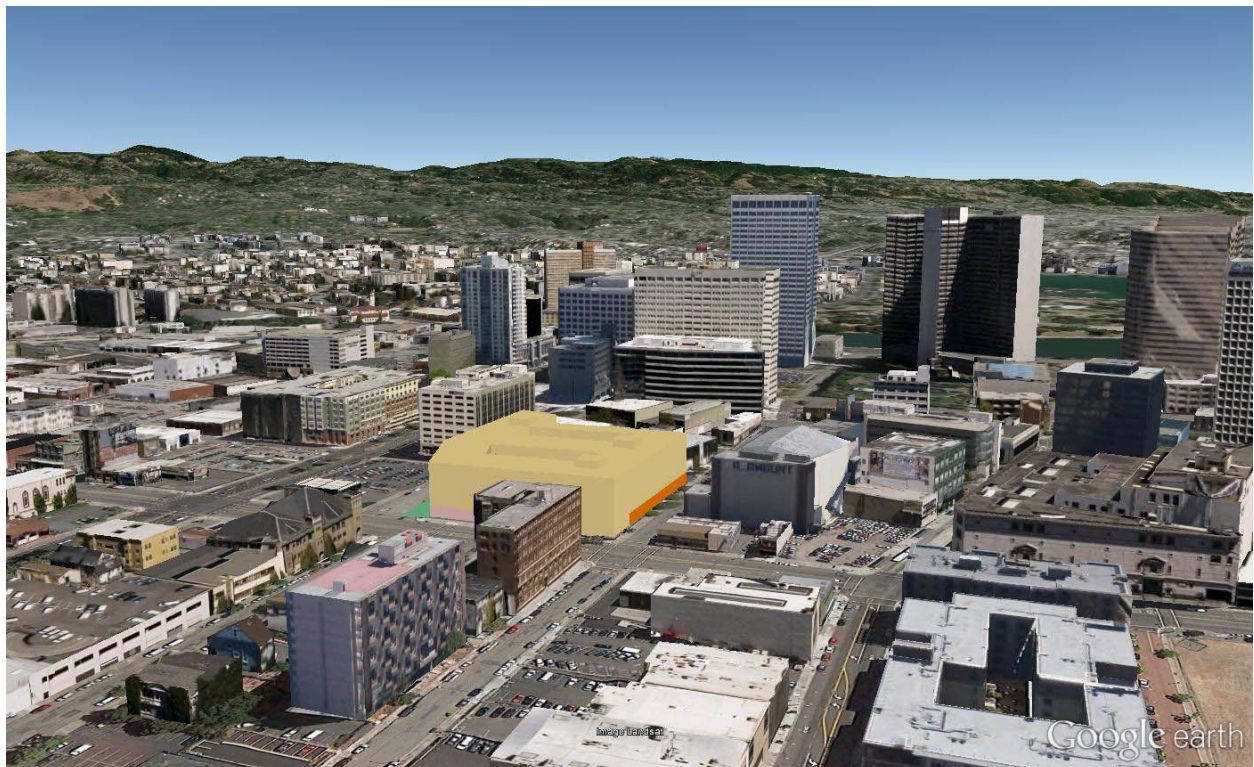
Legend

- Elevator Core
- Plaza / Open Space

Development Summary

 Retail	16,200 sf
 Live Work	40,000 sf
 Residential	330,900 sf (323 units)

Figure 29. Scenario 7b In Situ (Mixed Use Residential without Parking, +/-65')



Source: AECOM

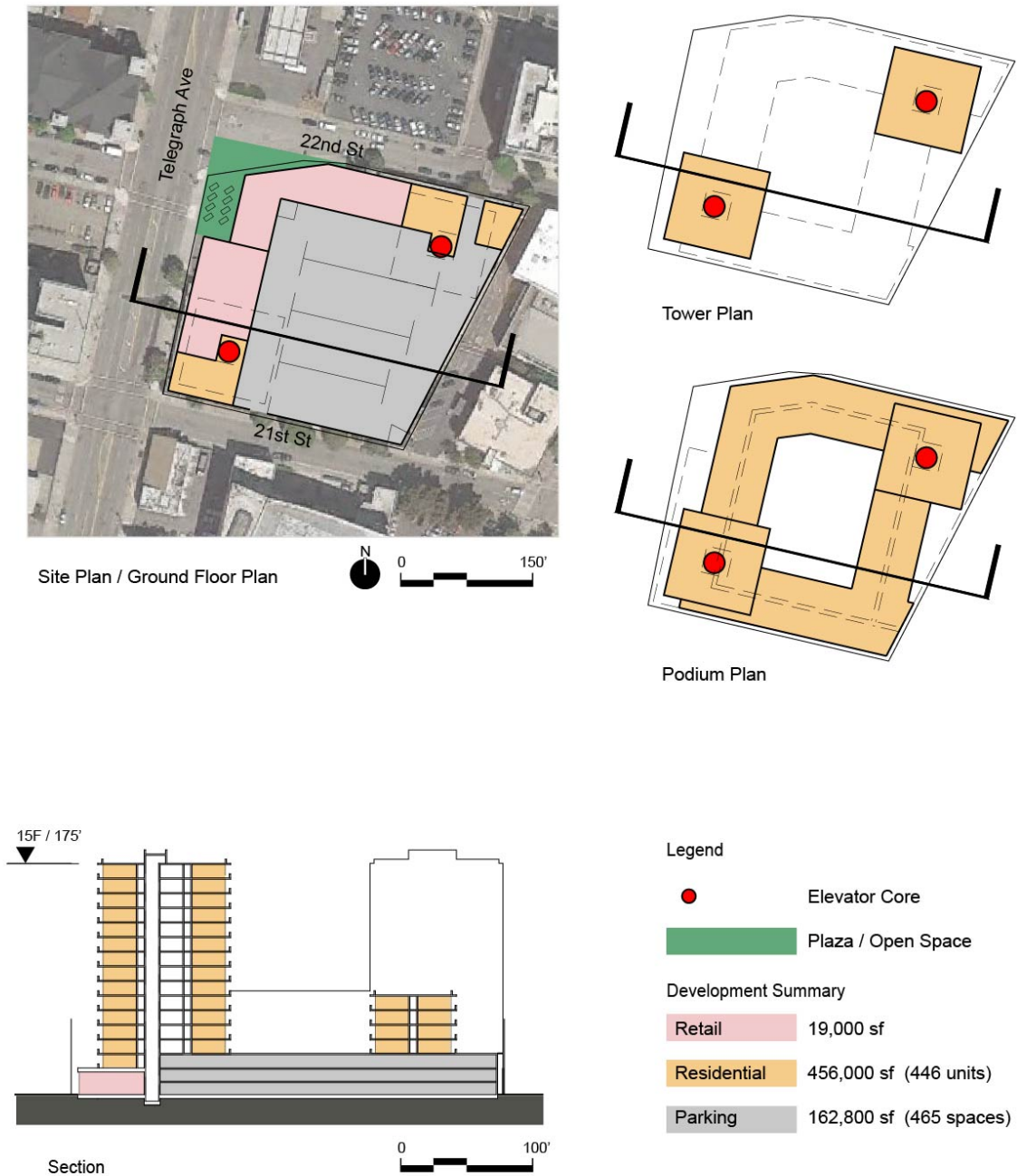
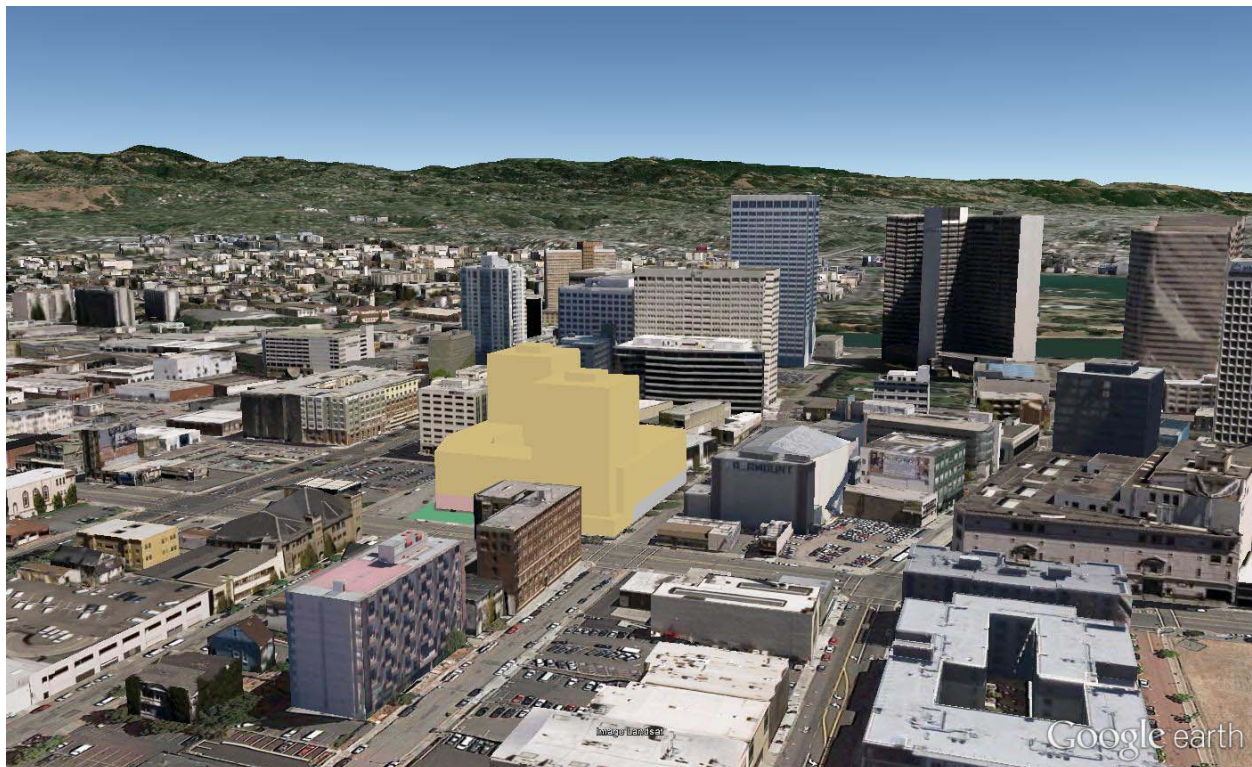
Figure 30. Scenario 8a (Mixed Use Residential with Parking, +/-175')

Figure 31. Scenario 8a In Situ (Mixed Use Residential with Parking, +/-175')



Source: AECOM

Figure 32. Scenario 8b (Mixed Use Residential without Parking, +/-175')

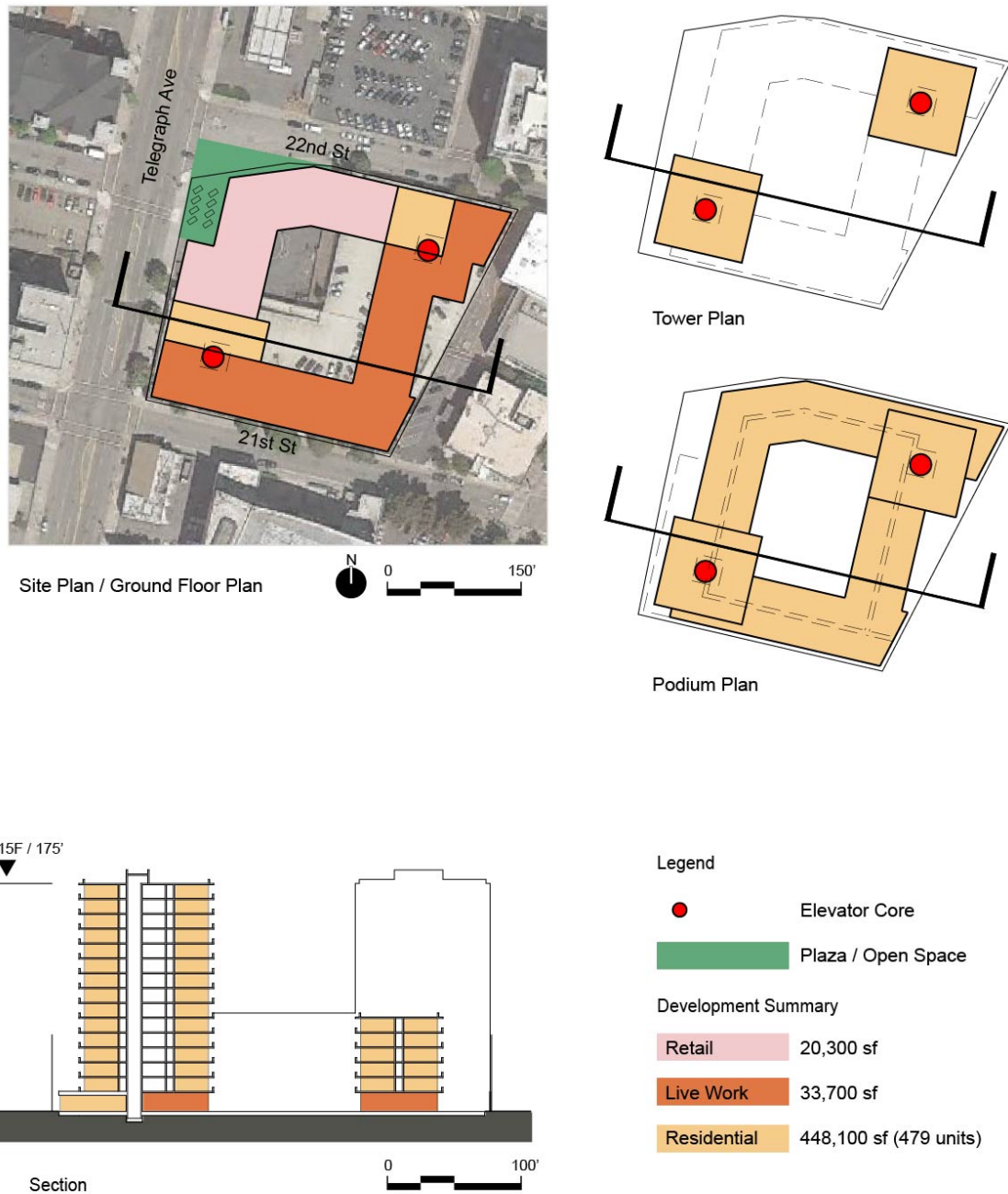
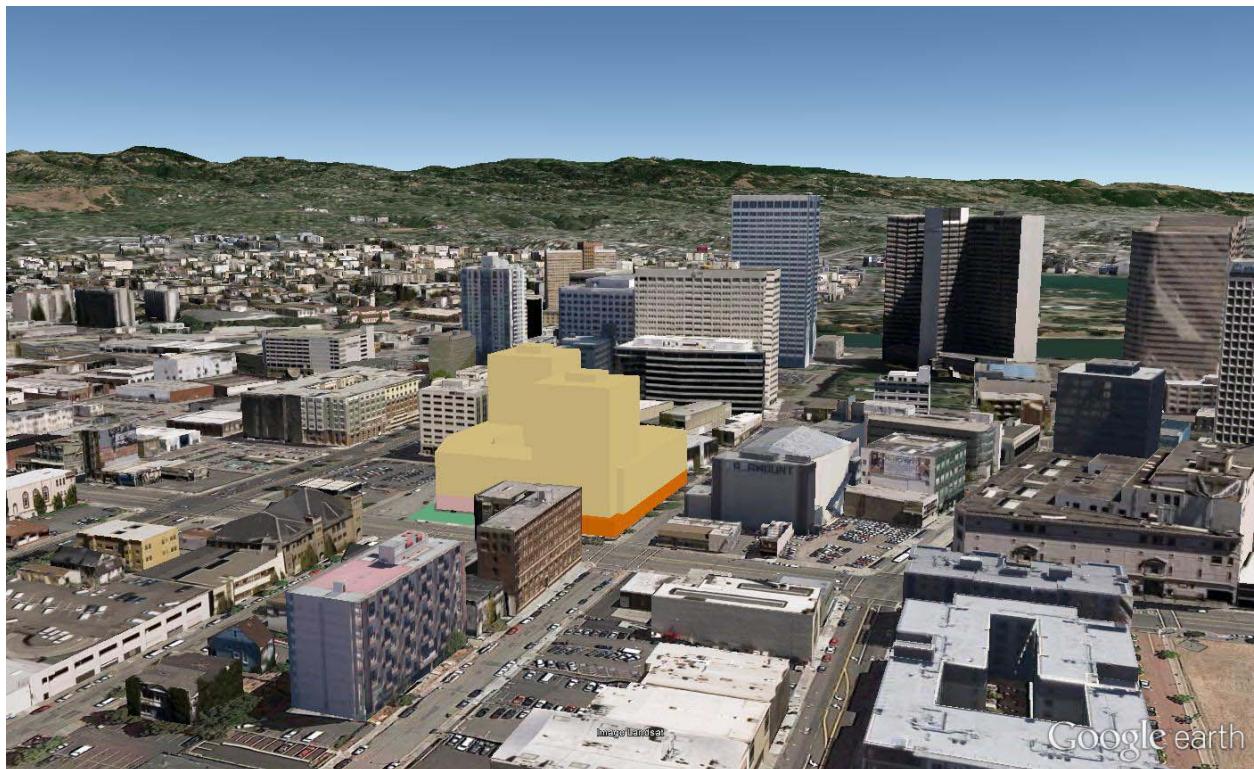


Figure 33. Scenario 8b In Situ (Mixed Use Residential without Parking, +/-175')



Source: AECOM

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4. Development Assumptions

This section presents the relevant real estate market assessment and development assumptions that will be used in this study. The following assumptions were developed based on a review of current Oakland development feasibility reports, provided by the City; detailed interviews with developers active in Oakland; external data sources; and input from internal AECOM architecture and costing groups on typical planning, architecture, construction cost, and economic parameters. The following tables summarize the proposed development assumptions.

Many assumptions, such as floor heights, efficiency ratios, property tax assumptions, and architecture and engineering costs are based on typical industry standards. Meanwhile, other inputs such as land values, soft costs, and revenue assumptions are adjusted to reflect Oakland's market conditions.

Table 4. Basic Building Assumptions

	Number	Unit	Sources
Ground Floor Height	15.0	Feet	AECOM; Developer Interviews
Average Retail/Office Floor Height	13.5	Feet	AECOM; Developer Interviews
Average Residential Floor Height	10.0	Feet	AECOM; Developer Interviews
Average Residential Unit Size (Net)	850	Square Feet	AECOM; Developer Interviews
Average Live/Work Loft Unit Size (Net)	1300	Square Feet	AECOM
Average Parking Space Size	350	Square Feet	AECOM; Developer Interviews
<u>Efficiency Ratios</u>			
Retail	90%	Net as % of Gross	AECOM; Developer Interviews
Office	90%	Net as % of Gross	AECOM; Developer Interviews
Residential	85%	Net as % of Gross	AECOM; Developer Interviews
<u>Parking Ratios</u>			
Retail	0.5	/ 1000 SF	AECOM; Developer Interviews
Office	0.5	/ 1000 SF	AECOM; Developer Interviews
Residential	1 or 0	/ Residential Unit	AECOM; Developer Interviews, City

Sources: Individual sources indicated in table

On the development side, key feasibility factors include building and parking construction costs. Parking alone can run upwards of \$30,000 to \$50,000 per space, depending on the type of construction or parking system.

Developers and AECOM's internal building costing group also acknowledge that there is a wide range of construction costs. For example, for a 65' residential building, hard costs range from a low of approximately \$220 per building square foot to as high as \$380 per square foot. There are numerous reasons for the variability, including the complexity and constructability of the site, whether it includes prevailing wage requirements, the quality of finishes envisioned, and contractor competitiveness. For the purposes of this study, a relatively favorable construction cost estimate has been applied. However, the sensitivity of

development inputs will be evaluated in the pro forma analysis (in the Development Sensitivity Analysis section on page 54) to understand the relative impact on the underlying development feasibility.

Table 5. Hard Cost Assumptions

	Number	Unit	Sources	
<u>Site Preparation Costs</u>				
Land Cost	\$50.00	/Square Foot	Strategic Economics Lake Merritt Station Area Plan Community Benefits Analysis AECOM	
Demolition Cost	\$5.00	/Square Foot		
Site Work Cost	\$5.00	/Square Foot		
<u>Construction Costs from Development Scenarios</u>				
LEED Adjustment Factor	3%		AECOM, Developer Interviews	
65' Base				
Retail (Ground Floor)	\$250	/Square Foot		
Residential (Floors 2-6) - Rental	\$250	/Square Foot		
Residential (Floors 2-6) - Condo	\$260	/Square Foot		
85' Base				
Retail (Ground Floor)	\$280	/Square Foot		
Office (Floors 2-6)	\$280	/Square Foot		
175' Tower				
Retail (Ground Floor)	\$275	/Square Foot		
Residential (Floors 2-15)	\$275	/Square Foot		
240' Tower				
Retail (Ground Floor)	\$265-275	/Square Foot		
Office (Floors 2-18)	\$275	/Square Foot		
Residential (Floors (2-21)	\$265	/Square Foot		
<u>Parking Costs</u>				
Podium Parking - Half Below Grade	\$20,000	/Space		
Podium Parking - Ground Floor / Above Grade	\$20,000	/Space		
Podium Parking - Mechanical System	\$30,000	/Space		

Sources: Individual sources indicated in table

Table 6. Soft Cost Assumptions

	Number	Unit	Sources
<u>Architecture & Engineering</u>			
65' Base	7.5%	of Hard Costs	RS Means
85' Base	7.0%	of Hard Costs	RS Means
175' Tower	6.5%	of Hard Costs	RS Means
240' Tower	5.0%	of Hard Costs	RS Means
<u>Financing Costs</u>			
Construction Loan	70%	Loan to Cost	Developer Interviews, Commercial Real Estate Lender Interviews
Interest Rate	5.50%	of Cost	Developer Interviews, Commercial Real Estate Lender Interviews
Construction Term		Varies by size of the project	AECOM
Construction Term- 65' and 85' Buildings	18	Months	
Construction Term- 175' and 240' Buildings	28	Months	
Loan Points	0.5%		Developer Interviews, Commercial Real Estate Lender Interviews
Drawdown Factor	50%		AECOM, Developer Interviews
<u>Other</u>			
Property Taxes (including BID)	1.25%	of Total Costs	Alameda County Property Tax register
Building/Permitting/Impact Fees			
Retail and Office	10%	of Total Costs	AECOM, Developer Interviews
Residential	\$20,000	/Unit	AECOM, Developer Interviews
Overhead/Other	3%	of Total Costs	AECOM
Contingency	5%	of Total Costs	AECOM
Defect Liability Insurance - Condo Only	2%	of Hard Costs	AECOM

Sources: Individual sources indicated in table

Table 7. Developer Threshold Assumptions

	Number	Unit	Sources
Retail and Office Profit Requirements	10%	of Total Costs	Strategic Economics Lake Merritt Station Area Plan Community Benefits Analysis; Developer Interviews
Rental Profit Requirements	8%	of Total Costs	Strategic Economics Lake Merritt Station Area Plan Community Benefits Analysis; Developer Interviews
Condo Profit Requirements	9%	of Total Costs	AECOM

Sources: Individual sources indicated in table

Operating costs and revenue assumptions were similarly developed based on local market research, and by building on work previously done by Strategic Economics. Vacancy rates for building uses are based on current values as well as trends over the past 5 to 10 years.

Table 8. Operating Costs Assumptions

	Number	Unit	Sources
Retail/Office Broker Fees	5%	of Lease	AECOM
Condo Broker/Marketing Fees	4%	of Unit Price	AECOM
<u>Operating Expenses</u>			
Retail	\$0.10	/Gross Sq. Ft.	AECOM; Developer Interviews
Office Full Service Lease Costs	\$0.60	/Gross Sq. Ft.	AECOM; BOMA; Developer Interviews
Rental Residential	28%	of Gross Rental Revenue	Strategic Economics Lake Merritt Station Area Plan Community Benefits Analysis; Developer Interviews
<u>Vacancy Rates (Stabilized)</u>			
Retail	10.0%	of Net Sq. Ft.	AECOM (CoStar)
Office	10.0%	of Net Sq. Ft.	AECOM (CoStar)
Residential	5%	of Net Sq. Ft.	AECOM (CoStar)

Sources: Individual sources indicated in table

Revenue assumptions are based on rates for similar developments in Downtown Oakland, adjusted slightly upwards to reflect the premium that new developments can charge in a market. The average rate of \$2.90 per square foot translates to an average rent for 1 bedrooms of \$2,195, and an average rent across all units of \$2,300. This rental rate reflects market research as of August 2013, and does not include parking rental. Some of the higher end buildings surveyed present all-in rents, which include parking. For this feasibility study, parking rental is estimated to add an additional \$0.15 per square foot to the rental revenue, resulting in a total average rental rate of \$3.05 per square foot for buildings with parking.

In order to reflect variation in the market across Downtown Oakland, three different rental revenue prices are applied to the three developments, based on their location. The 13th Street site is evaluated with rental revenues at 90 percent of area average, the 19th Street site at 100 percent of area average, and the Telegraph Avenue site at 110 percent of the area average (Table 9, Table 10).

Table 9. Rental Rates for Units Across the Three Development Sites

Unit Type	Current Estimated Downtown Oakland Rent	13th Street	19th Street	Telegraph Avenue
1 BD / 1 BA	\$2,195	\$1,940	\$2,170	\$2,390
2 BD / 2 BA	\$2,797	\$2,940	\$3,280	\$3,620
3 BD / 2 BA	\$3,896	\$4,070	\$4,540	\$5,010
Average	\$2,300	\$2,210	\$2,460	\$2,720

Source: AECOM

In addition to the rental rate variations at the three sites, this study also assigns a 10 percent rental premium to high-rise tower units, which benefit from views not available to lower buildings.

Table 10. Revenue Assumptions

	Number	Unit	Sources
<u>Lease and Rental Rates - Average</u>			
Average Retail Lease Rate	\$25.00	/SF/mo./NNN	AECOM (CoStar)
Average Office Lease Rate	\$32.00	/SF/mo./Full Service	AECOM (CoStar)
Average Rent Per Sq. Ft. of Living Area	\$2.90	/SF/Mo.	AECOM (August 2013), Downtown Oakland Rental Property Listings
Average Rent Per Sq. Ft. of Live/Work Area	\$1.60	/SF/Mo.	AECOM
Revenue Premium for Towers	110%	/SF/Mo.	AECOM; Developer Interviews
<u>Parking Revenue - Average</u>			
Office	\$120	/Space/mo.	AECOM
Residential	\$90	/Space/mo.	AECOM
<u>Lease and Rental Rates - 226 13th Street</u>			
Average Retail Lease Rate	\$20.00	/SF/mo./NNN	AECOM; Developer Interviews
Average Office Lease Rate	\$25.60	/SF/mo./Full Service	AECOM; Developer Interviews
Average Rent Per Sq. Ft. of Living Area	\$2.60	/SF/Mo.	AECOM; Developer Interviews
Average Rent Per Sq. Ft. of Live/Work Area	\$1.40		AECOM
<u>Parking Revenue - 226 13th Street</u>			
Office	\$120	/Space/mo.	AECOM
Residential	\$90	/Space/mo.	AECOM
<u>Lease and Rental Rates - 301 19th Street</u>			
Average Retail Lease Rate	\$20.00	/SF/mo./NNN	AECOM; Developer Interviews
Average Office Lease Rate	\$25.60	/SF/mo./Full Service	AECOM; Developer Interviews
Average Rent Per Sq. Ft. of Living Area	\$2.90	/SF/Mo.	AECOM; Developer Interviews
Average Rent Per Sq. Ft. of Live/Work Area	\$1.60		AECOM
<u>Parking Revenue - 301 19th Street</u>			
Office	\$120	/Space/mo.	AECOM
Residential	\$90	/Space/mo.	AECOM
<u>Lease and Rental Rates - 2100 Telegraph Avenue</u>			
Average Retail Lease Rate	\$27.50	/SF/mo./NNN	AECOM; Developer Interviews
Average Office Lease Rate	\$35.20	/SF/mo./Full Service	AECOM; Developer Interviews
Average Rent Per Sq. Ft. of Living Area	\$3.20	/SF/Mo.	AECOM; Developer Interviews
Average Condo Sales Price Per Sq. Ft. of Living Area	\$500		
Average Rent Per Sq. Ft. of Live/Work Area	\$1.80	/SF/Mo.	AECOM; Developer Interviews
Average Live/Work Condo Sales Price per Sq. Ft.	\$420	/SF	AECOM
<u>Parking Revenue - 2100 Telegraph Avenue</u>			
Office	\$120	/Space/mo.	AECOM
Residential	\$90	/Space/mo.	AECOM
Residential – For Sale	\$20,000	/ Space	AECOM
<u>Capitalization Rates</u>			
Retail	7.50%	Cap Rate	Strategic Economics Lake Merritt Station Area Plan Community Benefits Analysis
Office	7.50%	Cap Rate	Korpacz 2010 4Q report - San Francisco Office Market Cap Rate
Residential (Uptown)	5.00%	Cap Rate	Strategic Economics Lake Merritt Station Area Plan Community Benefits Analysis; Developer Interviews
Residential (Chinatown)	5.50%	Cap Rate	
Residential Absorption Period – Base Building	120	Units / Year	
Residential Absorption Period - Tower	180	Units / Year	
Residential Absorption Period - Base Building - Condo	100	Units / Year	AECOM

Sources: Individual sources indicated in table

5. Feasibility Analysis

The following section reviews the detailed findings of the feasibility analysis and addresses the topics identified in the introduction.

The results of all pro forma analyses are provided in Appendix A.

The three Downtown Oakland sites evaluated range in size from 1.3 acres to over 2 acres. Given the large site sizes and convenient configuration, the evaluated scenarios reflect some of the more ideal development options in Downtown Oakland. As such, the findings presented in this report reflect optimistic potential. Smaller, more difficult sites are likely to be even less feasible. This finding is supported by the analysis done previously by Strategic Economics in the *Lake Merritt Station Area Plan Community Benefits Analysis Memorandum* (December 2012).

Unless otherwise noted, the results presented below reflect the all scenarios except development scenario 1c. Feasibility of scenario 1c is reviewed at the bottom of this page, and in Figure 48.

QUANTIFIED BONUS AND BENEFITS OVERVIEW

After accounting for developer profit (of 8% on rental residential projects, 9 % on the condominium project, and 10% on commercial projects), the fifteen projects generate revenues of up to +\$14.0 million, and losses of as much as -\$95.3 million, or +150 to - \$1,645 per square foot of land (Table 11, Figure 34). For residential scenarios, additional return per GFA, or “public benefit value” per GFA ranges from +\$27 to -\$91 (per square foot), while for office developments, the losses increase (and potential for public benefits decrease) to -\$204 to -\$227 per square foot (Table 11, Figure 35). These values indicate how much revenue above or below the breakeven point (after accounting for developer profit) a development would generate, or need to collect to be attractive to a developer/investor, and to allow for potential public benefit charges.

The five feasible scenarios, generate between \$129 and \$33,000 in additional revenue per unit. For the eight currently infeasible residential developments, there is an estimated gap of approximately -\$97,000 to -\$5,000 per unit, with scenario 2a (high-rise, parked residential on 13th Street) being the least feasible on a per unit measure. The average for all residential sites is roughly \$21,500 per unit (Figure 36). For the 13th Street and 19th Street development sites, the average drops to -\$47,000 per unit, a direct result of the lower estimated rental revenue rates applied to the scenarios.

These additional revenue calculations assumed a \$50 per square foot land cost. It is worth noting that land prices vary considerably from site to site in Downtown Oakland based on a number of factors, including the existing returns of the property, the landowner's perception of value, the landowner's appetite for risk, and the landowner's interest in selling in general. Under a zero land value scenario, all of the residential scenarios on the Telegraph site, as well as three scenarios on the 19th Street site would become feasible.

Scenario 1c represents a potential Chinatown development in which land is granted free of charge by a public agency, and the construction relies on a modular approach, resulting in 15% construction cost savings. Accounting for developer profit, despite its cost savings advantages, scenario 1c still does not break even.

Table 11. Feasibility Analysis Summary

Scenario	Site	Mixed Use (Retail / &)	Total Development Costs	Total Capitalized Revenue	Additional Return above Developer Profit Threshold ⁵	Additional Return/Total Project GFA		Additional Return/Leasable Building Square Foot		Additional Return/Unit	
						Total	Rank	Total	Rank	Total	Rank
1a	226 13th Street	Residential	\$83,761,400	\$74,309,195	-\$16,153,116	-\$55	11	-\$970	13	-\$80,766	11
1b		Residential	\$91,932,796	\$78,944,773	-\$20,342,646	-\$78	13	-\$1,477	14	-\$87,914	12
1c**			\$69,702,102	\$74,309,195	-\$969,074	-\$3	7	-\$58	7	-\$4,845	8
2a*		Residential	\$165,689,011	\$143,562,545	-\$35,381,586	-\$67	12	-\$2,125	15	-\$96,936	14
2b*		Residential	\$189,969,121	\$162,246,330	-\$42,920,320	-\$91	14	-\$5,961	16	-\$95,276	13
3a	301 19th Street	Residential	\$74,893,653	\$80,907,685	\$22,540	\$0	5	\$2	5	\$129	5
3b		Residential	\$89,045,850	\$95,196,730	-\$972,788	-\$4	8	-\$70	8	-\$4,384	7
4a*		Residential	\$108,584,793	\$114,773,803	-\$2,497,773	-\$7	9	-\$194	9	-\$10,154	9
4b*		Residential	\$108,076,317	\$115,920,116	-\$802,305	-\$3	6	-\$44	6	-\$3,075	6
5		Office	\$63,947,684	\$27,810,208	-\$42,532,244	-\$227	16	-\$301	11	N/A	N/A
6*		Office	\$157,163,681	\$77,570,221	-\$95,309,828	-\$204	15	-\$266	10	N/A	N/A
7a	2100 Telegraph Avenue and 495 22nd Street	Residential	\$136,148,553	\$158,054,611	\$11,014,173	\$24	3	\$964	1	\$33,337	1
7b		Residential	\$139,917,771	\$160,996,028	\$9,884,836	\$28	1	\$678	4	\$28,311	3
8a*		Residential	\$195,237,899	\$224,898,474	\$14,041,543	\$22	4	\$821	2	\$31,483	2
8b*		Residential	\$207,468,588	\$237,701,027	\$13,634,952	\$27	2	\$746	3	\$27,214	4
9		Residential - Condo	\$141,755,297	\$150,162,501	-\$4,350,772	-\$10	10	-\$381	12	-\$13,169	10

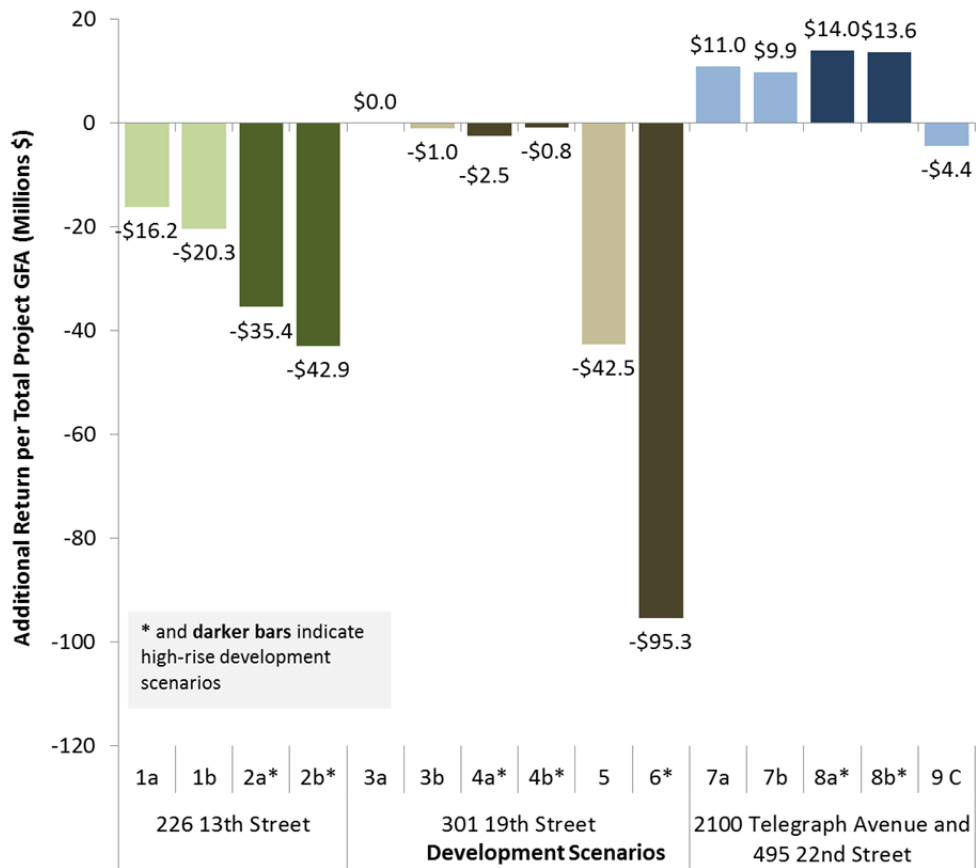
Source: AECOM

* Indicates high-rise development

** Scenario 1c represents a Chinatown development, with free land, and modular construction – representing a 15% savings in construction costs

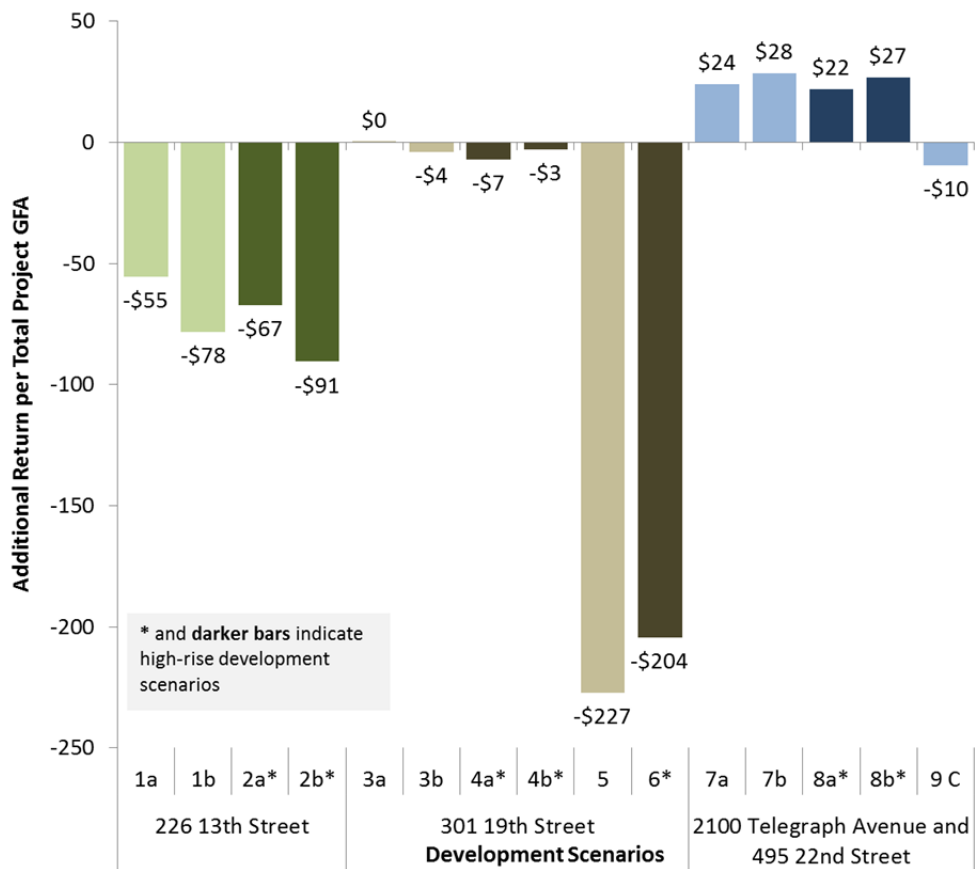
⁵ Additional return takes into account the amount set aside as developer profit.

Figure 34. Comparison of Additional Return above Developer Profit Threshold (\$) by Scenario



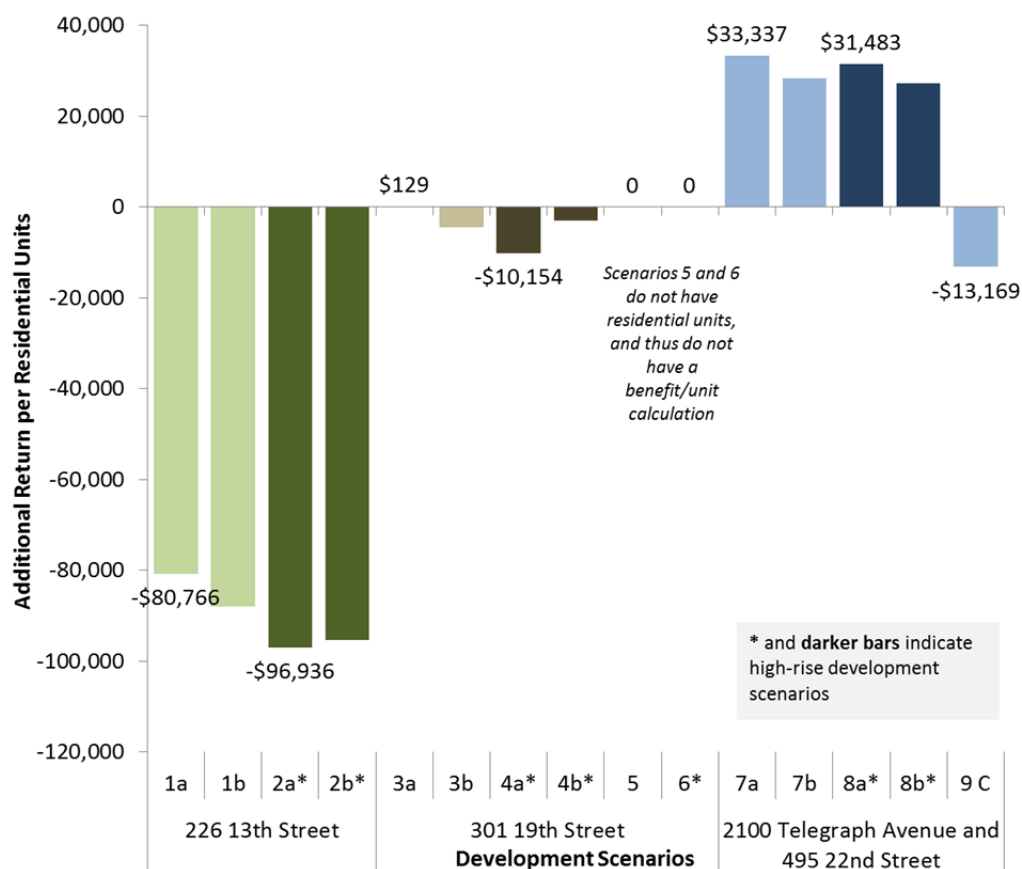
Source: AECOM

Figure 35. Comparison of Additional Return (\$) per GFA by Scenario



Source: AECOM

Figure 36. Comparison of Additional Return (\$) per Unit by Scenario



Source: AECOM

HEIGHT-RELATED DEVELOPMENT BONUSES

Under current market conditions, development bonuses only work as a tool to generate public benefit in premium rental revenue locations (Telegraph Avenue). For the other sites, average area rents will need to increase by another 10 percent, holding all other costs constant, in order to support height-related bonuses. For residential developments, the significant cost differential between low-rise (Types III & V) construction and high-rise (Type I) construction would not be recovered by rental rates, even with a development bonus. Office lease rates, which are currently lower than residential rates per GFA, make this offer even less attractive.

LOW-RISE RESIDENTIAL FEASIBILITY

The Telegraph Avenue scenarios highlight the importance of premium rents, supported by location, in encouraging development. For the four feasible residential scenarios on the Telegraph Avenue site, high-rise developments generate roughly 30 percent more additional return than the low-rise scenarios, indicating that once projects tip the scale into feasibility, high-rise quickly begins to outpace low-rise, offering potential for community benefits.

HIGH-RISE RESIDENTIAL FEASIBILITY

As discussed earlier, rents would need to increase by up to 30 percent on the 13th and 19th Street sites (holding construction and other costs constant) to compel developers to consider high-rise above low-rise development.

On the Telegraph Avenue site, the rental rates (10 percent above market) already support development of high-rise over low-rise.

PARKING-RELATED DEVELOPMENT BONUSES

The City currently has modest parking requirements for new residential and commercial development. Residential multi-family developments require one parking space per unit, while retail and commercial developments have no parking requirements.

In order to evaluate the impact of the City's parking provision requirements on development feasibility, paired residential scenarios were developed in which one development provides a 1:1 parking ratio per unit, and another provides a 0:1 parking ratio per unit. It is important to note that interviews conducted with developers during this project indicate that a no-parking scenario is unlikely to be developed, as it does not reflect market conditions and competitive development strategies. Developers indicated that to achieve premium rents, new residential projects need to offer available on-site parking.

The non-parked projects proved to have lower returns than the parked scenarios because the net revenue per square foot decreased to the extent that the overall project returns were lower than the parked scenarios. In other words, the reduced marketability of the non-parked residential developments combined with offering lower revenue live/work units on the ground floors in place of parking offset the benefits of eliminating the parking.

It is important to note that in a previous version of this study, scenarios with *reduced* parking ratios, less than 1:1 were evaluated. In some cases, these scenarios were slightly more profitable than either the 1:1 parked scenarios or the 0:1 non-parked scenario. It's clear that there is an optimal middle ground in providing parking that may provide, given improved market conditions, an opportunity for development bonus. This is due, in part, because while parking can be a limiting factor in the number of residential units allowed to be developed, non-parked scenarios generally have an overall smaller floor plate, as area in between taller buildings is unusable as residential.

Parking configuration can be very site specific and allowing for flexibility in the provision of parking can increase development feasibility. Parking costs are considerably lower in a tuck-under parking environment rather than a multi-story parking solution. Underground parking can cost upwards of \$30,000 per space in hard costs and over \$50,000 per space total. Developers that are able to introduce lifts and stay at a ground level parking configuration save considerably more than developers forced to build multilevel parking structures either above or below ground. Also, stand-alone parking structures are significantly cheaper per square foot than structured parking within a given building due to the structural requirements needed for in-building construction.

As a result, non-parked scenarios have on average 15 percent smaller GFAs than the parked scenarios. By reducing the parking requirement, but not eliminating it all together, developers would be able to take advantage of useless space, converting it to parking on the lower levels, generating some additional amount of revenue. Unfortunately, given the nature of this analysis, the exact ideal parking ratio varies for each development and site, and is not standardized.

Community Benefits and On-site Public Amenities

At current market levels, the provision of a community benefit, or on-site public amenity, is really only possible for a premium site, premium rental rate scenario.

DEVELOPMENT SENSITIVITY ANALYSIS

Due to the wide variance in development costs, revenues, and building scenarios, a sensitivity analysis was conducted to determine whether the proposed projects' feasibility and public benefit capacity would be affected

by changes in the market. Five aspects of project feasibility as well as one combination scenario were reviewed:

1. Construction costs (+/- 15%)
2. Developer thresholds (+/- 15%)
3. Project revenues (+15%, +30%)
4. Decrease of construction costs by 15%, and an increase in project revenues by 15%
5. Land values discussion

The values associated with the sensitivity ranges are summarized in Appendix B in Table 13 - Table 15. In each of the following sections, 100 percent reflects the value of each input assumed in the original baseline feasibility analysis.

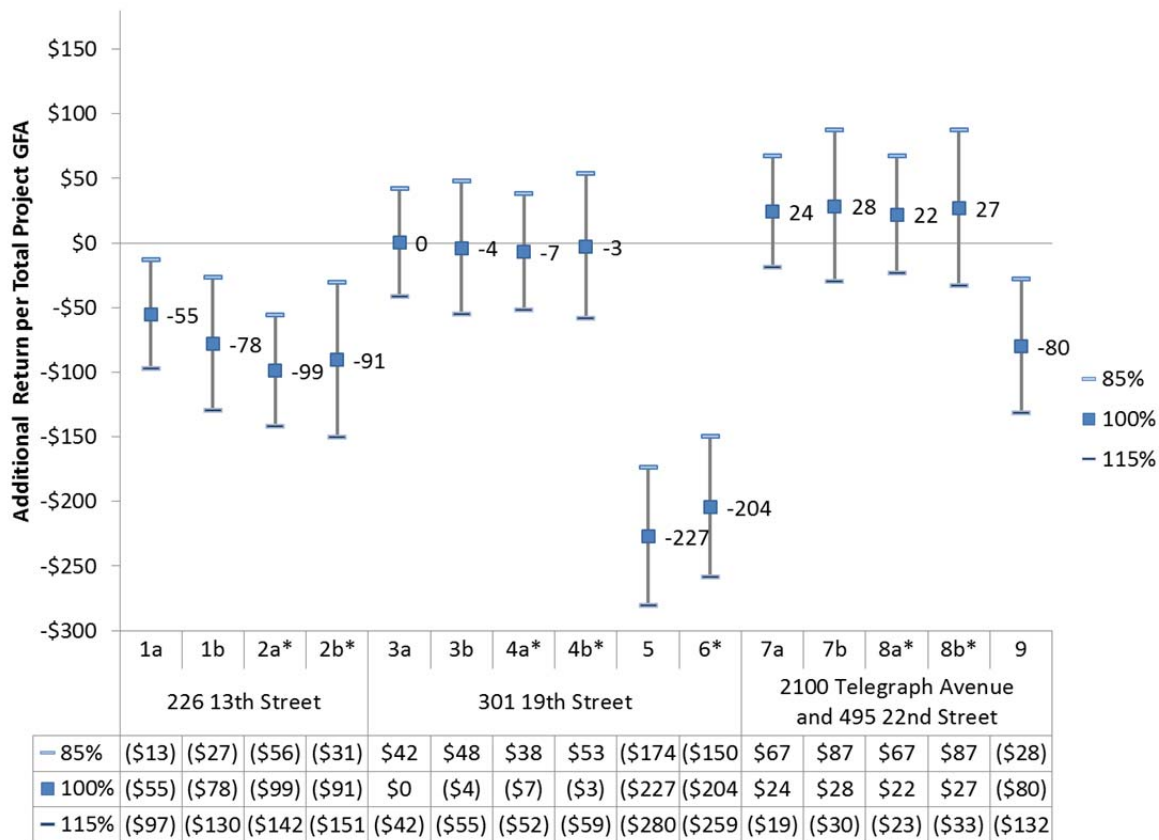
In general, marginal changes in costs, profit, and revenue do not significantly alter the viability of the reviewed scenarios. As the most feasible of the fifteen scenarios, the feasibility of the three residential developments on the Telegraph Avenue site are most affected by changes in the market conditions.

PROJECT CONSTRUCTION SENSITIVITY

As discussed under the development assumptions, construction costs can vary considerably from site to site. AECOM modeled variances of up to 15 percent to consider potential changes in development feasibility. The results reflect the developments' susceptibility to construction cost changes, and the importance of location.

These results support the initial findings that the Telegraph Avenue residential site is most viable. While a 15 percent increase in costs would render all projects infeasible, a 15 percent decrease in costs results in the Telegraph Avenue as well as the 19th Street sites generating profit and potential for community benefit charges (Figure 37).

Figure 37. Impacts of Construction Costs on Additional Revenue per GFA

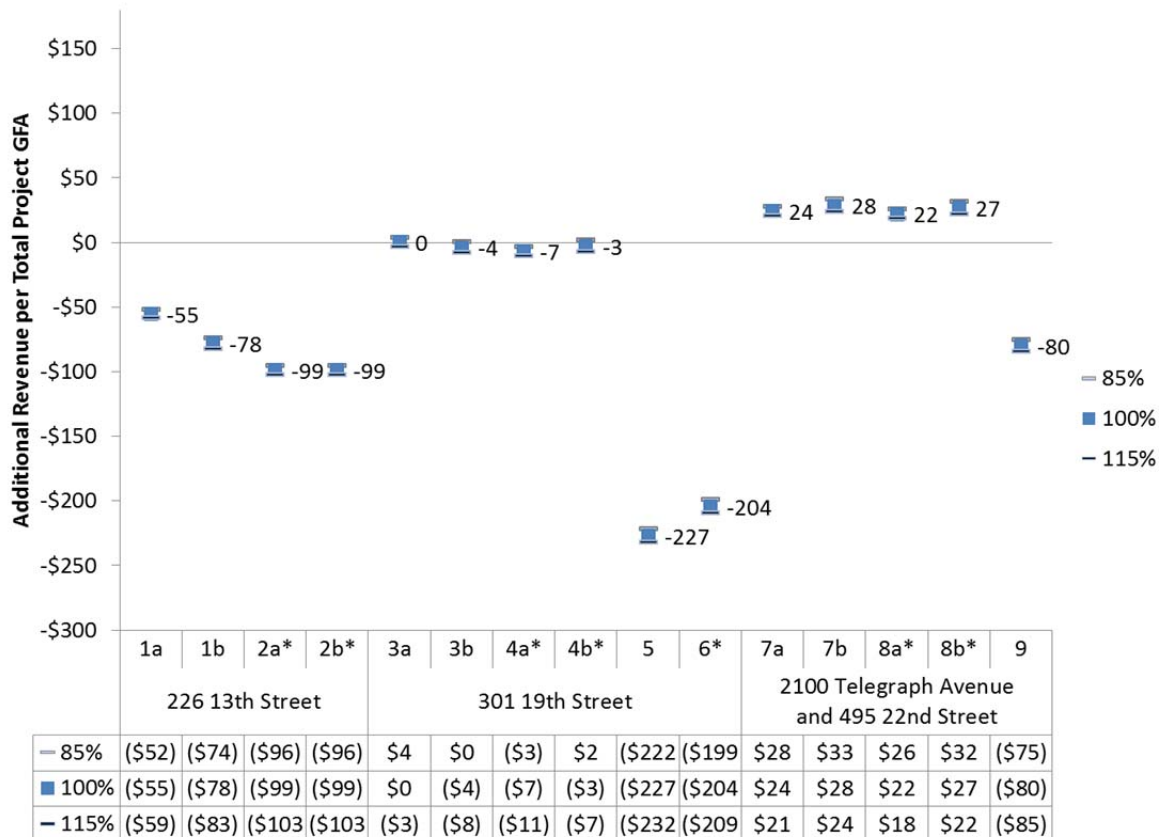


Source: AECOM

DEVELOPER THRESHOLD SENSITIVITY

The expected developer return for the scenarios range from 10 percent for office developments to 8 percent for rental residential. As discussed earlier, developers have different thresholds in considering a site for development. Adjusting these profit assumptions up and down by 15 percent⁶ (Appendix B - Table 14) has minimal impacts on overall project feasibility and the expected amount available for public benefits. The change in the amount “available” for public benefits per building GFA also stays within +/- 5 percent of the original value (Figure 38) for most sites.

Figure 38. Impacts of Developer Threshold on Additional Revenue per GFA



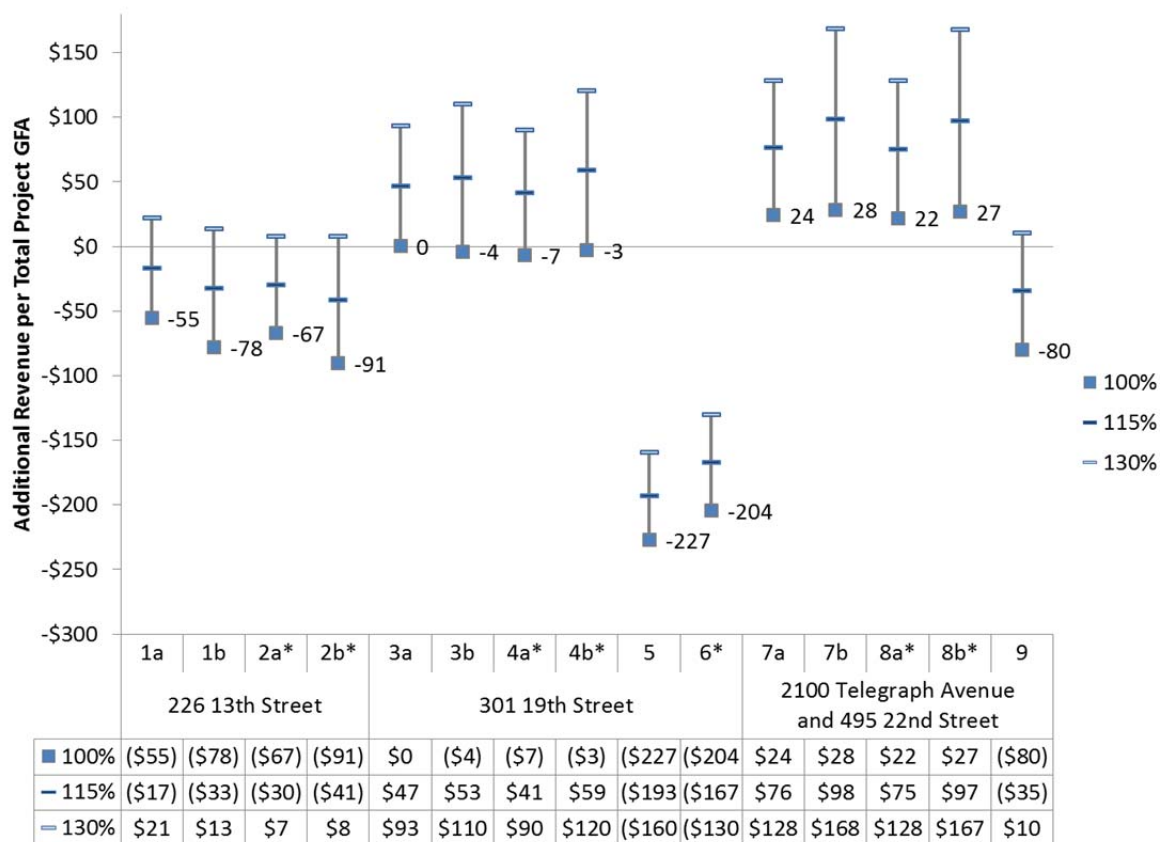
Source: AECOM

⁶ For residential projects, the change is a lower developer threshold of roughly 7 percent and higher developer threshold of 9 percent.

REVENUE SENSITIVITY

Of the three input categories reviewed, adjustments in revenue assumptions (Appendix B - Table 15) have the largest impact on development feasibility and the potential for public benefit contributions. A 15 percent increase in revenue renders not only the Telegraph Avenue development site feasible, but also all of the average-rent 19th Street development scenarios. A 25 to 30 percent increase in revenue (with all other costs being held constant) brings the Telegraph Avenue condominium project as well as the two low-rise residential developments on the 13th Street site within range of viability (Figure 39). This translates to a rent of \$3,400 to \$3,600 for an average 2 bedroom/2 bath apartment of roughly 1,130 square feet – up from an average rent of \$2,800 for a similar unit today. Note that a 30 percent increase in rents over the next three years is a possibility considering the rate of rent inflation in the larger metropolitan area. In Alameda County overall, rents have increased at approximately 8 percent per year for the last two years.⁷ Most recent estimates show rents increasing by roughly +5 percent in the East Bay since January of this year, although some developments have increased rents by more than 10 percent in the same time period.

Figure 39. Impacts of Revenue Assumptions on Additional Revenue per GFA



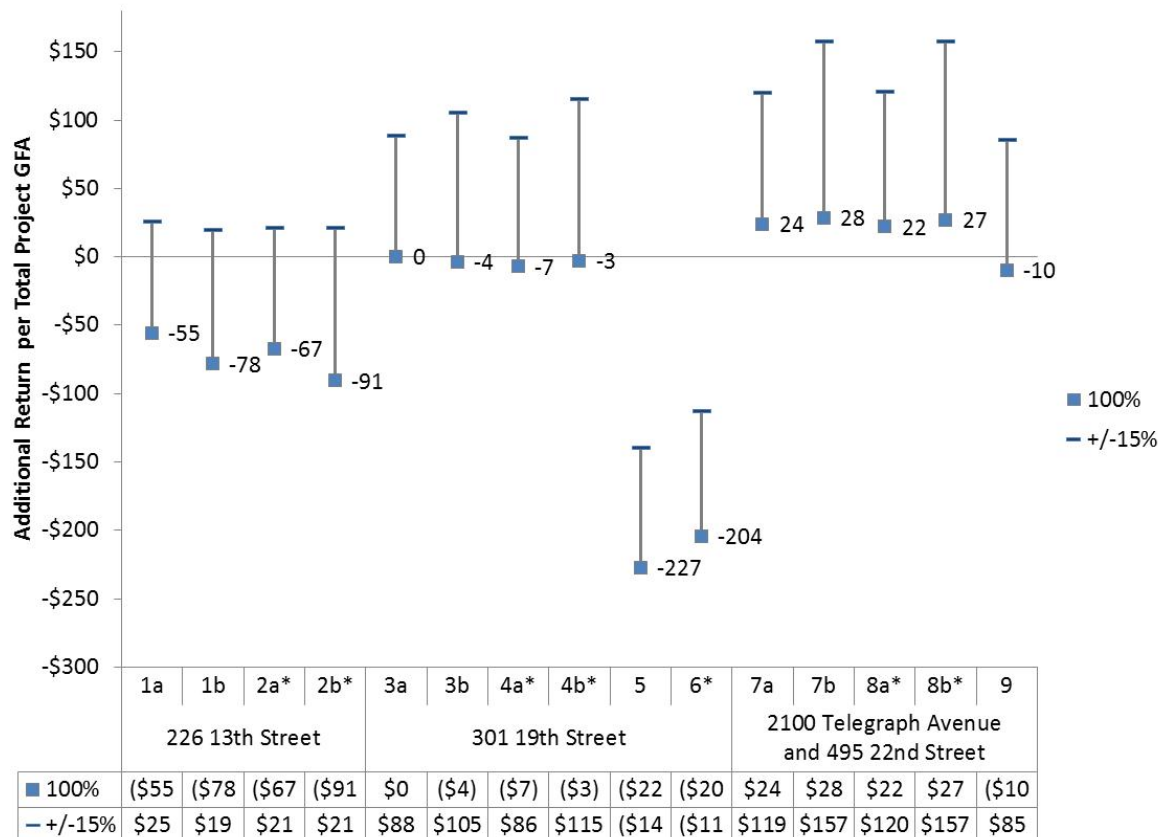
Source: AECOM

⁷ Cassidy Turley 1st Quarter 2013 Apartment Market Report (Accessed June 10, 2013), <http://www.ctbtapartments.com/images/reports/ApartmentMarketReportQ1-13.pdf>; Cassidy Turley 2nd Quarter 2013 Apartment Market Report (Accessed August 18, 2013), http://www.ctbtapartments.com/images/reports/CT_East_Bay_Multifamily_Q2_2013_Report.pdf

CONSTRUCTION COSTS AND PROJECT REVENUES

In addition to the impacts of individual assumptions presented above, the combined impact of a decrease in construction costs by 15 percent and an increase in project revenue by 15 percent was evaluated. This analysis is meant to reflect what may be closer to anticipated market conditions in the coming months. The scenario results in all rental residential scenarios becoming feasible. These favorable conditions also reflect a tipping point between the feasibility of low-rise against high-rise as well as the point where a no-parking scenario becomes more attractive than a parked scenario.

Figure 40. Impacts of Decrease in Construction Costs (85%) and Increase in Revenue (115%)



Source: AECOM

LAND VALUES

With land valued at an average price of \$50 per square foot, land for the fifteen projects represents between 2 and 5 percent of the total project costs. If the cost of land were eliminated entirely (\$0 per square foot), all of the five Telegraph Avenue development scenarios would become feasible, with between \$0.5 to \$4.5 million becoming “available” as additional revenue about the developer profit threshold. The 13th and 19th Street sites would remain infeasible. If the land value were doubled, to \$100 per square foot, to a value closer to what developers suggested might be charged on good development sites, the feasibility drops significantly, with even the most “feasible” development scenario, 7a on the Telegraph Avenue site experiencing an increase in infeasibility by \$6 million. Such an increase would delay development feasibility in Downtown Oakland, especially in Chinatown where current conditions are below development feasibility thresholds.

DEVELOPMENT THRESHOLDS FOR PUBLIC AMENITIES

Summarizing the lessons learned from the above analyses, the following section outlines the revenue conditions under which residential and office uses will become profitable, as well as estimates of when such developments might become feasible, given projected revenue and construction cost trends.

RESIDENTIAL USES

For residential developments, excepting particularly ideal locations (such as the Telegraph Avenue site) that may command higher rental rates, high-rise (type I) construction will not currently generate adequate returns to support a public amenity. Among low-rise development, variations in site area do not appear to affect the project's viability or ability to support a public amenity.

For residential developments, excepting particularly ideal locations (such as the Telegraph Avenue site) that may command higher rental rates, high-rise (type I) construction will not currently generate adequate returns to support a public amenity. Among low-rise development, variations in site area do not appear to affect the project's viability or ability to support a public amenity.

As noted previously, with all else held constant, premium location scenarios (Telegraph Avenue) could currently support a public benefit fee or community amenity request for high-rise projects. Scenarios that command lower rents, however, need revenues to rise by as much as 30 percent to justify the higher cost of high-rise development. This indicates that while a public benefit fee associated with high-rise development may not yet be a solution for all sites, it is becoming viable at key locations in Downtown.

OFFICE USES

Because office is currently less feasible than residential, no thresholds for public amenity support were found. Office lease revenue would need to increase by between 85 and 105 percent (assuming stable assumptions) to consider charging a public benefit fee.

PROJECTED DEVELOPMENT FEASIBILITY

In order to understand the point at which developments in Downtown Oakland are expected to become feasible, and thus support the potential for a development bonus or community benefit, an analysis of capitalized income over time was prepared. The analysis (Table 12) projects revenue and construction cost growth rates forward, holding all other assumptions and variables constant.

Table 12. Projected Growth Rates for Feasibility Assessment

	Year-over-Year
Construction Index ¹	3%
Rental Rate Increase ²	8% through 2014 4% from 2015 through 2023
Condominium Sales Increase ³	5%
Office Lease Rate Increase ⁴	4%

Source: AECOM; Engineering News Records Building Construction Index; Costar; Trulia

1/ Based on growth trends from Engineering News Records Building Construction Index

2/ Rental rate increase through 2014 reflects annual growth in past year. Increase expected to slow as additional housing stock enters

3/ Based on average annual change in sales per square foot in Oakland (2000 to August 2013)

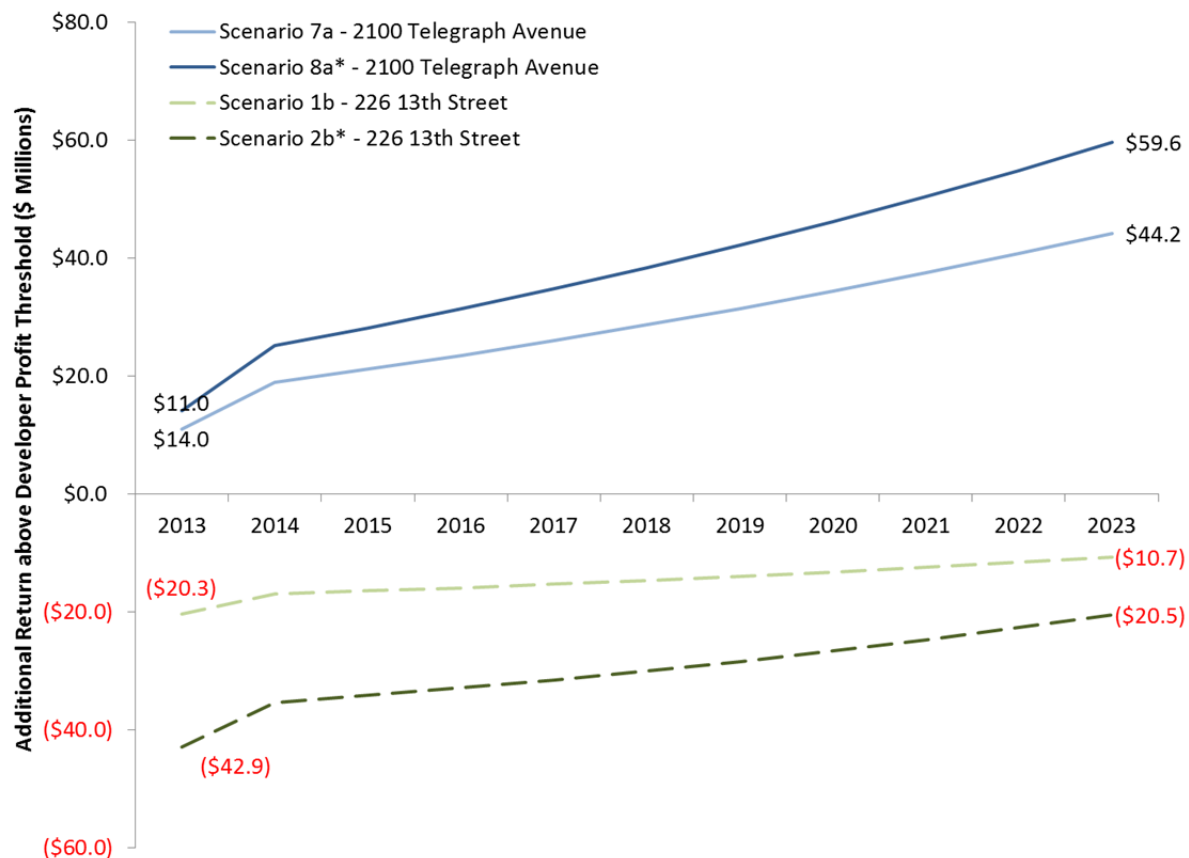
4/ Based on lease trend data (2000 to 2013) and increased to reflect increasing supply constraints in adjacent markets

The following scenarios are compared over time to understand how changes in the market affect development type feasibility:

- Low-rise vs. high-rise residential developments (Figure 41)
- Low-rise residential scenario range, with and without parking development (Figure 42)
- High-rise residential scenario range, with and without parking development (Figure 43)
- Rental residential vs. condominium (ownership) development (Figure 44)
- Office low-rise vs. high-rise range (Figure 45)

Figure 41 highlights the difference between the most and least feasible low- and high-rise developments. As it is currently, the least feasible for both low- and high-rise scenarios are the 0:0 parking ratio developments. It should be noted again, that the 0:0 parking ratio is likely not marketable in a residential development. The figure also shows, that for the feasible Telegraph Avenue site, high-rise development has already passed the threshold into increased feasibility over low-rise, and will only continue to grow, as an increase in rents start to tip the scale towards larger residential developments. For the less-feasible scenarios, however, low-rise remains the preferred development type.

Figure 41. Projected Development Feasibility – Low-rise vs. High-rise

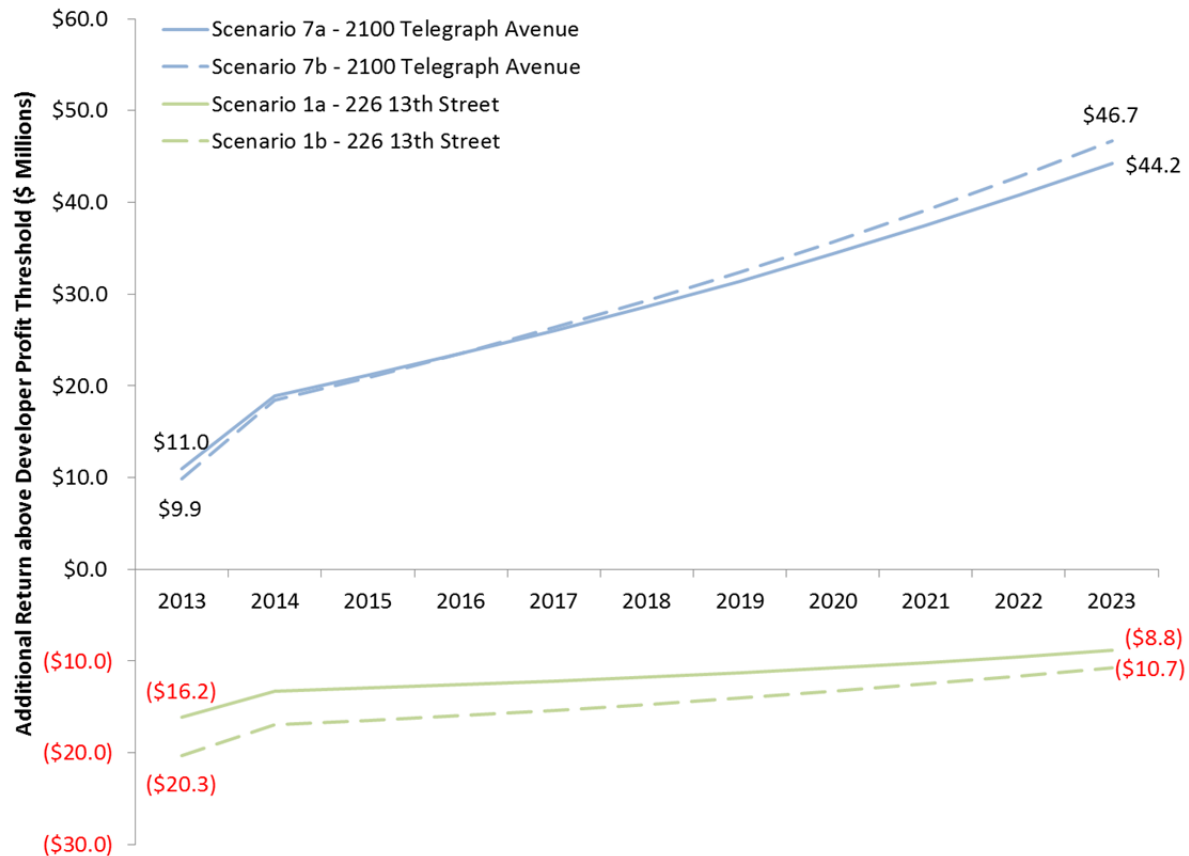


Source: AECOM

* Light lines indicate low-rise developments, dark lines indicate high-rise developments. Solid lines indicate developments with 1:1 parking ratio, dashed lines indicate developments with 0:1 parking ratio

Among the low-rise scenarios, again, less competitive locations (13th Street), a projected increase in rents over the next ten years is not able to combat relatively lower rates, combined with rising construction costs (Figure 42). Interestingly enough, on the Telegraph Avenue site, a no-parking scenario becomes more attractive than a parked scenario within just three years, based on assumed growth rates. This indicates an opportunity for revisiting the use of parking regulations as a potential development bonus.

Figure 42. Projected Development Feasibility – Low-rise Scenario Range



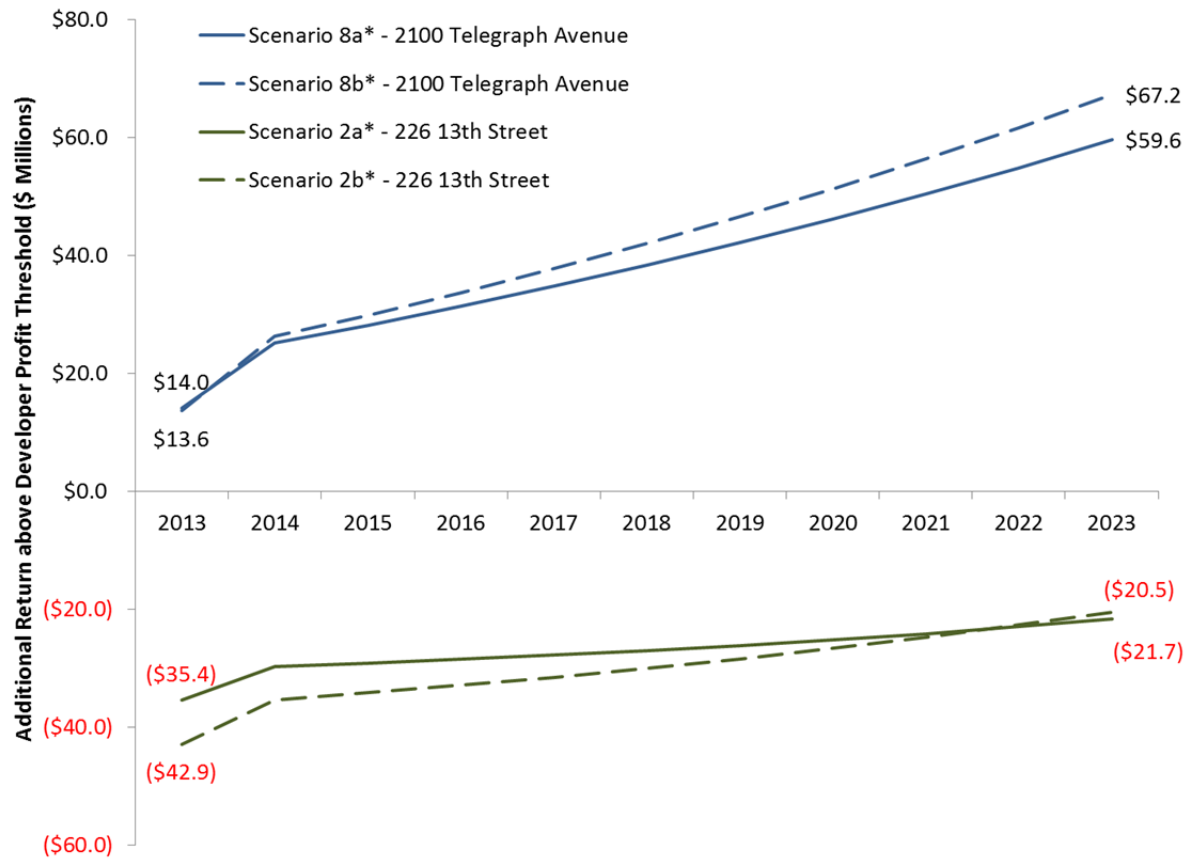
Source: AECOM

* Light lines indicate low-rise developments, dark lines indicate high-rise developments.

Solid lines indicate developments with 1:1 parking ratio, dashed lines indicate developments with 0:1 parking ratio

Among the high-rise scenarios, again, location and the ability to charge premium rents makes all of the difference (Figure 43). Again, on the Telegraph Avenue site, a no-parking scenario becomes more attractive than a parked scenario within less than two years, based on assumed growth rates. Unfortunately, for less competitive locations, this trajectory takes much longer, and a parking ratio bonus might take many more years to become an effective tool.

Figure 43. Projected Development Feasibility – High-rise Scenario Range



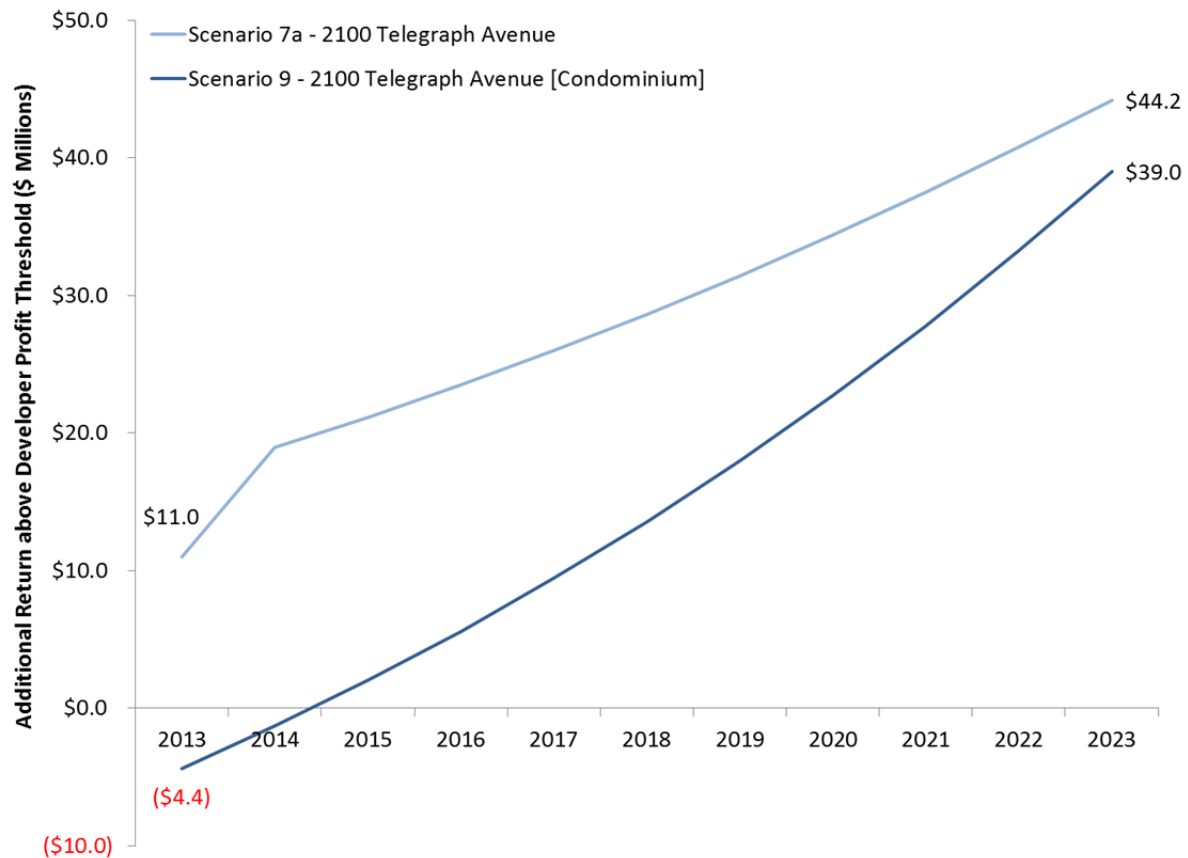
Source: AECOM

* Light lines indicate low-rise developments, dark lines indicate high-rise developments.

Solid lines indicate developments with 1:1 parking ratio, dashed lines indicate developments with 0:1 parking ratio

While condominium properties are not supported in current market conditions, the projections indicate that, if current trends continue, even at somewhat conservative rates, for sale housing may become feasible within the next few years (Figure 44).

Figure 44. Projected Development Feasibility – Rental vs. Condominium



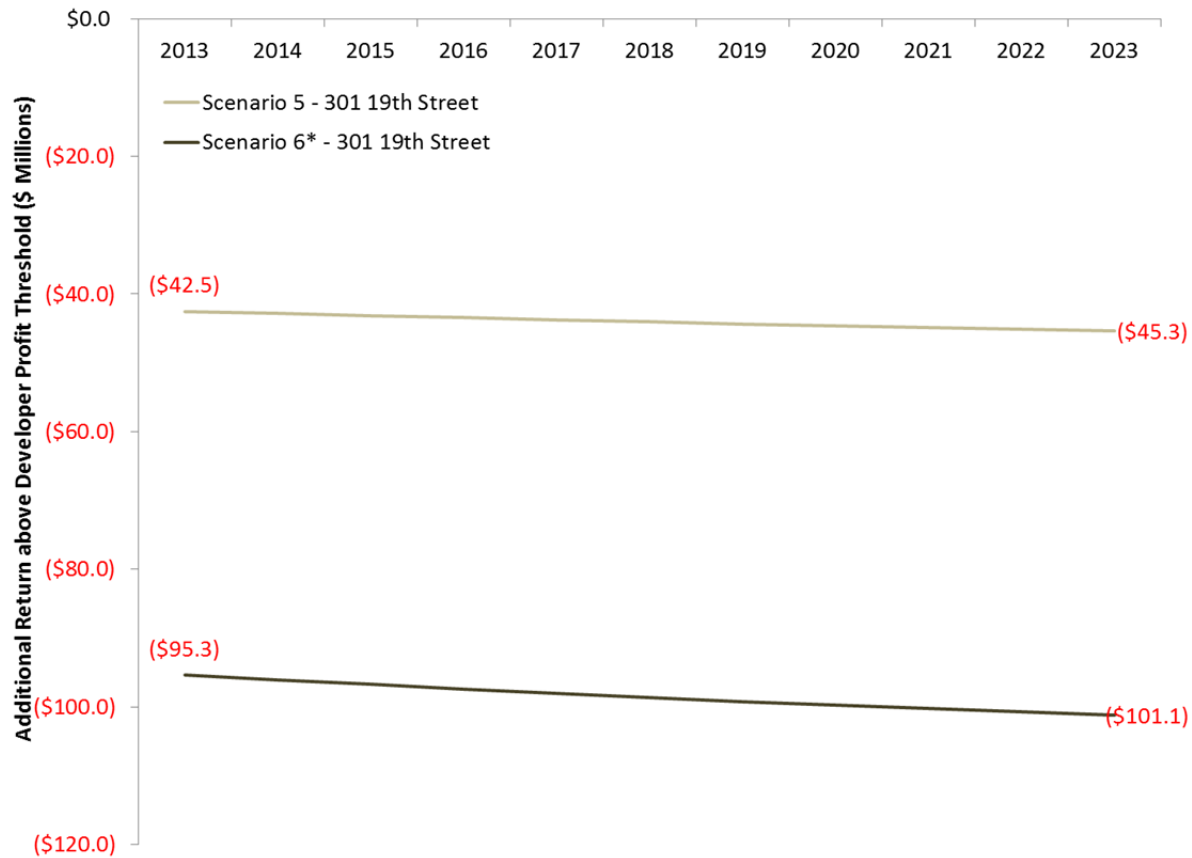
Source: AECOM

* Light lines indicate low-rise developments, dark lines indicate high-rise developments.

Solid lines indicate developments with 1:1 parking ratio, dashed lines indicate developments with 0:1 parking ratio

Finally, given the challenging office market in Downtown Oakland over the previous years, even with an aggressive growth in lease rates compared to the past five and ten years (4 percent), office development in Downtown Oakland remains currently infeasible (Figure 45). Just as important, office rents continue to lag behind residential rents, which means that developers will be motivated to build housing over office if given an option.

Figure 45. Projected Development Feasibility – Office Scenarios



Source: AECOM

* Light lines indicate low-rise developments, dark lines indicate high-rise developments.

6. Developer Strategies for Increasing Feasibility

The pro forma findings described above assume typical development inputs and average revenue assumptions for new product, be it residential, retail, or office. Developers are often challenged with project feasibility in the planning stage and use a number of strategies to improve the viability of a potential project. These include:

1. **Decreasing unit sizes** for rental product to achieve higher rents per square foot. This works best in student markets but economizing on the square footage per bedroom in general can increase yield as rents are more driven by bedrooms than square feet.
2. **Change the unit mix** to increase the number of smaller units, which generally command higher rents per square foot. Studio and one-bedroom apartments have traditionally commanded higher rents per square foot than two- and three-bedroom apartments.
3. **Increase building efficiency** and limit non-leasable area by reducing building circulation and assigning a share of non-leasable area to the tenant (i.e. traditionally only considered in commercial developments).
4. **Reduce the parking** to the extent feasible, recognizing that each parking space can cost more than \$25,000. Note that market constraints may limit the amount of parking a developer can reduce. If a project provides no parking, it often commands lower rents because the majority of middle- and high-income renters in the East Bay own cars.
5. **Reconfigure parking design** to lift parking which –in certain cases- allows developers to accommodate parking at one level versus multiple levels that require additional circulation and associated costs.
6. **Actively manage and reduce construction costs** through a number of methods such as in-house contractors, pre-negotiated building inputs, novel modular construction practices, and typical value engineering.⁸

⁸ Modular construction practices have already been explored by developers in San Francisco and throughout California. In 2012, Panoramic Interests built a 23-unit modular apartment building in San Francisco, which was subsequently purchased for an above-

-
7. **Partner with the landowner** to reduce developer upfront costs, including financing, or a lower land cost, which could help make development more feasible.
 8. **Command premium rents** above surrounding competition based on the quality of the product, design, and available amenities. For example, developers can often justify higher rents for view premiums of tower buildings. Assuming premium rents is a difficult strategy and overly optimistic assumptions can ultimately undermine the success of the project.

In most cases, developers are considering all of the above options -and more- in each project not only to maximize profitability, but also to justify the development to potential investors. Regardless, AECOM does not recommend considering these development exceptions in a public benefit analysis as it can overstate the potential benefit when many of these exceptions would not apply to a given project. Furthermore, projects can also have an equal if not greater chance of higher development costs than modeled due to landowner land value expectations, site configuration constraints, additional infrastructure needs, site clean-up requirements, entitlement constraints, increased financing requirements, escalating construction costs, and a number of other factors that can ultimately undermine the economic feasibility of a project.

asking price to be used as dorm rooms. "Small is beautiful for Patrick Kennedy's micro units." San Francisco Business Times, 7 June 2013. <http://www.bizjournals.com/sanfrancisco/blog/real-estate/2013/06/patrick-kennedy-to-sell-micro-units.html?page=all>

Urban Core, a San Francisco developer, also has plans for a high-rise modular project in Downtown Oakland. According to CEO Michael Johnson, Urban Core expects to save roughly 10 to 20 percent in construction costs by using modular units. In addition to cost savings, Mr. Johnson has also noted that a reduced on-site construction schedule also leads to minimized neighborhood impacts from construction. Additionally, factory-constructed units have allowed for a greater range of finishes and materials, and provide greater construction precision. Urban Core is currently using a similar modular technology in a high-rise building in San Diego. Phone call with Michael Johnson of Urban Core. 16 September 2013.

7. Conclusion

This analysis clearly indicates that under current market conditions, development of both residential and office buildings remains challenging but are improving. While the findings of this study do not yet endorse public amenity charges in Downtown Oakland, it is important to keep in mind that developers are constantly reconsidering the feasibility of multifamily projects in the Downtown area. Under specific conditions and with certain development advantages, developers are finding ways to make their projects work. The findings also show that requiring public benefit payments on high rise development is unlikely to generate significant revenue in the next five years because it will remain more economically advantageous to build low rise residential. As market conditions improve, the potential for a public benefit fee or provision should be revisited.

To this end, the City should continue to monitor rental rates as well as construction cost fluctuations in Downtown Oakland to determine when such programs may become viable. Rental rates have grown at an average of 8 percent per year for the past two years in the East Bay⁹ and such growth offers significant momentum for increase in development feasibility. Even since the beginning of this study, in February of 2013, the rate of change in the market has been unpredictable. While, on average, rental rates in the East Bay have increased roughly 4 percent in the past six months¹⁰ some developments, such as the Grand in Downtown Oakland have increased rents by as much as 17 percent over the past six months.¹¹

It should be noted, however, that as developers wait for market conditions in Oakland to improve enough to support new development, there are a few items that the City of Oakland can work on to simultaneously reduce risk and increase ease of development. Key improvements include:

- Improving planning staffing levels, and therefore adding responsiveness to permitting applications and **approval timing**;
- Continuing to encourage **amenity development** and retail opportunities, particularly along key corridors that are most primed for development;
- Increasing government **responsiveness to community problems** and nuisances;
- Developing a **comprehensive development fee schedule** to provide better economic certainty;
- Generating a **development pipeline** report to increase awareness of new projects and to allow for more predictable absorption;

⁹ Cassidy Turley 2nd Quarter 2013 Apartment Market Report (Accessed August 18, 2013), http://www.ctbtapartments.com/images/reports/CT_East_Bay_Multifamily_Q2_2013_Report.pdf; Various rental rate comparisons for Downtown multi-family properties.

¹⁰ Ibid.

¹¹ The Grand Website (Accessed February 17 and August 20, 2013), <http://www.livethegrand.com/>

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- Consider forming special assessment districts which would pay for community improvements over time rather under a single one-time payment;
 - Consider adopting a development impact fee program that would charge all new residential development regardless of height, which would result in no bias towards low-rise or high-rise development;
 - Enhancing the **BART system** through additional transit connections to increase accessibility and connectivity; and
 - Continue to enhance **Oakland's image** and further vibrancy of its Downtown.

Such improvements will help make Oakland more attractive to new development and will better prepare it for the point when market conditions change.

Appendix A – Development Scenario Static Pro Forma Summaries

Figure 46. Static Pro Forma – Scenario 1a (Mixed Use Residential with Parking, +/-65')

Development Program (Scenario 1a - 226 13th Street)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	59,727	Square Feet	Land Costs	\$2,986,350
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	4.88	Coverage	Demolition Costs	\$0
Base Building Height	65	Feet	Site Work Cost	\$15,635
Tower Building Height	-	Feet	Parking Costs	\$3,960,000
Building Type	Residential	Use	Base Construction Costs	
Construction Term	18	Months	Retail Construction Costs	\$4,625,000
Building Footprint	56,600	Square Feet	Office Construction Costs	\$0
			Residential Construction Costs	\$50,825,000
			Total Base Construction Costs	\$55,450,000
			Tower Construction Costs	
			Retail Construction Costs	\$0
			Office Construction Costs	\$0
			Residential Construction Costs	\$0
			Total Tower Construction Costs	\$0
			Hard Costs Sub Total	\$59,425,635
			Soft Costs	
			Architecture and Engineering	
			Base Building	\$4,158,750
			Tower Building	\$0
			Total Architecture and Engineering	\$4,158,750
			Building/Permitting/Impact Fees	\$5,275,939
			Property Taxes	\$898,083
			Construction Loan	\$4,434,399
			Construction Loan Points	\$270,127
			Overhead/Other	\$2,323,478
			Contingency	\$3,988,638
			Total Soft Costs	\$21,349,415
			Total Development Cost	\$83,761,400
			Pro Forma Analysis - Development Revenue	
			Retail	
			Annual Leasing Revenue	\$333,000
			Less Vacancy	(\$33,300)
			Less Operating Expenses	(\$22,200)
			Less Broker Fees	(\$16,650)
			Retail Revenue Sub Total	\$260,850
			Office	
			Annual Leasing Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			Less Broker Fees	\$0
			Office Revenue Sub Total	\$0
			Residential	
			Annual Rental Revenue	\$5,391,516
			Less Vacancy	(\$269,576)
			Less Operations and Maintenance Expenses	(\$1,509,624)
			Residential Rental Revenue Sub Total	\$3,612,316
			Parking	
			Annual Office Parking Rental Revenue	\$0
			Annual Residential Parking Rental Revenue	\$213,840
			Parking Revenue Sub Total	\$213,840
			Net Annual Revenue	\$4,087,006
			Capitalized Value	\$74,309,195
			Pro Forma Analysis - Net Revenue	
			Capitalized Value	\$74,309,195
			Total Development Cost	(\$83,761,400)
			Net Revenue	(\$9,452,205)
			Capitalized Value / Development Cost	89%
			Developer Profit	\$6,700,912
			Difference Available for Public Benefits	(\$16,153,117)
			Public Benefit per Building Sq. Ft.	(\$55)
			Public Benefit per Residential Unit	(\$80,766)

Figure 47. Static Pro Forma – Scenario 1b (Mixed Use Residential without Parking, +/-65')

Development Program (Scenario 1b - 226 13th Street)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	59,727	Square Feet	Land Costs	\$2,986,350
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	4.35	Coverage	Demolition Costs	\$0
Base Building Height	65	Feet	Site Work Cost	\$69,635
Tower Building Height	-	Feet	Parking Costs	\$0
Building Type	Residential	Use	Base Construction Costs	
Construction Term	18	Months	Retail Construction Costs	\$3,825,000
Building Footprint	45,800	Square Feet	Office Construction Costs	\$0
			Residential Construction Costs	\$61,125,000
			Total Base Construction Costs	\$64,950,000
			Tower Construction Costs	
			Retail Construction Costs	\$0
			Office Construction Costs	\$0
			Residential Construction Costs	\$0
			Total Tower Construction Costs	\$0
			Hard Costs Sub Total	\$65,019,635
			Soft Costs	
			Architecture and Engineering	
			Base Building	\$4,871,250
			Tower Building	\$0
			Total Architecture and Engineering	\$4,871,250
			Building/Permitting/Impact Fees	\$5,504,435
			Property Taxes	\$979,771
			Construction Loan	\$5,346,977
			Construction Loan Points	\$296,479
			Overhead/Other	\$2,550,147
			Contingency	\$4,377,752
			Total Soft Costs	\$23,926,811
			Total Development Cost	\$91,932,796
			Pro Forma Analysis - Development Revenue	
			Retail	
			Annual Leasing Revenue	\$275,400
			Less Vacancy	(\$27,540)
			Less Operating Expenses	(\$18,360)
			Less Broker Fees	(\$13,770)
			Retail Revenue Sub Total	\$215,730
			Office	
			Annual Leasing Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			Less Broker Fees	\$0
			Office Revenue Sub Total	\$0
			Residential	
			Annual Rental Revenue	\$6,158,556
			Less Vacancy	(\$307,928)
			Less Operations and Maintenance Expenses	(\$1,724,396)
			Residential Rental Revenue Sub Total	\$4,126,233
			Parking	
			Annual Office Parking Rental Revenue	\$0
			Annual Residential Parking Rental Revenue	\$0
			Parking Revenue Sub Total	\$0
			Net Annual Revenue	\$4,341,963
			Capitalized Value	\$78,944,773
			Pro Forma Analysis - Net Revenue	
			Capitalized Value	\$78,944,773
			Total Development Cost	(\$91,932,796)
			Net Revenue	(\$12,988,023)
			Capitalized Value / Development Cost	86%
			Developer Profit	\$7,354,624
			Difference Available for Public Benefits	(\$20,342,647)
			Public Benefit per Building Sq. Ft.	(\$78)
			Public Benefit per Residential Unit	(\$87,914)

Annual Opportunity Cost of Providing Space for Public Benefit		
Average Capitalized Revenue per GFA		\$304
Capitalized Revenue by Building Use per GFA		
Retail		\$256
Office		N/A
Residential		\$307
Parking		N/A
Square Feet Available for Community Benefit		-66,946
Community Benefit Space as % of GFA		-26%

Sensitivity Analysis		
Category	Public Benefit	Per Building Sq. Ft.
Construction Costs		
85%	(\$6,910,843)	(\$27)
100%	(\$20,342,647)	(\$78)
115%	(\$33,774,450)	(\$130)
Developer Thresholds		
85%	(\$19,239,453)	(\$74)
100%	(\$20,342,647)	(\$78)
115%	(\$21,445,840)	(\$83)
Revenue Assumptions		
100%	(\$20,342,647)	(\$78)
115%	(\$8,450,858)	(\$33)
130%	\$3,440,931	\$13
85% Construction Costs, 115% Revenue	(\$6,910,843)	(\$27)
Land Costs		
0%	(\$16,559,785)	(\$64)
100%	(\$20,342,647)	(\$78)
200%	(\$24,125,508)	(\$93)

Figure 48. Static Pro Forma – Scenario 1c (Zero Land Costs; 15% Construction Cost Savings)

Development Program (Scenario 1c - 226 13th Street / Chinatown)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	59,727	Square Feet	Land Costs	\$0
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	4.88	Coverage	Demolition Costs	\$0
Base Building Height	65	Feet	Site Work Cost	\$15,635
Tower Building Height	-	Feet	Parking Costs	\$3,960,000
Building Type	Residential	Use	Base Construction Costs	
Construction Term	18	Months	Retail Construction Costs	\$3,931,250
Building Footprint	56,600	Square Feet	Office Construction Costs	\$0
			Residential Construction Costs	\$43,201,250
Retail			<i>Total Base Construction Costs</i>	\$47,132,500
Gross Retail Area	18,500	Square Feet	Tower Construction Costs	
Gross Retail Area in Base	18,500	Square Feet	Retail Construction Costs	\$0
Gross Retail Area in Tower	-	Square Feet	Office Construction Costs	\$0
Net Leasable Retail Area	16,650	Square Feet	Residential Construction Costs	\$0
			<i>Total Tower Construction Costs</i>	\$0
Office			<i>Hard Costs Sub Total</i>	\$51,108,135
Gross Office Area	-	Square Feet	Soft Costs	
Gross Office Area in Base	-	Square Feet	Architecture and Engineering	
Gross Office Area in Tower	-	Square Feet	Base Building	\$3,534,938
Net Leasable Office Area	-	Square Feet	Tower Building	\$0
			<i>Total Architecture and Engineering</i>	\$3,534,938
Residential			Building/Permitting/Impact Fees	\$5,144,182
Gross Residential Area	203,300	Square Feet	Property Taxes	\$747,341
Gross Residential Area in Base	203,300	Square Feet	Construction Loan	\$3,690,088
Gross Residential Area in Tower	-	Square Feet	Construction Loan Points	\$224,786
Net Residential Unit Space	172,805	22% Efficiency	Overhead/Other	\$1,933,484
Total Units	200	Units	Contingency	\$3,319,148
Residential Absorption Period	20	Months	<i>Total Soft Costs</i>	\$18,593,967
Parking			Total Development Cost	\$69,702,102
Total Parking Area	69,600	Square Feet		
Average Parking Space	350	Square Feet		
Total Parking Spaces	198	Spaces		
Podium Parking - Half Below Grade	99	Spaces		
Podium Parking - Ground Floor / Above Grade	99	Spaces		
Podium Parking - Mechanical System	-	Spaces		
Parking Use Distribution				
Retail	On Street	Spaces		
Office	-	Spaces		
Residential	198	Spaces		
Annual Opportunity Cost of Providing Space for Public Benefit			Pro Forma Analysis - Development Revenue	
Average Capitalized Revenue per GFA		\$255	Retail	
Capitalized Revenue by Building Use per GFA			Annual Leasing Revenue	\$333,000
Retail		\$256	Less Vacancy	(\$33,300)
Office		N/A	Less Operating Expenses	(\$22,200)
Residential		\$323	Less Broker Fees	(\$16,650)
Parking		\$56	<i>Retail Revenue Sub Total</i>	\$260,850
Square Feet Available for Community Benefit	-3,800		Office	
Community Benefit Space as % of GFA	-1%		Annual Leasing Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			Less Broker Fees	\$0
			<i>Office Revenue Sub Total</i>	\$0
			Residential	
			Annual Rental Revenue	\$5,391,516
			Less Vacancy	(\$269,576)
			Less Operations and Maintenance Expenses	(\$1,509,624)
			<i>Residential Rental Revenue Sub Total</i>	\$3,612,316
			Parking	
			Annual Office Parking Rental Revenue	\$0
			Annual Residential Parking Rental Revenue	\$213,840
			<i>Parking Revenue Sub Total</i>	\$213,840
			Net Annual Revenue	\$4,087,006
			Capitalized Value	\$74,309,195
Sensitivity Analysis			Pro Forma Analysis - Net Revenue	
Category	Public Benefit	Per Building Sq. Ft.	Capitalized Value	\$74,309,195
Construction Costs			Total Development Cost	(\$69,702,102)
85%	\$9,563,956	\$33	Net Revenue	\$4,607,093
100%	(\$969,075)	(\$3)	Capitalized Value / Development Cost	107%
115%	(\$11,502,106)	(\$39)	Developer Profit	\$5,576,168
Developer Thresholds				
85%	(\$132,650)	(\$0)	Difference Available for Public Benefits	(\$969,075)
100%	(\$969,075)	(\$3)	Public Benefit per Building Sq. Ft.	(\$3)
115%	(\$1,805,500)	(\$6)	Public Benefit per Residential Unit	(\$4,845)
Revenue Assumptions				
100%	(\$969,075)	(\$3)		
115%	\$10,237,850	\$35		
130%	\$21,444,774	\$74		
85% Construction Costs, 115% Revenue	\$20,770,881	\$71		

Figure 49. Static Pro Forma – Scenario 2a* (Mixed Use Residential with Parking, +/-240')

Development Program (Scenario 2a - 226 13th Street)		
	Number	Unit
Site Size	59,727	Square Feet
Amount of Area to be Demolished	-	Square Feet
Floor Area Ratio	8.81	Coverage
Base Building Height	65	Feet
Tower Building Height	240	Feet
Building Type	Residential	Use
Construction Term	28	Months
Building Footprint	56,600	Square Feet
Retail		
Gross Retail Area	18,500	Square Feet
Gross Retail Area in Base	18,500	Square Feet
Gross Retail Area in Tower	-	Square Feet
Net Leasable Retail Area	16,650	Square Feet
Office		
Gross Office Area	-	Square Feet
Gross Office Area in Base	-	Square Feet
Gross Office Area in Tower	-	Square Feet
Net Leasable Office Area	-	Square Feet
Residential		
Gross Residential Area	368,700	Square Feet
Gross Residential Area in Base	-	Square Feet
Gross Residential Area in Tower	368,700	Square Feet
Gross Live/Work Space in Base	-	Square Feet
Net Residential Unit Space	313,395	19% Efficiency
Total Units	365	Units
Residential Absorption Period	25	Months
Parking		
Total Parking Area	139,200	Square Feet
Average Parking Space	350	Square Feet
Total Parking Spaces	397	Spaces
Podium Parking - Half Below Grade	99	Spaces
Podium Parking - Ground Floor / Above Grade	298	Spaces
Podium Parking - Mechanical System	-	Spaces
Parking Use Distribution		
Retail	On Street	Spaces
Office	-	Spaces
Residential	397	Spaces

Annual Opportunity Cost of Providing Space for Public Benefit	
Average Capitalized Revenue per GFA	\$273
Capitalized Revenue by Building Use per GFA	
Retail	\$256
Office	N/A
Residential	\$355
Parking	\$56
Square Feet Available for Community Benefit	-129,733
Community Benefit Space as % of GFA	-25%

Sensitivity Analysis		
Category	Public Benefit	Per Building Sq. Ft.
Construction Costs		
85%	(\$18,090,603)	(\$56)
100%	(\$32,082,466)	(\$99)
115%	(\$46,074,329)	(\$142)
Developer Thresholds		
85%	(\$30,938,170)	(\$96)
100%	(\$32,082,466)	(\$99)
115%	(\$33,226,762)	(\$103)
Revenue Assumptions		
100%	(\$35,381,586)	(\$67)
115%	(\$15,727,959)	(\$30)
130%	\$3,925,668	\$7
85% Construction Costs, 115% Revenue	\$11,064,842	\$21
Land Costs		
0%	(\$31,536,187)	(\$60)
100%	(\$35,381,586)	(\$67)
200%	(\$39,226,986)	(\$75)

Pro Forma Analysis - Development Costs	
Land Costs	
Land Costs	\$2,986,350
Hard Costs	
Demolition Costs	\$0
Site Work Cost	\$15,635
Parking Costs	\$7,940,000
Base Construction Costs	
Retail Construction Costs	\$4,625,000
Office Construction Costs	\$0
Residential Construction Costs	\$0
Total Base Construction Costs	\$4,625,000
Tower Construction Costs	
Retail Construction Costs	\$0
Office Construction Costs	\$0
Residential Construction Costs	\$97,705,500
Total Tower Construction Costs	\$97,705,500
Hard Costs Sub Total	\$110,286,135
Soft Costs	
Architecture and Engineering	
Base Building	\$346,875
Tower Building	\$6,350,858
Total Architecture and Engineering	\$6,697,733
Building/Permitting/Impact Fees	\$18,998,387
Property Taxes	\$1,737,108
Construction Loan	\$11,962,917
Construction Loan Points	\$534,340
Overhead/Other	\$4,596,089
Contingency	\$7,889,953
Total Soft Costs	\$52,416,526
Total Development Cost	\$165,689,011

Pro Forma Analysis - Development Revenue	
Retail	
Annual Leasing Revenue	\$333,000
Less Vacancy	(\$33,300)
Less Operating Expenses	(\$22,200)
Less Broker Fees	(\$16,650)
Retail Revenue Sub Total	\$260,850
Office	
Annual Leasing Revenue	\$0
Less Vacancy	\$0
Less Operations and Maintenance Expenses	\$0
Less Broker Fees	\$0
Office Revenue Sub Total	\$0
Residential	
Annual Rental Revenue	\$10,755,716
Less Vacancy	(\$537,786)
Less Operations and Maintenance Expenses	(\$3,011,601)
Residential Rental Revenue Sub Total	\$7,206,330
Parking	
Annual Office Parking Rental Revenue	\$0
Annual Residential Parking Rental Revenue	\$428,760
Parking Revenue Sub Total	\$428,760
Net Annual Revenue	\$7,895,940
Capitalized Value	\$143,562,545

Pro Forma Analysis - Net Revenue	
Capitalized Value	\$143,562,545
Total Development Cost	(\$165,689,011)
Net Revenue	(\$22,126,466)
Capitalized Value / Development Cost	87%
Developer Profit	\$13,255,121
Difference Available for Public Benefits	(\$35,381,586)
Public Benefit per Building Sq. Ft.	(\$67)
Public Benefit per Residential Unit	(\$96,936)

Figure 50. Static Pro Forma – Scenario 2b* (Mixed Use Residential without Parking, +/-240')

Development Program (Scenario 2b - 226 13th Street)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	59,727	Square Feet	Land Costs	\$2,986,350
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	7.94	Coverage	Demolition Costs	\$0
Base Building Height	\$65	Feet	Site Work Cost	\$81,135
Tower Building Height	240	Feet	Parking Costs	\$0
Building Type	Residential	Use	Base Construction Costs	
Construction Term	28	Months	Retail Construction Costs	\$2,000,000
Building Footprint	43,500	Square Feet	Office Construction Costs	\$0
			Residential Construction Costs	\$7,450,000
			Total Base Construction Costs	\$9,450,000
			Tower Construction Costs	
			Retail Construction Costs	\$0
			Office Construction Costs	\$0
			Residential Construction Costs	\$115,593,000
			Total Tower Construction Costs	\$115,593,000
			Hard Costs Sub Total	\$125,124,135
			Soft Costs	
			Architecture and Engineering	
			Base Building	\$708,750
			Tower Building	\$7,513,545
			Total Architecture and Engineering	\$8,222,295
			Building/Permitting/Impact Fees	\$21,599,335
			Property Taxes	\$1,974,151
			Construction Loan	\$15,134,462
			Construction Loan Points	\$612,643
			Overhead/Other	\$5,269,601
			Contingency	\$9,046,149
			Total Soft Costs	\$61,858,636
			Total Development Cost	\$189,969,121
			Pro Forma Analysis - Development Revenue	
			Retail	
			Annual Leasing Revenue	\$144,000
			Less Vacancy	(\$14,400)
			Less Operating Expenses	(\$9,600)
			Less Broker Fees	(\$7,200)
			Retail Revenue Sub Total	\$112,800
			Office	
			Annual Leasing Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			Less Broker Fees	\$0
			Office Revenue Sub Total	\$0
			Residential	
			Annual Rental Revenue	\$13,150,370
			Less Vacancy	(\$657,519)
			Less Operations and Maintenance Expenses	(\$3,682,104)
			Residential Rental Revenue Sub Total	\$8,810,748
			Parking	
			Annual Office Parking Rental Revenue	\$0
			Annual Residential Parking Rental Revenue	\$0
			Parking Revenue Sub Total	\$0
			Net Annual Revenue	\$8,923,548
			Capitalized Value	\$162,246,330
			Pro Forma Analysis - Net Revenue	
			Capitalized Value	\$162,246,330
			Total Development Cost	(\$189,969,121)
			Net Revenue	(\$27,722,791)
			Capitalized Value / Development Cost	85%
			Developer Profit	\$15,197,530
			Difference Available for Public Benefits	(\$42,920,320)
			Public Benefit per Building Sq. Ft.	(\$91)
			Public Benefit per Residential Unit	(\$95,276)

Annual Opportunity Cost of Providing Space for Public Benefit		
Average Capitalized Revenue per GFA		\$342
Capitalized Revenue by Building Use per GFA		
Retail		\$256
Office		N/A
Residential		\$344
Parking		N/A
Square Feet Available for Community Benefit		-125,391
Community Benefit Space as % of GFA		-26%

Sensitivity Analysis		
Category	Public Benefit	Per Building Sq. Ft.
Construction Costs		
85%	(\$14,500,289)	(\$31)
100%	(\$42,920,320)	(\$91)
115%	(\$71,340,352)	(\$151)
Developer Thresholds		
85%	(\$30,938,170)	(\$96)
100%	(\$32,082,466)	(\$99)
115%	(\$33,226,762)	(\$103)
Revenue Assumptions		
100%	(\$42,920,320)	(\$91)
115%	(\$19,668,592)	(\$41)
130%	\$3,583,136	\$8
85% Construction Costs, 115% Revenue	\$9,862,842	\$21
Land Costs		
0%	(\$39,040,809)	(\$82)
100%	(\$42,920,320)	(\$91)
200%	(\$46,799,832)	(\$99)

Figure 51. Static Pro Forma – Scenario 3a (Mixed Use Residential with Parking, +/-65')

Development Program (Scenario 3a - 301 19th Street)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	57,935	Square Feet	Land Costs	\$2,896,750
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	4.53	Coverage	Demolition Costs	\$0
Base Building Height	65	Feet	Site Work Cost	\$13,175
Tower Building Height	-	Feet	Parking Costs	\$3,640,000
Building Type	Residential	Use	Base Construction Costs	
Construction Term	18	Months	Retail Construction Costs	\$3,550,000
Building Footprint	55,300	Square Feet	Office Construction Costs	\$0
			Residential Construction Costs	\$46,025,000
			Total Base Construction Costs	\$49,575,000
			Tower Construction Costs	
			Retail Construction Costs	\$0
			Office Construction Costs	\$0
			Residential Construction Costs	\$0
			Total Tower Construction Costs	\$0
			Hard Costs Sub Total	\$53,228,175
			Soft Costs	
			Architecture and Engineering	
			Base Building	\$3,718,125
			Tower Building	\$0
			Total Architecture and Engineering	\$3,718,125
			Building/Permitting/Impact Fees	\$4,592,130
			Property Taxes	\$805,440
			Construction Loan	\$3,767,646
			Construction Loan Points	\$241,529
			Overhead/Other	\$2,077,494
			Contingency	\$3,566,364
			Total Soft Costs	\$18,768,728
			Total Development Cost	\$74,893,653
Annual Opportunity Cost of Providing Space for Public Benefit			Pro Forma Analysis - Development Revenue	
Average Capitalized Revenue per GFA		\$308	Retail	
Capitalized Revenue by Building Use per GFA			Annual Leasing Revenue	\$255,600
Retail		\$282	Less Vacancy	(\$25,560)
Office		N/A	Less Operating Expenses	(\$17,040)
Residential		\$396	Less Broker Fees	(\$12,780)
Parking		\$61	Retail Revenue Sub Total	\$200,220
Square Feet Available for Community Benefit		73	Office	
Community Benefit Space as % of GFA		0%	Annual Leasing Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			Less Broker Fees	\$0
			Office Revenue Sub Total	\$0
			Residential	
			Annual Rental Revenue	\$5,445,678
			Less Vacancy	(\$272,284)
			Less Operations and Maintenance Expenses	(\$1,524,790)
			Residential Rental Revenue Sub Total	\$3,648,604
			Parking	
			Annual Office Parking Rental Revenue	\$0
			Annual Residential Parking Rental Revenue	\$196,560
			Parking Revenue Sub Total	\$196,560
			Net Annual Revenue	\$4,045,384
			Capitalized Value	\$80,907,685
Sensitivity Analysis			Pro Forma Analysis - Net Revenue	
Category	Public Benefit	Per Building Sq. Ft.	Capitalized Value	\$80,907,685
Construction Costs			Total Development Cost	(\$74,893,653)
85%	\$10,948,112	\$42	Net Revenue	\$6,014,032
100%	\$22,540	\$0	Capitalized Value / Development Cost	108%
115%	(\$10,903,032)	(\$42)	Developer Profit	\$5,991,492
Developer Thresholds			Difference Available for Public Benefits	\$22,540
85%	\$921,264	\$4	Public Benefit per Building Sq. Ft.	\$0
100%	\$22,540	\$0	Public Benefit per Residential Unit	\$129
115%	(\$876,184)	(\$3)		
Revenue Assumptions				
100%	\$22,540	\$0		
115%	\$12,209,813	\$47		
130%	\$24,397,086	\$93		
85% Construction Costs, 115% Revenue	\$23,135,385	\$88		
Land Costs				
0%	\$3,658,815	\$14		
100%	\$22,540	\$0		
200%	(\$3,613,735)	(\$14)		

Figure 52. Static Pro Forma – Scenario 3b (Mixed Use Residential without Parking, +/-65')

Development Program (Scenario 3b - 301 19th Street)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	57,935	Square Feet	Land Costs	\$2,896,750
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	4.35	Coverage	Demolition Costs	\$0
Base Building Height	65	Feet	Site Work Cost	\$81,675
Tower Building Height	-	Feet	Parking Costs	\$0
Building Type	Residential	Use	Base Construction Costs	
Construction Term	18	Months	Retail Construction Costs	\$3,850,000
Building Footprint	41,600	Square Feet	Office Construction Costs	\$0
			Residential Construction Costs	\$59,175,000
Retail			<i>Total Base Construction Costs</i>	\$63,025,000
Gross Retail Area	15,400	Square Feet	Tower Construction Costs	
Gross Retail Area in Base	15,400	Square Feet	Retail Construction Costs	\$0
Gross Retail Area in Tower	-	Square Feet	Office Construction Costs	\$0
Net Leasable Retail Area	13,860	Square Feet	Residential Construction Costs	\$0
			<i>Total Tower Construction Costs</i>	\$0
Office			<i>Hard Costs Sub Total</i>	\$63,106,675
Gross Office Area	-	Square Feet	Soft Costs	
Gross Office Area in Base	-	Square Feet	Architecture and Engineering	
Gross Office Area in Tower	-	Square Feet	Base Building	\$4,726,875
Net Leasable Office Area	-	Square Feet	Tower Building	\$0
			<i>Total Architecture and Engineering</i>	\$4,726,875
Residential			Building/Permitting/Impact Fees	\$5,304,240
Gross Residential Area	236,700	Square Feet	Property Taxes	\$950,432
Gross Residential Area in Base	220,000	Square Feet	Construction Loan	\$5,063,366
Gross Residential Area in Tower	-	Square Feet	Construction Loan Points	\$287,169
Gross Live/Work Space in Base	16,700	Square Feet	Overhead/Other	\$2,470,065
Net Residential Unit Space	201,195	20% Efficiency	Contingency	\$4,240,279
Total Units	222	Units	<i>Total Soft Costs</i>	\$23,042,425
Residential Absorption Period	23	Months		
			Total Development Cost	\$89,045,850
Parking				
Total Parking Area	-	Square Feet		
Average Parking Space	350	Square Feet		
Total Parking Spaces	-	Spaces		
Podium Parking - Half Below Grade	-	Spaces		
Podium Parking - Ground Floor / Above Grade	-	Spaces		
Podium Parking - Mechanical System	-	Spaces		
Parking Use Distribution				
Retail	On Street	Spaces		
Office	-	Spaces		
Residential	-	Spaces		
Annual Opportunity Cost of Providing Space for Public Benefit			Pro Forma Analysis - Development Revenue	
Average Capitalized Revenue per GFA		\$378	Retail	
Capitalized Revenue by Building Use per GFA			Annual Leasing Revenue	\$277,200
Retail		\$282	Less Vacancy	(\$27,720)
Office		N/A	Less Operating Expenses	(\$18,480)
Residential		\$384	Less Broker Fees	(\$13,860)
Parking		N/A	<i>Retail Revenue Sub Total</i>	\$217,140
Square Feet Available for Community Benefit		-2,576	Office	
Community Benefit Space as % of GFA		-1%	Annual Leasing Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			Less Broker Fees	\$0
			<i>Office Revenue Sub Total</i>	\$0
			Residential	
			Annual Rental Revenue	\$6,780,144
			Less Vacancy	(\$339,007)
			Less Operations and Maintenance Expenses	(\$1,898,440)
			<i>Residential Rental Revenue Sub Total</i>	\$4,542,696
			Parking	
			Annual Office Parking Rental Revenue	\$0
			Annual Residential Parking Rental Revenue	\$0
			<i>Parking Revenue Sub Total</i>	\$0
			Net Annual Revenue	\$4,759,836
			Capitalized Value	\$95,196,730
Sensitivity Analysis			Pro Forma Analysis - Net Revenue	
Category	Public Benefit	Per Building Sq. Ft.		
Construction Costs			Capitalized Value	\$95,196,730
85%	\$12,043,958	\$48	Total Development Cost	(\$89,045,850)
100%	(\$972,788)	(\$4)	Net Revenue	\$6,150,880
115%	(\$13,989,534)	(\$55)	Capitalized Value / Development Cost	107%
Developer Thresholds			Developer Profit	\$7,123,668
85%	\$95,762	\$0		
100%	(\$972,788)	(\$4)		
115%	(\$2,041,339)	(\$8)		
Revenue Assumptions				
100%	(\$972,788)	(\$4)		
115%	\$13,362,161	\$53		
130%	\$27,697,110	\$110		
85% Construction Costs, 115% Revenue	\$26,378,907	\$105		
Land Costs				
0%	\$2,691,060	\$11		
100%	(\$972,788)	(\$4)		
200%	(\$4,636,637)	(\$18)		
			Difference Available for Public Benefits	(\$972,788)
			Public Benefit per Building Sq. Ft.	(\$4)
			Public Benefit per Residential Unit	(\$4,384)

Figure 53. Static Pro Forma – Scenario 4a* (Mixed Use Residential with Parking, +/-175')

Development Program (Scenario 4a - 301 19th Street)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	57,935	Square Feet	Land Costs	\$2,896,750
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	6.17	Coverage	Demolition Costs	\$0
Base Building Height	65	Feet	Site Work Cost	\$29,175
Tower Building Height	175	Feet	Parking Costs	\$5,060,000
Building Type	Residential	Use	Base Construction Costs	
Construction Term	28	Months	Retail Construction Costs	\$3,575,000
Building Footprint	52,100	Square Feet	Office Construction Costs	\$0
			Residential Construction Costs	<u>\$36,700,000</u>
			Total Base Construction Costs	\$40,275,000
			Tower Construction Costs	
			Retail Construction Costs	\$0
			Office Construction Costs	\$0
			Residential Construction Costs	<u>\$29,700,000</u>
			Total Tower Construction Costs	\$29,700,000
			Hard Costs Sub Total	\$75,064,175
			Soft Costs	
			Architecture and Engineering	
			Base Building	\$3,020,625
			Tower Building	<u>\$1,930,500</u>
			Total Architecture and Engineering	\$4,951,125
			Building/Permitting/Impact Fees	\$9,251,530
			Property Taxes	\$1,152,045
			Construction Loan	\$6,736,222
			Construction Loan Points	\$350,181
			Overhead/Other	\$3,012,061
			Contingency	<u>\$5,170,704</u>
			Total Soft Costs	\$30,623,868
			Total Development Cost	\$108,584,793
			Pro Forma Analysis - Development Revenue	
			Retail	
			Annual Leasing Revenue	\$257,400
			Less Vacancy	(\$25,740)
			Less Operating Expenses	(\$17,160)
			Less Broker Fees	<u>(\$12,870)</u>
			Retail Revenue Sub Total	\$201,630
			Office	
			Annual Leasing Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			Less Broker Fees	<u>\$0</u>
			Office Revenue Sub Total	\$0
			Residential	
			Annual Rental Revenue	\$7,856,448
			Less Vacancy	(\$392,822)
			Less Operations and Maintenance Expenses	<u>(\$2,199,805)</u>
			Residential Rental Revenue Sub Total	\$5,263,820
			Parking	
			Annual Office Parking Rental Revenue	\$0
			Annual Residential Parking Rental Revenue	<u>\$273,240</u>
			Parking Revenue Sub Total	\$273,240
			Net Annual Revenue	\$5,738,690
			Capitalized Value	\$114,773,803
			Pro Forma Analysis - Net Revenue	
			Capitalized Value	\$114,773,803
			Total Development Cost	<u>(\$108,584,793)</u>
			Net Revenue	\$6,189,010
			Capitalized Value / Development Cost	106%
			Developer Profit	\$8,686,783
			Difference Available for Public Benefits	<u>(\$2,497,773)</u>
			Public Benefit per Building Sq. Ft.	<u>(\$7)</u>
			Public Benefit per Residential Unit	<u>(\$10,154)</u>
Annual Opportunity Cost of Providing Space for Public Benefit				
Average Capitalized Revenue per GFA		\$321		
Capitalized Revenue by Building Use per GFA				
Retail		\$282		
Office		N/A		
Residential		\$413		
Parking		\$62		
Square Feet Available for Community Benefit		-7,784		
Community Benefit Space as % of GFA		-2%		
Sensitivity Analysis				
Category	Public Benefit	Per Building Sq. Ft.		
Construction Costs				
85%	\$13,594,899	\$38		
100%	(\$2,497,773)	(\$7)		
115%	(\$18,590,446)	(\$52)		
Developer Thresholds				
85%	(\$1,194,756)	(\$3)		
100%	(\$2,497,773)	(\$7)		
115%	(\$3,800,791)	(\$11)		
Revenue Assumptions				
100%	(\$2,497,773)	(\$7)		
115%	\$14,769,777	\$41		
130%	\$32,037,328	\$90		
85% Construction Costs, 115% Revenue	\$30,862,450	\$86		
Land Costs				
0%	\$1,188,134	\$3		
100%	(\$2,497,773)	(\$7)		
200%	(\$6,183,681)	(\$17)		

Figure 54. Static Pro Forma – Scenario 4b* (Mixed Use Residential without Parking, +/-175')

Development Program (Scenario 4b - 301 19th Street)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	57,935	Square Feet	Land Costs	\$2,896,750
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	4.91	Coverage	Demolition Costs	\$0
Base Building Height	65	Feet	Site Work Cost	\$123,675
Tower Building Height	240	Feet	Parking Costs	\$0
Building Type	Residential	Use	Base Construction Costs	
Construction Term	28	Months	Retail Construction Costs	\$5,075,000
Building Footprint	33,200	Square Feet	Office Construction Costs	\$0
			Residential Construction Costs	\$40,475,000
Retail			Total Base Construction Costs	\$45,550,000
Gross Retail Area	20,300	Square Feet	Tower Construction Costs	
Gross Retail Area in Base	20,300	Square Feet	Retail Construction Costs	\$0
Gross Retail Area in Tower	-	Square Feet	Office Construction Costs	\$0
Net Leasable Retail Area	18,270	Square Feet	Residential Construction Costs	\$28,620,000
			Total Tower Construction Costs	\$28,620,000
Office			Hard Costs Sub Total	\$74,293,675
Gross Office Area	-	Square Feet	Soft Costs	
Gross Office Area in Base	-	Square Feet	Architecture and Engineering	
Gross Office Area in Tower	-	Square Feet	Base Building	\$3,416,250
Net Leasable Office Area	-	Square Feet	Tower Building	\$1,860,300
			Total Architecture and Engineering	\$5,276,550
Residential			Building/Permitting/Impact Fees	\$9,127,984
Gross Residential Area	263,900	Square Feet	Property Taxes	\$1,144,937
Gross Residential Area in Base	155,900	Square Feet	Construction Loan	\$6,843,431
Gross Residential Area in Tower	108,000	Square Feet	Construction Loan Points	\$348,542
Gross Live/Work Space in Base	6,000	Square Feet	Overhead/Other	\$2,997,956
Net Residential Unit Space	224,315	21% Efficiency	Contingency	\$5,146,491
Total Units	261	Units	Total Soft Costs	\$30,885,892
Residential Absorption Period	18	Months		
			Total Development Cost	\$108,076,317
Parking				
Total Parking Area	-	Square Feet		
Average Parking Space	350	Square Feet		
Total Parking Spaces	-	Spaces		
Podium Parking - Half Below Grade	-	Spaces		
Podium Parking - Ground Floor / Above Grade	-	Spaces		
Podium Parking - Mechanical System	-	Spaces		
Parking Use Distribution				
Retail	On Street	Spaces		
Office	-	Spaces		
Residential	-	Spaces		
Annual Opportunity Cost of Providing Space for Public Benefit			Pro Forma Analysis - Development Revenue	
Average Capitalized Revenue per GFA	\$408		Retail	
Capitalized Revenue by Building Use per GFA			Annual Leasing Revenue	\$365,400
Retail	\$282		Less Vacancy	(\$36,540)
Office	N/A		Less Operating Expenses	(\$24,360)
Residential	\$418		Less Broker Fees	(\$18,270)
Parking	N/A		Retail Revenue Sub Total	\$286,230
Square Feet Available for Community Benefit	-1,967		Office	
Community Benefit Space as % of GFA	-1%		Annual Leasing Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			Less Broker Fees	\$0
			Office Revenue Sub Total	\$0
			Residential	
			Annual Rental Revenue	\$8,223,546
			Less Vacancy	(\$411,177)
			Less Operations and Maintenance Expenses	(\$2,302,593)
			Residential Rental Revenue Sub Total	\$5,509,776
			Parking	
			Annual Office Parking Rental Revenue	\$0
			Annual Residential Parking Rental Revenue	\$0
			Parking Revenue Sub Total	\$0
			Net Annual Revenue	\$5,796,006
			Capitalized Value	\$115,920,116
Sensitivity Analysis				
Category	Public Benefit	Per Building Sq. Ft.	Pro Forma Analysis - Net Revenue	
Construction Costs			Capitalized Value	\$115,920,116
85%	\$15,128,832	\$53	Total Development Cost	(\$108,076,317)
100%	(\$802,305)	(\$3)	Net Revenue	\$7,843,800
115%	(\$16,733,443)	(\$59)	Capitalized Value / Development Cost	107%
Developer Thresholds			Developer Profit	\$8,646,105
85%	\$494,610	\$2		
100%	(\$802,305)	(\$3)	Difference Available for Public Benefits	(\$802,305)
115%	(\$2,099,221)	(\$7)	Public Benefit per Building Sq. Ft.	(\$3)
Revenue Assumptions			Public Benefit per Residential Unit	(\$3,075)
100%	(\$802,305)	(\$3)		
115%	\$16,658,792	\$59		
130%	\$34,119,889	\$120		
85% Construction Costs, 115% Revenue	\$32,589,929	\$115		
Land Costs				
0%	\$2,889,117	\$10		
100%	(\$802,305)	(\$3)		
200%	(\$4,493,728)	(\$16)		

Figure 55. Static Pro Forma – Scenario 5 (Mixed Use Office, +/-85')

Development Program (Scenario 5 - 301 19th Street)			Pro Forma Analysis - Development Costs	
	Number	Unit	Land Costs	
Site Size	57,935	Square Feet	Land Costs	\$2,896,750
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	3.23	Coverage	Demolition Costs	\$0
Base Building Height	85	Feet	Site Work Cost	\$59,175
Tower Building Height	-	Feet	Parking Costs	\$1,720,000
Building Type	Office	Use	Base Construction Costs	
Construction Term	18	Months	Retail Construction Costs	\$3,080,000
Building Footprint	46,100	Square Feet	Office Construction Costs	\$40,852,000
			Residential Construction Costs	\$0
			<i>Total Base Construction Costs</i>	\$43,932,000
Retail			Tower Construction Costs	
Gross Retail Area	11,000	Square Feet	Retail Construction Costs	\$0
Gross Retail Area in Base	11,000	Square Feet	Office Construction Costs	\$0
Gross Retail Area in Tower	-	Square Feet	Residential Construction Costs	\$0
Net Leasable Retail Area	9,900	Square Feet	<i>Total Tower Construction Costs</i>	\$0
			<i>Hard Costs Sub Total</i>	\$45,711,175
Office			Soft Costs	
Gross Office Area	145,900	Square Feet	Architecture and Engineering	
Gross Office Area in Base	145,900	Square Feet	Base Building	\$3,075,240
Gross Office Area in Tower	-	Square Feet	Tower Building	\$0
Net Leasable Office Area	131,310	Square Feet	<i>Total Architecture and Engineering</i>	\$3,075,240
			Building/Permitting/Impact Fees	\$4,878,642
Residential			Property Taxes	\$707,023
Gross Residential Area	-	Square Feet	Construction Loan	\$1,653,637
Gross Residential Area in Base	-	Square Feet	Construction Loan Points	\$206,229
Gross Residential Area in Tower	-	Square Feet	Overhead/Other	\$1,773,861
Net Residential Unit Space	-	100% Efficiency	Contingency	\$3,045,128
Total Units	-	Units	<i>Total Soft Costs</i>	\$15,339,759
Residential Absorbtion Period	-	Months		
			Total Development Cost	\$63,947,684
Parking			Pro Forma Analysis - Development Revenue	
Total Parking Area	30,400	Square Feet	Retail	
Average Parking Space	350	Square Feet	Annual Leasing Revenue	\$198,000
Total Parking Spaces	86	Spaces	Less Vacancy	(\$19,800)
Podium Parking - Half Below Grade	-	Spaces	Less Operating Expenses	(\$13,200)
Podium Parking - Ground Floor / Above Grade	86	Spaces	Less Broker Fees	(\$9,900)
Podium Parking - Mechanical System	-	Spaces	<i>Retail Revenue Sub Total</i>	\$155,100
Parking Use Distribution			Office	
Retail	On Street	Spaces	Annual Leasing Revenue	\$3,361,536
Office	86.00	Spaces	Less Vacancy	(\$336,154)
Residential	-	Spaces	Less Operations and Maintenance Expenses	(\$1,050,480)
			Less Broker Fees	(\$168,077)
			<i>Office Revenue Sub Total</i>	\$1,806,826
			Residential	
			Annual Rental Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			<i>Residential Rental Revenue Sub Total</i>	\$0
			Parking	
			Annual Office Parking Rental Revenue	\$123,840
			Annual Residential Parking Rental Revenue	\$0
			<i>Parking Revenue Sub Total</i>	\$123,840
			Net Annual Revenue	\$2,085,766
			Capitalized Value	\$27,810,208
Opportunity Cost of Providing Space for Public Benefit			Pro Forma Analysis - Net Revenue	
Average Capitalized Revenue per GFA		\$148	Capitalized Value	\$27,810,208
Capitalized Revenue by Building Use per GFA			Total Development Cost	(\$63,947,684)
Retail		\$188	Net Revenue	(\$36,137,476)
Office		\$165	Capitalized Value / Development Cost	43%
Residential		N/A		
Parking		\$54	Developer Profit	\$6,394,768
Square Feet Available for Community Benefit	-286,452			
Community Benefit Space as % of GFA	-153%		Difference Available for Public Benefits	(\$42,532,244)
			Public Benefit per Building Sq. Ft.	(\$227)
			Public Benefit per Residential Unit	N/A
Sensitivity Analysis				
Category	Public Benefit	Per Building Sq. Ft.		
Construction Costs				
85%	(\$32,533,396)	(\$174)		
100%	(\$42,532,244)	(\$227)		
115%	(\$52,531,093)	(\$280)		
Developer Thresholds				
85%	(\$41,573,029)	(\$222)		
100%	(\$42,532,244)	(\$227)		
115%	(\$43,491,459)	(\$232)		
Revenue Assumptions				
100%	(\$42,532,244)	(\$227)		
115%	(\$36,233,353)	(\$193)		
130%	(\$29,934,462)	(\$160)		
85% Construction Costs, 115% Revenue	(\$26,234,504)	(\$140)		
Land Costs				
0%	(\$38,929,734)	(\$208)		
100%	(\$42,532,244)	(\$227)		
200%	(\$46,134,755)	(\$246)		

Figure 56. Static Pro Forma – Scenario 6* (Mixed Use Office, +/-240')

Development Program (Scenario 6 - 301 19th Street)			Pro Forma Analysis - Development Costs	
	Number	Unit	Land Costs	
Site Size	57,935	Square Feet	Land Costs	\$2,896,750
Amount of Area to be Demolished	-	Square Feet	Hard Costs	
Floor Area Ratio	8.05	Coverage	Demolition Costs	\$0
Base Building Height	65	Feet	Site Work Cost	\$61,175
Tower Building Height	240	Feet	Parking Costs	\$3,920,000
Building Type	Office	Use	Base Construction Costs	
Construction Term	28	Months	Retail Construction Costs	\$2,650,000
Building Footprint	45,700	Square Feet	Office Construction Costs	\$24,563,000
			Residential Construction Costs	\$0
			<i>Total Base Construction Costs</i>	\$27,213,000
Retail			Tower Construction Costs	
Gross Retail Area	10,600	Square Feet	Retail Construction Costs	\$0
Gross Retail Area in Base	10,600	Square Feet	Office Construction Costs	\$83,160,000
Gross Retail Area in Tower	-	Square Feet	Residential Construction Costs	\$0
Net Leasable Retail Area	9,540	Square Feet	<i>Total Tower Construction Costs</i>	\$83,160,000
			<i>Hard Costs Sub Total</i>	\$114,354,175
Office			Soft Costs	
Gross Office Area	387,100	Square Feet	Architecture and Engineering	
Gross Office Area in Base	84,700	Square Feet	Base Building	\$2,040,975
Gross Office Area in Tower	302,400	Square Feet	Tower Building	\$5,405,400
Net Leasable Office Area	348,390	Square Feet	<i>Total Architecture and Engineering</i>	\$7,446,375
			Building/Permitting/Impact Fees	\$12,180,055
Residential			Property Taxes	\$1,710,967
Gross Residential Area	-	Square Feet	Construction Loan	\$6,224,925
Gross Residential Area in Base	-	Square Feet	Construction Loan Points	\$506,846
Gross Residential Area in Tower	-	Square Feet	Overhead/Other	\$4,359,603
Net Residential Unit Space	-	100% Efficiency	Contingency	\$7,483,985
Total Units	-	Units	<i>Total Soft Costs</i>	\$39,912,756
Residential Absorption Period	-	Months		
			Total Development Cost	
Parking				\$157,163,681
Total Parking Area	68,600	Square Feet		
Average Parking Space	350	Square Feet		
Total Parking Spaces	196	Spaces		
Podium Parking - Half Below Grade	-	Spaces		
Podium Parking - Ground Floor / Above Grade	196	Spaces		
Podium Parking - Mechanical System	-	Spaces		
Parking Use Distribution				
Retail	On Street	Spaces		
Office	196.00	Spaces		
Residential	-	Spaces		
Annual Opportunity Cost of Providing Space for Public Benefit			Pro Forma Analysis - Development Revenue	
Average Capitalized Revenue per GFA		\$166	Retail	
Capitalized Revenue by Building Use per GFA			Annual Leasing Revenue	\$190,800
Retail		\$188	Less Vacancy	(\$19,080)
Office		\$186	Less Operating Expenses	(\$12,720)
Residential		N/A	Less Broker Fees	(\$9,540)
Parking		\$55	<i>Retail Revenue Sub Total</i>	\$149,460
Square Feet Available for Community Benefit	-572,939		Office	
Community Benefit Space as % of GFA	-123%		Annual Leasing Revenue	\$9,615,514
			Less Vacancy	(\$961,551)
			Less Operations and Maintenance Expenses	(\$2,787,120)
			Less Broker Fees	(\$480,776)
			<i>Office Revenue Sub Total</i>	\$5,386,067
			Residential	
			Annual Rental Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			<i>Residential Rental Revenue Sub Total</i>	\$0
			Parking	
			Annual Office Parking Rental Revenue	\$282,240
			Annual Residential Parking Rental Revenue	\$0
			<i>Parking Revenue Sub Total</i>	\$282,240
			Net Annual Revenue	\$5,817,767
			Capitalized Value	\$77,570,221
Sensitivity Analysis			Pro Forma Analysis - Net Revenue	
Category	Public Benefit	Per Building Sq. Ft.	Capitalized Value	\$77,570,221
Construction Costs			Total Development Cost	(\$157,163,681)
85%	(\$69,939,372)	(\$150)	Net Revenue	(\$79,593,461)
100%	(\$95,309,829)	(\$204)	Capitalized Value / Development Cost	49%
115%	(\$120,680,285)	(\$259)	Developer Profit	\$15,716,368
Developer Thresholds				
85%	(\$92,952,374)	(\$199)	Difference Available for Public Benefits	(\$95,309,829)
100%	(\$95,309,829)	(\$204)	Public Benefit per Building Sq. Ft.	(\$204)
115%	(\$97,667,284)	(\$209)	Public Benefit per Residential Unit	N/A
Revenue Assumptions				
100%	(\$95,309,829)	(\$204)		
115%	(\$78,074,616)	(\$167)		
130%	(\$60,839,403)	(\$130)		
85% Construction Costs, 115% Revenue	(\$52,704,159)	(\$113)		
Land Costs				
0%	(\$91,651,150)	(\$197)		
100%	(\$95,309,829)	(\$204)		
200%	(\$98,968,508)	(\$212)		

Figure 57. Static Pro Forma – Scenario 7a (Mixed Use Residential with Parking, +/-65')

Development Program (Scenario 7a - 2100 Telegraph Avenue)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	93,334	Square Feet	Land Costs	
Amount of Area to be Demolished	69,400	Square Feet	Land Costs	
Floor Area Ratio	4.90	Coverage	\$4,666,700	
Base Building Height	65	Feet	Hard Costs	
Tower Building Height	-	Feet	Demolition Costs	
Building Type	Residential	Use	\$347,000	
Construction Term	18	Months	Site Work Cost	
Building Footprint	87,300	Square Feet	\$30,170	
Retail			Parking Costs	
Gross Retail Area	12,700	Square Feet	\$6,720,000	
Gross Retail Area in Base	12,700	Square Feet	Base Construction Costs	
Gross Retail Area in Tower	-	Square Feet	Retail Construction Costs	
Net Leasable Retail Area	11,430	Square Feet	\$3,175,000	
Office			Office Construction Costs	
Gross Office Area	-	Square Feet	\$0	
Gross Office Area in Base	-	Square Feet	Residential Construction Costs	
Gross Office Area in Tower	-	Square Feet	\$84,550,000	
Net Leasable Office Area	-	Square Feet	Total Base Construction Costs	
Residential			\$87,725,000	
Gross Residential Area	326,900	Square Feet	Tower Construction Costs	
Gross Residential Area in Base	326,900	Square Feet	Retail Construction Costs	
Gross Residential Area in Tower	-	Square Feet	\$0	
Gross Live/Work Space in Base	11,300	Square Feet	Office Construction Costs	
Net Residential Unit Space	277,865	18% Efficiency	\$0	
Total Units	330	Units	Residential Construction Costs	
Residential Absorption Period	34	Months	Total Tower Construction Costs	
Parking			\$0	
Total Parking Area	117,800	Square Feet	Hard Costs Sub Total	
Average Parking Space	350	Square Feet	\$94,822,170	
Total Parking Spaces	336	Spaces	Soft Costs	
Podium Parking - Half Below Grade	168	Spaces	Architecture and Engineering	
Podium Parking - Ground Floor / Above Grade	168	Spaces	Base Building	
Podium Parking - Mechanical System	-	Spaces	\$6,579,375	
Parking Use Distribution			Tower Building	
Retail	On Street	Spaces	Total Architecture and Engineering	
Office	-	Spaces	\$6,579,375	
Residential	336	Spaces	Building/Permitting/Impact Fees	
Annual Opportunity Cost of Providing Space for Public Benefit			\$8,292,924	
Average Capitalized Revenue per GFA		\$346	Property Taxes	
Capitalized Revenue by Building Use per GFA			\$1,429,515	
Retail		\$397	Construction Loan	
Office		N/A	\$9,658,873	
Residential		\$446	Construction Loan Points	
Parking		\$62	\$439,073	
Square Feet Available for Community Benefit		31,874	Overhead/Other	
Community Benefit Space as % of GFA		7%	\$3,776,659	
Sensitivity Analysis			Contingency	
Category	Public Benefit	Per Building Sq. Ft.	\$6,483,264	
Construction Costs			Total Soft Costs	
85%	\$30,815,792	\$67	\$36,659,683	
100%	\$11,014,173	\$24	Total Development Cost	
115%	(\$8,787,445)	(\$19)	\$136,148,553	
Developer Thresholds			Pro Forma Analysis - Development Revenue	
85%	\$12,647,956	\$28	Retail	
100%	\$11,014,173	\$24	Annual Leasing Revenue	
115%	\$9,380,391	\$21	\$314,325	
Revenue Assumptions			Less Vacancy	
100%	\$11,014,173	\$24	(\$31,433)	
115%	\$34,768,085	\$76	Less Operating Expenses	
130%	\$58,521,997	\$128	(\$15,240)	
85% Construction Costs, 115% Revenue	\$54,569,703	\$119	Less Broker Fees	
Land Costs			(\$15,716)	
0%	\$17,014,406	\$37	Retail Revenue Sub Total	
100%	\$11,014,173	\$24	\$251,936	
200%	\$5,013,941	\$11	Office	
			Annual Leasing Revenue	
			\$0	
			Less Vacancy	
			\$0	
			Less Operations and Maintenance Expenses	
			\$0	
			Less Broker Fees	
			\$0	
			Office Revenue Sub Total	
			\$0	
			Residential	
			Annual Rental Revenue	
			\$10,877,484	
			Less Vacancy	
			(\$543,874)	
			Less Operations and Maintenance Expenses	
			(\$3,045,696)	
			Residential Rental Revenue Sub Total	
			\$7,287,914	
			Parking	
			Annual Office Parking Rental Revenue	
			\$0	
			Annual Residential Parking Rental Revenue	
			\$362,880	
			Parking Revenue Sub Total	
			\$362,880	
			Net Annual Revenue	
			\$7,902,731	
			Capitalized Value	
			\$158,054,611	
			Pro Forma Analysis - Net Revenue	
			Capitalized Value	
			\$158,054,611	
			Total Development Cost	
			(\$136,148,553)	
			Net Revenue	
			\$21,906,058	
			Capitalized Value / Development Cost	
			116%	
			Developer Profit	
			\$10,891,884	
			Difference Available for Public Benefits	
			\$11,014,173	
			Public Benefit per Building Sq. Ft.	
			\$24	
			Public Benefit per Residential Unit	
			\$33,337	

Figure 58. Static Pro Forma – Scenario 7b (Mixed Use Residential without Parking, +/-65')

Development Program (Scenario 7b - 2100 Telegraph Avenue)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	93,334	Square Feet	Land Costs	
Amount of Area to be Demolished	69,400	Square Feet	Land Costs	
Floor Area Ratio	3.72	Coverage	\$4,666,700	
Base Building Height	65	Feet	Hard Costs	
Tower Building Height	-	Feet	Demolition Costs	
Building Type	Residential	Use	\$347,000	
Construction Term	18	Months	Site Work Cost	
Building Footprint	64,600	Square Feet	\$143,670	
Retail			Parking Costs	
Gross Retail Area	16,200	Square Feet	\$0	
Gross Retail Area in Base	16,200	Square Feet	Base Construction Costs	
Gross Retail Area in Tower	-	Square Feet	Retail Construction Costs	
Net Leasable Retail Area	14,580	Square Feet	\$4,050,000	
Office			Office Construction Costs	
Gross Office Area	-	Square Feet	\$0	
Gross Office Area in Base	-	Square Feet	Residential Construction Costs	
Gross Office Area in Tower	-	Square Feet	\$92,725,000	
Net Leasable Office Area	-	Square Feet	Total Base Construction Costs	
Residential			\$96,775,000	
Gross Residential Area	330,900	Square Feet	Tower Construction Costs	
Gross Residential Area in Base	330,900	Square Feet	Retail Construction Costs	
Gross Residential Area in Tower	-	Square Feet	\$0	
Gross Live/Work Space in Base	40,000	Square Feet	Office Construction Costs	
Net Residential Unit Space	281,265	19% Efficiency	\$0	
Total Units	349	Units	Residential Construction Costs	
Residential Absorption Period	35	Months	Total Tower Construction Costs	
Parking			\$0	
Total Parking Area	-	Square Feet	Hard Costs Sub Total	
Average Parking Space	350	Square Feet	\$97,265,670	
Total Parking Spaces	-	Spaces	Soft Costs	
Podium Parking - Half Below Grade	-	Spaces	Architecture and Engineering	
Podium Parking - Ground Floor / Above Grade	-	Spaces	Base Building	
Podium Parking - Mechanical System	-	Spaces	\$7,258,125	
Parking Use Distribution			Tower Building	
Retail	On Street	Spaces	Total Architecture and Engineering	
Office	-	Spaces	\$7,258,125	
Residential	-	Spaces	Building/Permitting/Impact Fees	
Annual Opportunity Cost of Providing Space for Public Benefit			\$8,162,956	
Average Capitalized Revenue per GFA		\$464	Property Taxes	
Capitalized Revenue by Building Use per GFA			\$1,466,918	
Retail		\$397	Construction Loan	
Office		N/A	\$10,102,207	
Residential		\$467	Construction Loan Points	
Parking		N/A	\$451,229	
Square Feet Available for Community Benefit		21,311	Overhead/Other	
Community Benefit Space as % of GFA		6%	\$3,881,214	
Sensitivity Analysis			Contingency	
Category	Public Benefit	Per Building Sq. Ft.	\$6,662,751	
Construction Costs			Total Soft Costs	
85%	\$30,197,125	\$87	\$37,985,401	
100%	\$9,884,836	\$28	Total Development Cost	
115%	(\$10,427,453)	(\$30)	\$139,917,771	
Developer Thresholds			Pro Forma Analysis - Development Revenue	
85%	\$11,563,849	\$33	Retail	
100%	\$9,884,836	\$28	Annual Leasing Revenue	
115%	\$8,205,823	\$24	\$400,950	
Revenue Assumptions			Less Vacancy	
100%	\$9,884,836	\$28	(\$40,095)	
115%	\$34,092,560	\$98	Less Operating Expenses	
130%	\$58,300,285	\$168	(\$19,440)	
85% Construction Costs, 115% Revenue	\$54,404,849	\$157	Less Broker Fees	
Land Costs			Retail Revenue Sub Total	
0%	\$15,893,953	\$46	\$321,368	
100%	\$9,884,836	\$28	Office	
200%	\$3,875,719	\$11	Annual Leasing Revenue	
			\$0	
			Less Vacancy	
			\$0	
			Less Operations and Maintenance Expenses	
			\$0	
			Less Broker Fees	
			\$0	
			Office Revenue Sub Total	
			\$0	
			Residential	
			Annual Rental Revenue	
			\$11,534,976	
			Less Vacancy	
			(\$576,749)	
			Less Operations and Maintenance Expenses	
			(\$3,229,793)	
			Residential Rental Revenue Sub Total	
			\$7,728,434	
			Parking	
			Annual Office Parking Rental Revenue	
			\$0	
			Annual Residential Parking Rental Revenue	
			\$0	
			Parking Revenue Sub Total	
			\$0	
			Net Annual Revenue	
			\$8,049,801	
			Capitalized Value	
			\$160,996,028	
			Pro Forma Analysis - Net Revenue	
			Capitalized Value	
			\$160,996,028	
			Total Development Cost	
			(\$139,917,771)	
			Net Revenue	
			\$21,078,258	
			Capitalized Value / Development Cost	
			115%	
			Developer Profit	
			\$11,193,422	
			Difference Available for Public Benefits	
			\$9,884,836	
			Public Benefit per Building Sq. Ft.	
			\$28	
			Public Benefit per Residential Unit	
			\$28,311	

Figure 59. Static Pro Forma – Scenario 8a* (Mixed Use Residential with Parking, +/-175')

Development Program (Scenario 8a - 2100 Telegraph Avenue)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	93,334	Square Feet	Land Costs	
Amount of Area to be Demolished	69,400	Square Feet	Land Costs	
Floor Area Ratio	6.83	Coverage	\$4,666,700	
Base Building Height	65	Feet	Hard Costs	
Tower Building Height	175	Feet	Demolition Costs	
Building Type	Residential	Use	\$347,000	
Construction Term	28	Months	Site Work Cost	
Building Footprint	83,600	Square Feet	\$48,670	
Retail			Parking Costs	
Gross Retail Area	19,000	Square Feet	\$9,300,000	
Gross Retail Area in Base	19,000	Square Feet	Base Construction Costs	
Gross Retail Area in Tower	-	Square Feet	Retail Construction Costs	
Net Leasable Retail Area	17,100	Square Feet	\$4,750,000	
Office			Office Construction Costs	
Gross Office Area	-	Square Feet	\$0	
Gross Office Area in Base	-	Square Feet	Residential Construction Costs	
Gross Office Area in Tower	-	Square Feet	\$69,000,000	
Net Leasable Office Area	-	Square Feet	Total Base Construction Costs	
Residential			\$73,750,000	
Gross Residential Area	456,000	Square Feet	Tower Construction Costs	
Gross Residential Area in Base	276,000	Square Feet	Retail Construction Costs	
Gross Residential Area in Tower	180,000	Square Feet	\$0	
Gross Live/Work Space in Base	-	Square Feet	Office Construction Costs	
Net Residential Unit Space	387,600	18% Efficiency	\$0	
Total Units	446	Units	Residential Construction Costs	
Residential Absorption Period	30	Months	\$49,500,000	
Parking			Total Tower Construction Costs	
Total Parking Area	162,800	Square Feet	\$49,500,000	
Average Parking Space	350	Square Feet	Hard Costs Sub Total	
Total Parking Spaces	465	Spaces	\$132,945,670	
Podium Parking - Half Below Grade	-	Spaces	Soft Costs	
Podium Parking - Ground Floor / Above Grade	465	Spaces	Architecture and Engineering	
Podium Parking - Mechanical System	-	Spaces	Base Building	
Parking Use Distribution			\$5,531,250	
Retail	On Street	Spaces	Tower Building	
Office	-	Spaces	\$3,217,500	
Residential	465	Spaces	Total Architecture and Engineering	
Annual Opportunity Cost of Providing Space for Public Benefit			\$8,748,750	
Average Capitalized Revenue per GFA		\$353	Building/Permitting/Impact Fees	
Capitalized Revenue by Building Use per GFA			\$16,189,442	
Retail		\$397	Property Taxes	
Office		N/A	\$2,031,882	
Residential		\$455	Construction Loan	
Parking		\$62	\$15,313,025	
Square Feet Available for Community Benefit		39,821	Construction Loan Points	
Community Benefit Space as % of GFA		6%	\$629,634	
Sensitivity Analysis			Overhead/Other	
Category	Public Benefit	Per Building Sq. Ft.	\$5,415,753	
Construction Costs			Contingency	
85%	\$42,941,742	\$67	\$9,297,043	
100%	\$14,041,543	\$22	Total Soft Costs	
115%	(\$14,858,655)	(\$23)	\$57,625,529	
Developer Thresholds			Total Development Cost	
85%	\$16,384,398	\$26	\$195,237,899	
100%	\$14,041,543	\$22	Pro Forma Analysis - Development Revenue	
115%	\$11,698,688	\$18	Retail	
Revenue Assumptions			Annual Leasing Revenue	
100%	\$14,041,543	\$22	\$470,250	
115%	\$47,844,714	\$75	Less Vacancy	
130%	\$81,647,885	\$128	(\$47,025)	
85% Construction Costs, 115% Revenue	\$76,744,913	\$120	Less Operating Expenses	
Land Costs			(\$22,800)	
0%	\$20,095,081	\$32	Less Broker Fees	
100%	\$14,041,543	\$22	(\$23,513)	
200%	\$7,988,005	\$13	Retail Revenue Sub Total	
			\$376,913	
			Office	
			Annual Leasing Revenue	
			\$0	
			Less Vacancy	
			\$0	
			Less Operations and Maintenance Expenses	
			\$0	
			Less Broker Fees	
			\$0	
			Office Revenue Sub Total	
			\$0	
			Residential	
			Annual Rental Revenue	
			\$15,471,360	
			Less Vacancy	
			(\$773,568)	
			Less Operations and Maintenance Expenses	
			(\$4,331,981)	
			Residential Rental Revenue Sub Total	
			\$10,365,811	
			Parking	
			Annual Office Parking Rental Revenue	
			\$0	
			Annual Residential Parking Rental Revenue	
			\$502,200	
			Parking Revenue Sub Total	
			\$502,200	
			Net Annual Revenue	
			\$11,244,924	
			Capitalized Value	
			\$224,898,474	
			Pro Forma Analysis - Net Revenue	
			Capitalized Value	
			\$224,898,474	
			Total Development Cost	
			(\$195,237,899)	
			Net Revenue	
			\$29,660,575	
			Capitalized Value / Development Cost	
			115%	
			Developer Profit	
			\$15,619,032	
			Difference Available for Public Benefits	
			\$14,041,543	
			Public Benefit per Building Sq. Ft.	
			\$22	
			Public Benefit per Residential Unit	
			\$31,483	

Development Program (Scenario 8b - 2100 Telegraph Avenue)		
	Number	Unit
Site Size	93,334	Square Feet
Amount of Area to be Demolished	69,400	Square Feet
Floor Area Ratio	5.45	Coverage
Base Building Height	65	Feet
Tower Building Height	175	Feet
Building Type	Residential	Use
Construction Term	28	Months
Building Footprint	63,100	Square Feet
Retail		
Gross Retail Area	20,300	Square Feet
Gross Retail Area in Base	20,300	Square Feet
Gross Retail Area in Tower	-	Square Feet
Net Leasable Retail Area	18,270	Square Feet
Office		
Gross Office Area	-	Square Feet
Gross Office Area in Base	-	Square Feet
Gross Office Area in Tower	-	Square Feet
Net Leasable Office Area	-	Square Feet
Residential		
Gross Residential Area	488,100	Square Feet
Gross Residential Area in Base	308,100	Square Feet
Gross Residential Area in Tower	180,000	Square Feet
Gross Live/Work Space in Base	33,700	Square Feet
Net Residential Unit Space	414,885	18% Efficiency
Total Units	501	Units
Residential Absorbtion Period	34	Months
Parking		
Total Parking Area	-	Square Feet
Average Parking Space	350	Square Feet
Total Parking Spaces	-	Spaces
Podium Parking - Half Below Grade	-	Spaces
Podium Parking - Ground Floor / Above Grade	-	Spaces
Podium Parking - Mechanical System	-	Spaces
Parking Use Distribution		
Retail	On Street	Spaces
Office	-	Spaces
Residential	-	Spaces

Annual Opportunity Cost of Providing Space for Public Benefit		
Average Capitalized Revenue per GFA		\$468
Capitalized Revenue by Bulding Use per GFA		
Retail		\$397
Office		N/A
Residential		\$470
Parking		N/A
Square Feet Available for Community Benefit		29,163
Community Benefit Space as % of GFA		6%

Sensitivity Analysis		
Category	Public Benefit	Per Building Sq. Ft.
Construction Costs		
85%	\$44,263,013	\$87
100%	\$13,634,953	\$27
115%	(\$16,993,107)	(\$33)
Developer Thresholds		
85%	\$16,124,576	\$32
100%	\$13,634,953	\$27
115%	\$11,145,330	\$22
Revenue Assumptions		
100%	\$13,634,953	\$27
115%	\$49,363,187	\$97
130%	\$85,091,421	\$167
85% Construction Costs, 115% Revenue	\$79,991,247	\$157
Land Costs		
0%	\$19,724,028	\$39
100%	\$13,634,953	\$27
200%	\$7,545,878	\$15

Pro Forma Analysis - Development Costs	
Land Costs	
Land Costs	\$4,666,700
Hard Costs	
Demolition Costs	\$347,000
Site Work Cost	\$151,170
Parking Costs	\$0
Base Construction Costs	
Retail Construction Costs	\$5,075,000
Office Construction Costs	\$0
Residential Construction Costs	\$85,450,000
Total Base Construction Costs	\$90,525,000
Tower Construction Costs	
Retail Construction Costs	\$0
Office Construction Costs	\$0
Residential Construction Costs	\$49,500,000
Total Tower Construction Costs	\$49,500,000
Hard Costs Sub Total	\$140,523,170
Soft Costs	
Architecture and Engineering	
Base Building	\$6,789,375
Tower Building	\$3,217,500
Total Architecture and Engineering	\$10,006,875
Building/Permitting/Impact Fees	\$16,528,697
Property Taxes	\$2,146,568
Construction Loan	\$17,293,020
Construction Loan Points	\$669,078
Overhead/Other	\$5,755,023
Contingency	\$9,879,457
Total Soft Costs	\$62,278,718
Total Development Cost	\$207,468,588

Pro Forma Analysis - Development Revenue	
Retail	
Annual Leasing Revenue	\$502,425
Less Vacancy	(\$50,243)
Less Operating Expenses	(\$24,360)
Less Broker Fees	(\$25,121)
Retail Revenue Sub Total	\$402,701
Office	
Annual Leasing Revenue	\$0
Less Vacancy	\$0
Less Operations and Maintenance Expenses	\$0
Less Broker Fees	\$0
Office Revenue Sub Total	\$0
Residential	
Annual Rental Revenue	\$17,137,836
Less Vacancy	(\$856,892)
Less Operations and Maintenance Expenses	(\$4,798,594)
Residential Rental Revenue Sub Total	\$11,482,350
Parking	
Annual Office Parking Rental Revenue	\$0
Annual Residential Parking Rental Revenue	\$0
Parking Revenue Sub Total	\$0
Net Annual Revenue	\$11,885,051
Capitalized Value	\$237,701,027

Pro Forma Analysis - Net Revenue	
Capitalized Value	\$237,701,027
Total Development Cost	(\$207,468,588)
Net Revenue	\$30,232,440
Capitalized Value / Development Cost	115%
Developer Profit	\$16,597,487
Difference Available for Public Benefits	\$13,634,953
Public Benefit per Building Sq. Ft.	\$27
Public Benefit per Residential Unit	\$27.21

Figure 61. Static Pro Forma – Scenario 9 (Mixed Use Condo with Parking, +/-65')

Development Program (Scenario 9 - 2100 Telegraph Avenue)			Pro Forma Analysis - Development Costs	
	Number	Unit		
Site Size	93,334	Square Feet	Land Costs	
Amount of Area to be Demolished	69,400	Square Feet	Land Costs	\$4,666,700
Floor Area Ratio	4.90	Coverage	Hard Costs	
Base Building Height	65	Feet	Demolition Costs	\$347,000
Tower Building Height	-	Feet	Site Work Cost	\$30,170
Building Type	Residential	Use	Parking Costs	\$6,720,000
Construction Term	18	Months	Base Construction Costs	
Building Footprint	87,300	Square Feet	Retail Construction Costs	\$3,175,000
			Office Construction Costs	\$0
			Residential Construction Costs	\$87,932,000
			<i>Total Base Construction Costs</i>	\$91,107,000
Retail			Tower Construction Costs	
Gross Retail Area	12,700	Square Feet	Retail Construction Costs	\$0
Gross Retail Area in Base	12,700	Square Feet	Office Construction Costs	\$0
Gross Retail Area in Tower	-	Square Feet	Residential Construction Costs	\$0
Net Leasable Retail Area	11,430	Square Feet	<i>Total Tower Construction Costs</i>	\$0
			<i>Hard Costs Sub Total</i>	\$98,204,170
Office			Soft Costs	
Gross Office Area	-	Square Feet	Architecture and Engineering	
Gross Office Area in Base	-	Square Feet	Base Building	\$6,833,025
Gross Office Area in Tower	-	Square Feet	Tower Building	\$0
Net Leasable Office Area	-	Square Feet	<i>Total Architecture and Engineering</i>	\$6,833,025
Residential			Building/Permitting/Impact Fees	\$8,318,289
Gross Residential Area	326,900	Square Feet	Property Taxes	\$1,475,277
Gross Residential Area in Base	326,900	Square Feet	Construction Loan	\$11,118,243
Gross Residential Area in Tower	-	Square Feet	Construction Loan Points	\$457,155
Gross Live/Work Space in Base	11,300	Square Feet	Overhead/Other	\$3,932,186
Net Residential Unit Space	277,865	18% Efficiency	Defect Liability Insurance	\$0
Total Units	330	Units	Contingency	\$6,750,252
Residential Absorption Period	40	Months	<i>Total Soft Costs</i>	\$38,884,427
Parking			Total Development Cost	\$141,755,297
Total Parking Area	117,800	Square Feet		
Average Parking Space	350	Square Feet		
Total Parking Spaces	336	Spaces		
Podium Parking - Half Below Grade	168	Spaces		
Podium Parking - Ground Floor / Above Grade	168	Spaces		
Podium Parking - Mechanical System	-	Spaces		
Parking Use Distribution				
Retail	On Street	Spaces		
Office	-	Spaces		
Residential	336	Spaces		
Annual Opportunity Cost of Providing Space for Public Benefit			Pro Forma Analysis - Development Revenue	
Average Capitalized Revenue per GFA		\$6,346	Retail	
Capitalized Revenue by Building Use per GFA			Annual Leasing Revenue	\$314,325
Retail		\$397	Less Vacancy	(\$31,433)
Office		N/A	Less Operating Expenses	(\$15,240)
Residential		\$8,877	Less Broker Fees	(\$15,716)
Parking		\$5	<i>Retail Revenue Sub Total</i>	\$251,936
Square Feet Available for Community Benefit		-686	Office	
Community Benefit Space as % of GFA		0%	Annual Leasing Revenue	\$0
			Less Vacancy	\$0
			Less Operations and Maintenance Expenses	\$0
			Less Broker Fees	\$0
			<i>Office Revenue Sub Total</i>	\$0
			Residential	
			Sales Revenue	\$151,139,100
			Less Broker and Marketing Expenses	(\$6,045,564)
			<i>Residential Rental Revenue Sub Total</i>	\$145,093,536
			Parking	
			Annual Office Parking Rental Revenue	\$0
			Residential Parking Purchase Revenue	\$30,240
			<i>Parking Revenue Sub Total</i>	\$30,240
			Net Residential Revenue	\$145,123,776
			Capitalized Value of Retail	\$5,038,725
			Total Net Revenue	\$150,162,501
Sensitivity Analysis			Pro Forma Analysis - Net Revenue	
Category	Public Benefit	Per Building Sq. Ft.	Total Net Revenue	\$150,162,501
Construction Costs			Total Development Cost	(\$141,755,297)
85%	(\$13,098,893)	(\$28)	Net Revenue	\$8,407,204
100%	(\$37,324,626)	(\$80)	Net Revenue / Development Cost	106%
115%	(\$61,550,360)	(\$132)	Developer Profit	\$12,757,977
Developer Thresholds				
85%	(\$35,132,265)	(\$75)		
100%	(\$37,324,626)	(\$80)		
115%	(\$39,516,988)	(\$85)		
Revenue Assumptions				
100%	(\$37,324,626)	(\$80)		
115%	(\$16,317,742)	(\$35)		
130%	\$4,689,142	\$10		
85% Construction Costs, 115% Revenue	\$39,100,778	\$85		
Land Costs				
0%	\$1,758,817	\$4		
100%	(\$4,350,773)	(\$10)		
200%	(\$10,460,362)	(\$23)		
			Difference Available for Public Benefits	(\$4,350,773)
			Public Benefit per Building Sq. Ft.	(\$10)
			Public Benefit per Residential Unit	(\$13,169)

Appendix B – Sensitivity Analyses Values

Table 13. Construction Cost Ranges for Sensitivity Analysis

	85%	100%	115%
65' Base			
Retail (Ground Floor)	\$213	\$250	\$288
Office (Floors 2-6)	\$247	\$290	\$334
Residential (Floors 2-6)	\$213	\$250	\$288
85' Base			
Retail (Ground Floor)	\$238	\$280	\$322
Office (Floors 2-6)	\$238	\$280	\$322
Residential (Floors 2-7)	\$230	\$270	\$311
175' Tower			
Retail (Ground Floor)	\$234	\$275	\$316
Office (Floors 1-12)	\$247	\$290	\$334
Residential (Floors 2-15)	\$234	\$275	\$316
240' Tower			
Retail (Ground Floor)	\$265 - \$275	\$305 - \$316	\$345 - \$358
Office (Floors 2-18)	\$234	\$275	\$316
Residential (Floors (2-21)	\$225	\$265	\$305
Parking Costs			
Podium Parking - Half Below Grade	\$17,000	\$20,000	\$23,000
Podium Parking - Ground Floor / Above Grade	\$17,000	\$20,000	\$23,000
Podium Parking - Mechanical System	\$25,500	\$30,000	\$34,500

Source: AECOM

Table 14. Developer Threshold Ranges for Sensitivity Analysis

	85%	100%	115%
Retail and Office Profit Requirements	9%	10%	12%
Rental Profit Requirements	7%	8%	9%
Condominium Profit Requirements	8%	9%	10%

Source: AECOM

Table 15. Revenue Ranges for Sensitivity Analysis

	100%	115%	130%
<u>Lease and Rental Rates - Average</u>			
Average Retail Lease Rate			
Average Office Lease Rate	\$25.00	\$28.75	\$32.50
Average Rent Per Sq. Ft. of Living Area	\$32.00	\$36.80	\$41.60
Average Rent Per Sq. Ft. of Live/Work Area	\$2.90	\$3.34	\$3.77
Revenue Premium for Towers	\$1.60	\$1.84	\$2.08
<u>Parking Revenue - Average</u>	\$1.10	\$1.27	\$1.43
Office			
Residential	\$120.00	\$138.00	\$156.00
<u>Lease and Rental Rates - 226 13th Street</u>	\$90.00	\$103.50	\$117.00
Average Retail Lease Rate			
Average Office Lease Rate	\$20.00	\$23.00	\$26.00
Average Rent Per Sq. Ft. of Living Area	\$25.60	\$29.44	\$33.28
Average Rent Per Sq. Ft. of Live/Work Area	\$2.60	\$2.99	\$3.38
<u>Parking Revenue - 226 13th Street</u>	\$1.40	\$1.61	\$1.82
Office			
Residential	\$120.00	\$138.00	\$156.00
<u>Lease and Rental Rates - 301 19th Street</u>	\$90.00	\$103.50	\$117.00
Average Retail Lease Rate			
Average Office Lease Rate	\$20.00	\$23.00	\$26.00
Average Rent Per Sq. Ft. of Living Area	\$25.60	\$29.44	\$33.28
Average Rent Per Sq. Ft. of Live/Work Area	\$2.90	\$3.34	\$3.77
<u>Parking Revenue - 301 19th Street</u>	\$1.60	\$1.84	\$2.08
Office			
Residential	\$120.00	\$138.00	\$156.00
<u>Lease and Rental Rates - 2100 Telegraph Avenue</u>	\$90.00	\$103.50	\$117.00
Average Retail Lease Rate			
Average Office Lease Rate	\$27.50	\$31.63	\$35.75
Average Rent Per Sq. Ft. of Living Area	\$35.20	\$40.48	\$45.76
Average Condo Sales Price Per Sq. Ft. of Living Area	\$3.20	\$3.68	\$4.16
Average Rent Per Sq. Ft. of Live/Work Area	\$500.00	\$575.00	\$650.00
<u>Parking Revenue - 2100 Telegraph Avenue</u>	\$1.80	\$2.07	\$2.34
Office			
Residential - Rental	\$120.00	\$138.00	\$156.00
Residential - For Sale	\$90.00	\$103.50	\$117.00

Source: AECOM



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