



**TECHNICAL APPENDIX  
FOR  
DEVELOPMENT FEASIBILITY  
AND VALUE CAPTURE ANALYSIS**

**SUPPLEMENT TO REPORT:**

**ECONOMIC ANALYSIS FOR  
DOSP ZONING INCENTIVE PROGRAM**

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## **TECHNICAL APPENDIX FOR DEVELOPMENT FEASIBILITY AND VALUE CAPTURE ANALYSIS**

### **PURPOSE**

This appendix supplements the report by Hausrath Economics Group released in August 2022 entitled: “Economic Analysis for DOSP Zoning Incentive Program”. The appendix does the following.

- ◆ Summarizes and highlights key findings and considerations regarding development feasibility and the potential capture of real estate value for community benefits.
- ◆ Provides more detail on the methodology and assumptions for assessing development feasibility, the real estate value created by higher intensity development, and potential value capture for community benefits.
- ◆ Presents the real estate pro forma analyses and related tables for representative residential and office development projects covering the range of combinations of base zoning and higher intensity zoning proposed throughout the DOSP area under the Zoning Incentive Program (ZIP).

### **ORGANIZATION**

The appendix is organized into five sections.

- I. Highlights of key findings and considerations regarding development feasibility and the potential capture of real estate value for community benefits.
- II. Explanation of the methodology and key components of the analysis.
- III. Overview of appendix material for representative development prototypes presented in Section IV and Section V.
- IV. Documentation for the analysis of downtown Residential Development Projects: tables, map of benefit areas, and representative real estate pro formas.
- V. Documentation for the analysis of downtown Office Development Projects: tables, map of benefit areas, and representative real estate pro formas.

## **SECTION I**

### **KEY FINDINGS AND CONSIDERATIONS REGRADING DEVELOPMENT FEASIBILITY AND VALUE CAPTURE FOR COMMUNITY BENEFITS**

The following key findings from the economic analysis of the DOSP Zoning Incentive Program (ZIP) address development feasibility in downtown Oakland, what these development economics mean for higher-intensity development desired downtown, and how they serve as the foundation for a value capture program for community benefits under the ZIP. The findings have implications for structuring the value capture program and for the success of the ZIP program over time.

- ◆ **Finding: Higher-intensity development is not feasible under current economic conditions. Thus, higher-intensity development under the ZIP and the potential capture of additional value for community benefits will only occur in the FUTURE when development conditions improve and projects become feasible. The timing for the return of feasibility is uncertain.**

The real estate pro forma analyses identify that higher-intensity residential and office development in downtown Oakland are not feasible under current real estate market and development cost conditions. These findings are consistent with a slowing of real estate development activity. Construction costs are high and have increased substantially, while rents declined and vacancies increased during and following the COVID-19 Pandemic. The timing for economic recovery is uncertain. Furthermore, it is not certain how pandemic-related adaptations in workplace and residence locations will play out over the long term in the regional real estate market.

Finding that developments are not now feasible, this analysis proceeded to identify conditions when projects could become feasible in the future as real estate economics improve and the gap between costs and revenues closes. The analysis identifies both the likely thresholds for feasibility and the potential increases in value from higher-intensity development under the ZIP once feasibility is restored. However, the timing for return to feasibility remains uncertain.

For higher-intensity residential and office development projects, the analysis identifies a feasibility threshold of approximately +20 percent over current conditions. For ease of analysis, the pro forma analysis models feasibility by testing percentage increases in rents/revenues until feasibility is reached. This is a proxy for a more complex set of changes in various development revenue and cost factors that would support feasibility over time. The larger the threshold for feasibility, the longer the time it could take for project feasibility to be reached.

- ◆ **Finding: The success of the ZIP in facilitating higher-intensity development and providing community benefits depends on the feasibility of higher-intensity development, the timing for return of feasibility, and the strength of the real estate market. The specifics of the value capture program itself could affect the timing for return of feasibility and even the density of development built, as well as the overall success of the ZIP program over time.**

Reaching project feasibility for downtown development projects requires closing the gap between development costs and revenues. The timing and the nature of the value capture program have both positive and negative implications for the ability to close this gap.

- Allowing additional density under the ZIP can provide an incentive for higher-intensity development downtown.
- However, additional development costs to achieve that density can offset some of that incentive.
- Within the current market context, costs of community benefits under the value capture program could increase the time needed to achieve project feasibility. The costs also could lead to development at lower density than would otherwise occur.
- Within the current market context, amounts of value capture for community benefits should be at levels that support the return of project feasibility and provide incentives for higher-intensity development.
- The timing for implementation of a value capture program should also be considered. There could be benefits of delaying implementation until real estate market conditions improve and show signs of approaching feasibility.

Differences in the types and extent of upzoning proposed under the ZIP also affect development outcomes, feasibility, and the timing of higher intensity development.

- In many locations, the base zoning supports mid-rise/low-rise development, and the higher-intensity zoning encourages larger high-rise development. The increase in density in these situations requires changes to more costly types of construction, there are higher financing/holding costs for the larger buildings, and their feasibility requires higher rents. Thus, these types of projects typically take longer to reach feasibility and to be built, particularly in locations without existing high-density development nearby. As a result, development feasibility for these upzoning situations is likely to be more sensitive to the costs and timing of a value capture program for community benefits as well as to the broader real estate market context affecting feasibility.
- Other increases in density under the ZIP allow larger, taller high-rises in areas where the base zoning already allows high-rise construction, and allow larger, taller mid-rise development where base zoning supports lower mid-rise or low-rise development. Both situations generally involve smaller changes in density than those described above, and there are fewer changes required in underlying development economics. For these rezoning situations, issues of development feasibility and timing are primarily those of the local and regional real estate market context.

◆ **Finding: For a successful zoning incentive program to provide community benefits, the additional value from higher-intensity development needs to be shared among the developer, the landowner, and the community.**

The economic analysis identifies *one-third of the additional value* from higher-density development as a reasonable “value capture” for community benefits. The intent is to provide

community benefits and retain incentives for developers and landowners to undertake higher-intensity development projects. The successful capture of value for community benefits from higher intensity development is only possible with:

- Incentives for developers to gain value from building larger buildings (that are more costly and more risky); and
- Incentives for landowners to gain value from selling their properties for larger developments (without holding on to them to capture perceived higher/speculative values).

The economic analysis estimates “value capture” for community benefits under the ZIP based on the economics of *feasible development projects in the future*. There is no value to capture until higher-intensity projects are feasible to build in the future. Until development feasibility is restored, the assumed one-third share of additional value from higher density development could be aggressive when/where market conditions remain weak and feasibility is marginal.

Even in the future with return of stronger real estate market conditions, a more aggressive value capture program could have adverse effects on incentives for building the types of high-density projects desired under the DOSP, resulting in less development than would otherwise be the case. This outcome would have negative implications for the broad range of benefits provided by high-intensity development in downtown Oakland that are behind the higher densities in the DOSP. These include benefits for the local community as well as the larger region, including growth of jobs and local business activity, increased housing opportunities, increased tax base providing services and other benefits citywide, greater efficiency of local and regional transportation, and environmental and air quality benefits from the concentration of population and business activity in a high-density urban core at the center of the region.

## **SECTION II**

### **METHODOLOGY AND KEY COMPONENTS OF ANALYSIS TO ASSESS FEASIBILITY AND ESTIMATE INCREASED VALUE FROM HIGHER-INTENSITY DEVELOPMENT UNDER THE ZIP**

This section describes the methodology for the key components of the economic analysis of the ZIP. It provides more detail than covered in the Economic Analysis report.

#### **Development of pro forma financial feasibility models and identification of representative development prototypes**

The economic analysis developed pro forma financial feasibility models and representative development prototypes for each of the proposed combinations of base zoning and maximum intensity zoning.

- Prototype developments were defined spatially considering physical site characteristics and market factors appropriate in the DOSP and its subareas, along with proposed densities of development.
- Cost and economic variables were quantified specific to development types, maximum development intensities, and locations within the DOSP subareas, including costs, rents, and financial parameters. Sources included data from major Oakland development projects, analysis from the earlier EPS study<sup>1</sup>, consultation with a cost estimator for a large construction contractor focused on the costs of higher intensity development, and rent data for downtown Oakland development projects.<sup>2</sup>
- Pro forma financial feasibility models and development prototypes were created for residential developments and for office developments in the DOSP subareas.

#### **Analysis to Estimate Increased Real Estate Value from Higher-Intensity Development**

Figure A-1 outlines the step-by-step methodology for this analysis.

- First, the value created by development at the base zoning is calculated.
- Second, the value created by development at the maximum intensity zoning is calculated.

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<sup>1</sup> Economic Planning & Systems Inc., *Downtown Oakland Specific Plan: Incentive Program Feasibility Study*, July 10, 2020.

<sup>2</sup> While inputs for the costs and revenues of development are specific to downtown Oakland, the analysis does not include site or infrastructure costs specific to individual sites and locations. Examples include possible costs for site clean-up, flood control and resiliency improvements, or additional infrastructure and/or amenity improvements beyond those typical of downtown development more generally.

**Figure A-1:**

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**Methodology for Estimating Increased Real Estate Value  
from Higher-Intensity Development under the ZIP**

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- A. Use **pro forma feasibility models** with Oakland costs and revenues to identify:
    - Value created by development at Base Zoning
    - Value created by development at Maximum Intensity Zoning
  - B. Assess **feasibility**
    - If not now feasible, adjust to identify feasible projects
  - C. Calculate **increase in value** from higher intensity development as difference between Base Zoning and Maximum Intensity Zoning cases (assuming feasible projects)
    - \$ per additional building sq. ft.
    - \$ per additional dwelling unit
  - D. Identify **value capture for community benefits** as share of additional real estate value that could be contributed while retaining incentives for developers and landowners to build at higher intensity
  - E. Do **large number of analyses** due to large number of zoning combinations proposed
  - F. **Generalize** results to facilitate implementation
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- Each of the above results is evaluated to assess feasibility based on development costs and revenues at the time of analysis.<sup>3</sup> If the development is not feasible with current revenues and costs, the analysis iterates to identify a feasible project and identifies the percentage change in revenues over costs needed for feasibility. The pro forma models assess feasibility by solving for residual land value, a common measure of real estate development feasibility.
- Then, the *increase in value* from the additional, higher-intensity development is calculated as the difference in the value of development under maximum intensity zoning compared to base zoning, assuming feasibility in both cases.
- The value creation from higher-intensity development is expressed as “dollars per building square foot of added development”. For residential development, the results are reported as “dollars per dwelling unit added”. In that way, the results expressed per unit of additional development can be applied over a range of actual projects with similar development characteristics but different amounts of additional development.
- The estimate of “value capture” available for community benefits is then identified as one-third of the increase in value from the higher-intensity development. As discussed above, for a successful zoning incentive program to provide community benefits, the additional value from higher-intensity development needs to be shared among the developer, the landowner, and the community so as to retain incentives for developers and landowners to build larger projects that are more costly and more risky to develop.

Following the steps outlined above, four pro formas are run for each proposed combination of base zoning and maximum intensity zoning, one set (base and maximum intensity) assuming 2021/2022 revenues and costs and one set (base and maximum intensity) adjusted to reflect feasible projects in the future.

### **Results are Generalized for Implementation**

The economic analysis described above provides the basis for generalizations as to the amounts of increased real estate value from greater intensity development that could be allocated for community benefits in exchange for approval to build at a higher intensity than otherwise allowed. A location-based approach was used to identify locations where outcomes are relatively similar based on proposed zoning, market factors, and land use/site characteristics. Summary results identified groups of locations that can be combined for implementation. The generalized results reflect the fact that the estimates of value capture for community benefits are approximate and future development outcomes will vary around the values identified for proposed ZIP intensities in different parts of the downtown.

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<sup>3</sup> The economic analysis was originally done in 2021 and then expanded and modified as proposed base zoning and intensity area zoning were changed and refined over time during 2022.



### **SECTION III**

#### **OVERVIEW OF DOCUMENTATION FOR REAL ESTATE ANALYSIS IN SECTION IV AND SECTION V**

The last two sections of this appendix provide documentation for the real estate analyses of residential development projects and office development projects covering the range of base and maximum intensity zoning combinations proposed throughout the DOSP area.

- ◆ **Section IV** provides documentation for the analysis of **Residential Development**, presenting the real estate pro formas and related data for 10 development cases representative of the 26 combinations of base zoning and maximum-intensity zoning under the ZIP.
- ◆ **Section V** provides documentation for the analysis of **Office Development**, presenting the real estate pro formas and related data for 10 development cases representative of the 27 combinations of base zoning and maximum-intensity zoning under the ZIP.

Each section includes documentation for the following components of the real estate analysis in the order listed:

- Summary table of estimated value capture for community benefits for all cases with the option of building higher-intensity development under the ZIP, identifying the Representative Development Cases with detailed results presented in this appendix.
- Map of community benefit areas identified for use in implementation of the ZIP. Three Benefit Areas or zones are identified for residential development and three Benefit Areas or zones for office/commercial development. The maps also identify the value of community benefits per additional unit of development in each Benefit Area to be required in exchange for the right to build higher-intensity development under the ZIP. These results are based on generalizations of value capture outcomes for all cases as reported in the first table identified above.
- Summaries of the pro forma analyses of project feasibility for the Representative Development Cases *under current market conditions* and *under feasible market conditions in the future*. Separate tables are presented for the development cases under base zoning and under maximum intensity zoning.
- Table identifying the development program assumptions for Representative Development Prototypes/Cases.
- Pro formas for Representative Development Cases assuming feasible projects in the future:
  - Pro forma under base zoning
  - Pro forma with maximum intensity zoning, showing estimated increase in real estate value under upzoning, and estimated value capture for community benefits.
- Table of key revenue and cost inputs for Representative Development Prototypes/Cases.
- Table of parking assumptions for development projects.

## **SECTION IV**

### **DOCUMENTATION FOR REAL ESTATE ANALYSIS OF RESIDENTIAL DEVELOPMENT**

#### **DEVELOPMENT FEASIBILITY AND VALUE CAPTURE ANALYSIS DOSP ZONING INCENTIVE PROGRAM**

## **LIST OF TABLES AND FIGURES**

Appendix Table A-1: DOSP Zoning Incentive Program – Summary of Estimated Value Capture for Community Benefits from Higher-Intensity RESIDENTIAL DEVELOPMENT, by Development Type, Intensity Increase, and Subarea

Figure A-2: Zoning Incentive Program Residential Development Zone / Benefit Areas

Appendix Table A-2.1: Summary Pro Forma Analysis – Current Market Conditions Compared to Feasible Market Conditions – Residential Development Under BASE ZONING

Appendix Table A-2.2: Summary Pro Forma Analysis – Current Market Conditions Compared to Feasible Market Conditions – Residential Development Under UPZONING

Appendix Table A-3: Development Program Assumptions for Representative RESIDENTIAL Development Prototypes / Cases

### Detailed Pro Forma Analysis of Representative Residential Development

Appendix Table R.1: Development Case I-1

Appendix Table R.2: Development Case I-6

Appendix Table R.3: Development Case II-1

Appendix Table R.4: Development Case II-3

Appendix Table R.5: Development Case II-5

Appendix Table R.6: Development Case II-9

Appendix Table R.7: Development Case II-10B

Appendix Table R.8: Development Case II-11

Appendix Table R.9: Development Case III-1

Appendix Table R.10: Development Case III-4

Appendix Table A-4: Key Revenue and Cost Inputs for Representative RESIDENTIAL Development Prototypes / Cases

Appendix Table A-5: Parking Assumptions for Residential Development Cases

**APPENDIX TABLE A-1: DOSP Zoning Intensity Program**

**Summary of Estimated Value Capture for Community Benefits from Higher-Intensity RESIDENTIAL DEVELOPMENT  
By Development Type, Intensity Increase, and Subarea**

**I. Downtown CBD Intensity Areas**

Intensity Type for Residential Development	Development Case No.	VALUE CAPTURE for Community Benefits		Base Density		ZIP Maximum Density		Increase in Density	Intensity Subarea(s)
		per add'l bldg. SF	per add'l DU	SF per DU	DU per acre	SF per DU	DU per acre		
Greater Intensity High-Rise <i>Type I construction</i>	◆I-1	\$23	\$23,000	90	484	65	670	+38%	Lake Merritt Office Broadway City Center
	I-2	\$23	\$23,000	90	484	80	545	+13%	Broadway City Center 14 <sup>th</sup> Street West
	I-3	\$23	\$23,000	100	436	90	484	+11%	City Center 14 <sup>th</sup> Street West
	I-4	\$23	\$23,000	110	396	90	484	+22%	14 <sup>th</sup> Street East
Low-/Mid-Rise to High-Rise Development <i>Type V/III to Type I construction</i>	I-5	\$18	\$18,000	450	97	110	396	+308%	14 <sup>th</sup> Street East
	◆I-6	\$18	\$18,000	225	194	110	396	+104%	City Center/11 <sup>th</sup> St. West 14 <sup>th</sup> Street East 14 <sup>th</sup> Street West
No Change in Density	—	—	—	110	396	110	396	0	14 <sup>th</sup> Street East

**APPENDIX TABLE A-1: DOSP Zoning Intensity Program (continued)**

**Summary of Estimated Value Capture for Community Benefits from Higher Intensity RESIDENTIAL DEVELOPMENT  
By Development Type, Intensity Increase, and Subarea**

**II. Jack London/Victory Court Intensity Areas**

Intensity Type for Residential Development	Development Case No.	VALUE CAPTURE for Community Benefits		Base Density		ZIP Maximum Density		Increase in Density	Intensity Subarea(s)
		per add'l bldg. SF	per add'l DU	SF per DU	DU per acre	SF per DU	DU per acre		
Low-Rise to High-Rise Development <i>Type V to Type I construction</i>	♦ II-1	\$15	\$15,000	1000	44	110	396	+800%	Jack London West
	II-2	\$10-12	\$10K-12K	900	48	100	436	+808%	Jack London West
	♦ II-3	\$10	\$10,000	900	48	110	396	+725%	Jack London West
	II-4	\$15	\$15,000	900	48	110	396	+725%	JL East - Waterfront
Mid-Rise to High-Rise Development <i>Type III to Type I</i>	♦ II-5	\$12	\$12,000	250	174	90	484	+178%	Victory Court
	II-6	\$15	\$15,000	260	168	100	436	+160%	Jack London West
	II-7	\$12	\$12,000	250	174	100	436	+150%	Jack London East
	II-8	\$11	\$11,000	250	174	100	436	+150%	Victory Court
	♦ II-9	\$13	\$13,000	250	174	110	396	+128%	Jack London East Victory Court
Greater Intensity High-Rise	II-10A	\$24	\$24,000	100	436	90	484	+11%	Jack London West
	♦ II-10B	\$19	\$19,000	100	436	90	484	+11%	Victory Court
Greater Intensity Mid-Rise	♦ II-11	\$12	\$12,000	250	174	200	218	+25%	Jack London East
Low-Rise to Mid-Rise Development – Waterfront	II-12	\$15	\$15,000	1000	44	200	218	+395%	JL East & West – Waterfront
	II-13	\$15	\$15,000	900	48	200	218	+355%	JL East – Waterfront
Greater Intensity Mid-Rise -- Waterfront	II-14	\$21	\$21,000	250	174	200	218	+25%	JL East - Waterfront

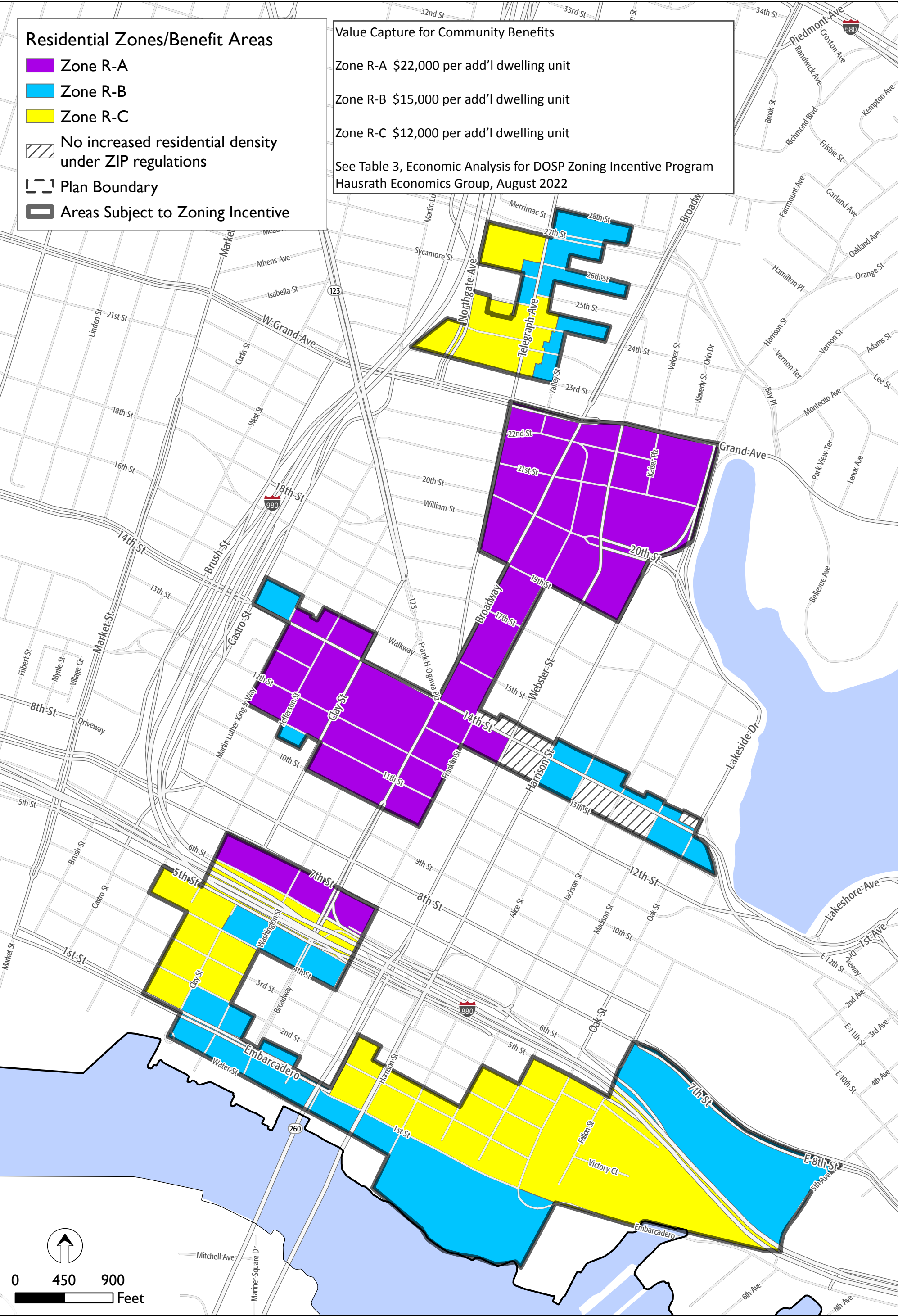
**APPENDIX TABLE A-1: DOSP Zoning Intensity Program (continued)**

**Summary of Estimated Value Capture for Community Benefits from Higher Intensity RESIDENTIAL DEVELOPMENT  
By Development Type, Intensity Increase, and Subarea**

**III. KONO/Art & Garage District Intensity Areas**

Intensity Type for Residential Development	Development Case No.	VALUE CAPTURE for Community Benefits		Base Density		ZIP Maximum Density		Increase in Density	Intensity Subarea(s)
		per add'l bldg. SF	per add'l DU	SF per DU	DU per acre	SF per DU	DU per acre		
Low-/Mid-Rise to High-Rise Development <i>Type V/III to Type I construction</i>	♦III-1	\$9.40	\$9,400	450	97	110	396	+308%	<b>KONO – West of Telegraph</b>
	III-2	\$13.50	\$13,500	450	97	110	396	+308%	KONO – Telegraph & East
Mid-Rise to High-Rise Development <i>Type III to Type I construction</i>	III-3	\$14.30	\$14,300	225	194	110	396	+104%	KONO – larger sites / higher heights
	♦III-4	\$15.70	\$15,700	225	194	110	396	+104%	<b>KONO – Rest; primarily east of Telegraph</b>
Greater Intensity Mid-Rise	III-5	\$15.00	\$15,000	450	97	250	174	+79%	Garage District and KONO

♦ Indicates this is one of the 10 Representative Development Cases documented in Section IV of the Technical Appendix.



**Zoning Incentive Program Residential Development Zones/Benefit Areas**

**Figure A-2**

**APPENDIX TABLE A-2.1: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Residential Development Under BASE ZONING**

Development Case HEG Prototype	I-1 2		I-6 20		II-1 4A		II-3 4B		II-5 25	
Intensity Area	CBD		CBD		JL/VC		JL/VC		JL/VC	
Subarea(s)	Lake Merritt Office, Broadway, City Center		14th St. East		Jack London West, Waterfront and nearby		Jack London West, Inland		Victory Court	
Benefit Area	R-A		R-B		R-B		R-C		R-C	
<b>Development Characteristics</b>										
Residential Density (minimum lot area per unit)	90		225		1,000		900		250	
Building Type	High-rise		Mid-rise		Low-rise		Low-rise		Mid-rise	
Lot Size	44,720		20,400		60,000		60,000		60,000	
Total Building Area	517,000		105,000		78,000		85,000		252,000	
Residential Units	497		91		60		67		240	
Retail (net floor area)	18,000		12,600		16,200		16,200		10,800	
Residential (net floor area)	387,660		70,980		52,260		52,260		187,200	
Parking Spaces (residential only)	323		82		60		67		240	
<b>Revenue Factors</b>	<b>Current Rents /a/</b>	<b>Current Rents + 20% for Feasibility /b/</b>	<b>Current Rents /a/</b>	<b>Current Rents + 20% for Feasibility /b/</b>	<b>Current Rents /a/</b>	<b>Current Rents + 20% for Feasibility /b/</b>	<b>Current Rents /a/</b>	<b>Current Rents + 20% for Feasibility /b/</b>	<b>Current Rents /a/</b>	<b>Current Rents + 20% for Feasibility /b/</b>
	Residential Rent per net sq. ft. per month	\$5.38 \$6.45	\$4.90 \$5.88	\$4.80 \$5.76	\$4.70 \$5.65	\$4.75 \$5.70				
	Retail Rent per net sq. ft. per year	\$32.00 \$38.40	\$32.00 \$38.40	\$32.00 \$38.40	\$32.00 \$38.40	\$32.00 \$38.40				
	Parking Revenue per space per month (without retail pkg.)	\$150 \$150	\$150 \$150	\$140 \$140	\$140 \$140	\$140 \$140				
<b>Net Project Value</b>	<b>\$389,497,917</b>	<b>\$465,353,318</b>	<b>\$69,914,194</b>	<b>\$83,440,866</b>	<b>\$50,460,025</b>	<b>\$60,253,253</b>	<b>\$54,236,709</b>	<b>\$64,835,597</b>	<b>\$165,438,544</b>	<b>\$197,214,817</b>
<b>Total Development Cost</b>	<b>\$424,031,016</b>	<b>\$424,031,016</b>	<b>\$79,189,811</b>	<b>\$79,189,811</b>	<b>\$52,708,196</b>	<b>\$52,708,196</b>	<b>\$57,237,921</b>	<b>\$57,237,921</b>	<b>\$190,331,408</b>	<b>\$190,331,408</b>
<b>Residual Land Value (Net Project Value - Total Cost)</b>	<b>(\$34,533,099)</b>	<b>\$41,322,302</b>	<b>(\$9,275,617)</b>	<b>\$4,251,055</b>	<b>(\$2,248,171)</b>	<b>\$7,545,057</b>	<b>(\$3,001,212)</b>	<b>\$7,597,676</b>	<b>(\$24,892,864)</b>	<b>\$6,883,409</b>
<b>(less) Return on Residual Land Value</b>	<b>\$0</b>	<b>(\$6,611,568)</b>	<b>\$0</b>	<b>(\$595,148)</b>	<b>\$0</b>	<b>(\$905,407)</b>	<b>\$0</b>	<b>(\$911,721)</b>	<b>\$0</b>	<b>(\$963,677)</b>
<b>Net Residual Land Value</b>	<b>(\$34,533,099)</b>	<b>\$34,710,734</b>	<b>(\$9,275,617)</b>	<b>\$3,655,907</b>	<b>(\$2,248,171)</b>	<b>\$6,639,650</b>	<b>(\$3,001,212)</b>	<b>\$6,685,955</b>	<b>(\$24,892,864)</b>	<b>\$5,919,732</b>

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables R.1 - R.10.

/b/ See Appendix Tables R.1 - R.10 for the detailed pro forma real estate analysis under these revenue assumptions.



**APPENDIX TABLE A-2.1: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Residential Development Under BASE ZONING**

Development Case HEG Prototype	II-9 6		II-10B 22		II-11 24		III-1 3A		III-4 3B	
Intensity Area	JL/VC		JL/VC		JL/VC		KONO		KONO	
Subarea(s)	Jack London East, Victory Court		Victory Court		Jack London East		Largely west of Telegraph		Largely east of Telegraph	
Benefit Area	R-C		R-B		R-C		R-C		R-B	
Development Characteristics										
Residential Density (minimum lot area per unit)	250		100		250		450		225	
Building Type	Mid-rise		Mid-rise		Mid-rise		Low-rise		Mid-rise	
Lot Size	55,000		45,000		60,060		40,000		20,000	
Total Building Area	236,500		462,000		252,000		104,000		104,000	
Residential Units	220		450		240		89		89	
Retail (net floor area)	14,850		10,800		10,800		13,500		13,500	
Residential (net floor area)	171,600		351,000		187,200		69,420		69,420	
Parking Spaces (residential only)	220		450		240		80		80	
Revenue Factors		Current Rents + 20% for Feasibility /b/		Current Rents + 20% for Feasibility /b/		Current Rents + 20% for Feasibility /b/		Current Rents + 20% for Feasibility /b/		Current Rents + 20% for Feasibility /b/
	Residential Rent per net sq. ft. per month	\$4.75 \$5.70	\$5.17 \$6.20	\$4.72 \$5.66	\$4.55 \$5.46	\$4.85 \$5.82				
	Retail Rent per net sq. ft. per year	\$32.00 \$38.40	\$32.00 \$38.40	\$32.00 \$38.40	\$32.00 \$38.40	\$32.00 \$38.40				
	Parking Revenue per space per month (without retail pkg.)	\$140 \$140	\$140 \$140	\$140 \$140	\$140 \$140	\$140 \$140				
Net Project Value	\$154,842,329	\$184,619,303	\$341,009,040	\$406,482,768	\$164,479,796	\$195,936,465	\$64,773,561	\$77,327,603	\$68,328,977	\$81,594,093
Total Development Cost	\$179,064,530	\$179,064,530	\$386,323,549	\$386,323,549	\$190,332,258	\$190,332,258	\$73,130,347	\$73,130,347	\$79,251,823	\$79,251,823
Residual Land Value (Net Project Value - Total Cost)	(\$24,222,201)	\$5,554,773	(\$45,314,509)	\$20,159,219	(\$25,852,462)	\$5,604,207	(\$8,356,786)	\$4,197,256	(\$10,922,846)	\$2,342,270
(less) Return on Residual Land Value	\$0	(\$777,668)	\$0	(\$3,225,475)	\$0	(\$784,589)	\$0	(\$503,671)	\$0	(\$327,918)
Net Residual Land Value	(\$24,222,201)	\$4,777,105	(\$45,314,509)	\$16,933,744	(\$25,852,462)	\$4,819,618	(\$8,356,786)	\$3,693,585	(\$10,922,846)	\$2,014,352

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables R.1 - R.10.

/b/ See Appendix Tables R.1 - R.10 for the detailed pro forma real estate analysis under these revenue assumptions.

**APPENDIX TABLE A-2.2: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Residential Development Under UPZONING**

Development Case HEG Prototype	I-1 2		I-6 20		II-1 4A		II-3 4B		II-5 25	
Intensity Area	CBD		CBD		JL/VC		JL/VC		JL/VC	
Subarea(s)	Lake Merritt Office, Broadway, City Center		14th St. East and West		Jack London West, Waterfront and nearby		Jack London West, Inland		Victory Court	
Benefit Area	R-A		R-B		R-B		R-C		R-C	
Development Characteristics										
Residential Density (minimum lot area per unit)	65		110		110		110		90	
Building Type	High-rise		High-rise		High-rise		High-rise		High-rise	
Lot Size	44,720		20,400		60,000		60,000		60,000	
Total Building Area	708,000		200,000		563,000		563,000		675,000	
Residential Units	688		185		545		545		667	
Retail (net floor area)	18,000		13,500		16,200		16,200		7,200	
Residential (net floor area)	536,640		144,300		425,100		425,100		520,260	
Parking Spaces (residential only)	447		120		463		463		567	
	Current Rents /a/	Current Rents + 20% for Feasibility /b/	Current Rents /a/	Current Rents + 20% for Feasibility /b/	Current Rents /a/	Current Rents + 20% for Feasibility /b/	Current Rents /a/	Current Rents + 20% for Feasibility /b/	Current Rents /a/	Current Rents + 20% for Feasibility /b/
Revenue Factors										
Residential Rent per net sq. ft. per month	\$5.45	\$6.54	\$5.25	\$6.30	\$5.30	\$6.36	\$5.20	\$6.24	\$5.15	\$6.18
Retail Rent per net sq. ft. per year	\$32.00	\$38.40	\$32.00	\$38.40	\$32.00	\$38.40	\$32.00	\$38.40	\$32.00	\$38.40
Parking Revenue per space per month (without retail pkg.)	\$150	\$150	\$150	\$150	\$140	\$140	\$140	\$140	\$140	\$140
Net Project Value	\$541,376,745	\$647,378,927	\$146,033,845	\$174,649,578	\$421,833,104	\$503,797,609	\$414,300,882	\$494,758,955	\$494,309,327	\$590,201,587
Total Development Cost	\$589,746,966	\$589,746,966	\$164,286,020	\$164,286,020	\$469,379,679	\$469,379,679	\$469,379,679	\$469,379,679	\$563,305,215	\$563,305,215
Residual Land Value (Net Project Value - Total Cost)	(\$48,370,221)	\$57,631,961	(\$18,252,175)	\$10,363,558	(\$47,546,575)	\$34,417,930	(\$55,078,797)	\$25,379,276	(\$68,995,888)	\$26,896,372
(less) Return on Residual Land Value	\$0	(\$9,797,433)	\$0	(\$1,658,169)	\$0	(\$5,506,869)	\$0	(\$4,060,684)	\$0	(\$4,303,420)
Net Residual Land Value	(\$48,370,221)	\$47,834,528	(\$18,252,175)	\$8,705,389	(\$47,546,575)	\$28,911,061	(\$55,078,797)	\$21,318,592	(\$68,995,888)	\$22,592,952

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables R.1 - R.10.

/b/ See Appendix Tables R.1 - R.10 for the detailed pro forma real estate analysis under these revenue assumptions.

**APPENDIX TABLE A-2.2: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Residential Development Under UPZONING**

Development Case HEG Prototype	II-9 6		II-10B 22		II-11 24		III-1 3A		III-4 3B	
Intensity Area	JL/VC		JL/VC		JL/VC		KONO		KONO	
Subarea(s)	Jack London East, Victory Court		Victory Court		Jack London East		Largely west of Telegraph		Largely east of Telegraph	
Benefit Area	R-C		R-B		R-C		R-C		R-B	
Development Characteristics										
Residential Density (minimum lot area per unit)	110		90		200		110		110	
Building Type	High-rise		High-rise		Mid-rise		High-rise		High-rise	
Lot Size	55,000		45,000		60,060		40,000		20,000	
Total Building Area	516,500		512,000		312,000		379,000		197,000	
Residential Units	500		500		300		364		182	
Retail (net floor area)	14,850		10,800		10,800		13,500		13,500	
Residential (net floor area)	390,000		390,000		234,000		283,920		141,960	
Parking Spaces (residential only)	425		425		300		273		137	
	Current Rents /a/	Current Rents + 20% for Feasibility /b/	Current Rents /a/	Current Rents + 20% for Feasibility /b/	Current Rents /a/	Current Rents + 20% for Feasibility /b/	Current Rents /a/	Current Rents + 20% for Feasibility /b/	Current Rents /a/	Current Rents + 20% for Feasibility /b/
Revenue Factors										
Residential Rent per net sq. ft. per month	\$5.15	\$6.18	\$5.20	\$6.24	\$4.78	\$5.73	\$5.13	\$6.15	\$5.21	\$6.25
Retail Rent per net sq. ft. per year	\$32.00	\$38.40	\$32.00	\$38.40	\$32.00	\$38.40	\$32.00	\$38.40	\$32.00	\$38.40
Parking Revenue per space per month (without retail pkg.)	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140
Net Project Value	\$376,637,743	\$449,759,835	\$377,482,613	\$450,764,949	\$206,256,446	\$245,622,926	\$273,601,175	\$326,683,455	\$143,181,420	\$171,110,263
Total Development Cost	\$430,673,993	\$430,673,993	\$427,823,609	\$427,823,609	\$237,429,126	\$237,429,126	\$313,072,036	\$313,072,036	\$163,502,896	\$163,502,896
Residual Land Value (Net Project Value - Total Cost)	(\$54,036,250)	\$19,085,842	(\$50,340,996)	\$22,941,340	(\$31,172,680)	\$8,193,800	(\$39,470,861)	\$13,611,419	(\$20,321,476)	\$7,607,367
(less) Return on Residual Land Value	\$0	(\$3,053,735)	\$0	(\$3,670,614)	\$0	(\$1,147,132)	\$0	(\$2,177,827)	\$0	(\$1,217,179)
Net Residual Land Value	(\$54,036,250)	\$16,032,107	(\$50,340,996)	\$19,270,726	(\$31,172,680)	\$7,046,668	(\$39,470,861)	\$11,433,592	(\$20,321,476)	\$6,390,188

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables R.1 - R.10.

/b/ See Appendix Tables R.1 - R.10 for the detailed pro forma real estate analysis under these revenue assumptions.

**APPENDIX TABLE A-3: Development Program Assumptions for Representative RESIDENTIAL Development Prototypes / Cases**

Development Case HEG Prototype	I-1 2	I-6 20	II-1 4A	II-3 4B	II-5 25	II-9 6	II-10B 22	II-11 24	III-1 3A	III-4 3B
Intensity Area	CBD	CBD	JL/VC	JL/VC	JL/VC	JL/VC	JL/VC	JL/VC	KONO	KONO
Subarea(s)	Lake Merritt Office, Broadway, City Center	14th St. East and West	Jack London West	Jack London West	Victory Court	Jack London East, Victory Court	Victory Court	Jack London East	KONO	KONO
Intensity Type	Greater intensity high-rise	Mid-rise to high- rise	Low-rise to high-rise	Low-rise to high-rise	Mid-rise to high-rise	Mid-rise to high- rise	Greater intensity high- rise	Greater intensity mid- rise	Low-rise to high-rise	Mid-rise to high- rise
			Waterfront and nearby locations	Inland locations				Inland locations	Largely west of Telegraph	Largely east of Telegraph
Benefit Area	R-A	R-B	R-B	R-C	R-C	R-C	R-B	R-C	R-C	R-B
Lot Area (sq. ft., rounded)	44,720	20,400	60,000	60,000	60,000	55,000	45,000	60,060	40,000	20,000
Acres	1.03	0.47	1.38	1.38	1.38	1.26	1.03	1.38	0.92	0.46
<b>BASE ZONING</b>										
Construction Type	Type I	Type III	Type V	Type V	Type III	Type III	Type I	Type III	Type V	Type III
Building Height Maximum	no limit	85'	45'	45'	135'	65'	275'	65'	45'	90'
Building Height Estimated (# of stories)	15+	6	2	2	6	5	12+	5	3	6
Residential Density (min. lot area per unit)	90	225	1,000	900	250	250	100	250	450	225
Residential Density (units per acre)	484	194	44	49	174	174	436		97	194
Gross Floor Area per Unit	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Gross Floor Area (w/o pkg.) sq. ft.	517,000	105,000	78,000	85,000	252,000	236,500	462,000	252,000	104,000	104,000
Office	-	-	-	-	-	-	-	-	-	-
Retail	20,000	14,000	18,000	18,000	12,000	16,500	12,000	12,000	15,000	15,000
Residential	497,000	91,000	60,000	67,000	240,000	220,000	450,000	240,000	89,000	89,000
Residential Units	497	91	60	67	240	220	450	240	89	89
Residential Efficiency Ratio	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%
Retail Efficiency Ratio	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Total Net Floor Area (w/o pkg.) sq. ft.	405,660	83,580	63,000	68,460	198,000	186,450	361,800	198,000	82,920	82,920
Office	-	-	-	-	-	-	-	-	-	-
Retail	18,000	12,600	16,200	16,200	10,800	14,850	10,800	10,800	13,500	13,500
Residential	387,660	70,980	46,800	52,260	187,200	171,600	351,000	187,200	69,420	69,420
Parking Spaces	343	96	78	85	252	237	462	252	95	95
<b>UPZONING</b>										
Construction Type	Type I	Type I	Type I	Type I	Type 1	Type I	Type I	Type III	Type I	Type I
Building Height Maximum	no limit	85'	175'	175'	275' / 450'	175'	275'	90'	90'	175'
Building Height Estimated (# of stories)	20+	12	12	12	14-18	12	15+	6	10	10-12
Residential Density (min. lot area per unit)	65	110	110	110	90	110	90	200	110	110
Residential Density (units per acre)	670	394	396	396	484	396	484	218	396	396
Gross Floor Area per Unit	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Gross Floor Area (w/o pkg.) sq. ft.	708,000	200,000	563,000	563,000	675,000	516,500	512,000	312,000	379,000	197,000
Office	-	-	-	-	-	-	-	-	-	-
Retail	20,000	15,000	18,000	18,000	8,000	16,500	12,000	12,000	15,000	15,000
Residential	688,000	185,000	545,000	545,000	667,000	500,000	500,000	300,000	364,000	182,000
Residential Units	688	185	545	545	667	500	500	300	364	182
Residential Efficiency Ratio	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%
Retail Efficiency Ratio	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Total Net Floor Area (w/o pkg.) sq. ft.	554,640	157,800	441,300	441,300	527,460	404,850	400,800	244,800	297,420	155,460
Office	-	-	-	-	-	-	-	-	-	-
Retail	18,000	13,500	16,200	16,200	7,200	14,850	10,800	10,800	13,500	13,500
Residential	536,640	144,300	425,100	425,100	520,260	390,000	390,000	234,000	283,920	141,960
Parking Spaces	467	135	481	481	575	442	437	312	288	152
Increase in Residential Units	191	94	485	478	427	280	50	60	275	93
Percent Increase in Residential Density	38%	105%	809%	718%	178%	127%	11%	25%	309%	105%

**APPENDIX TABLE R.1**  
**Development Case I-1 (HEG Prototype 2)**  
**BASE ZONING**

Intensity Area: CBD - Lake Merritt Office, Broadway, and City Center subareas

Generalized Location: CBD - Franklin St.

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.03 acres	44,720 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	no limit (not used in calculations)	
Building Height Estimated Actual (# of stories)	15+ (not used in calculations)	
Residential Density (min. lot area per unit)	90 (not used in calculations)	484 DU per acre
Total Units	497 units	
Total Building Area	1,040 sq. ft. per unit, calculated	517,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	387,660 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		18,000 sq. ft.
Podium Parking Spaces		343 spaces
Spaces Excluding Retail		323 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$6.45 per net sq. ft. per month	\$30,004,884
(less) Operating Expenses (Residential)	27.5% of residential revenue	(\$8,251,343)
(less) Vacancy	4.0% of gross annual revenue	(\$1,200,195)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$193,830)
Residential NOI		\$20,359,516
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$691,200
(less) Vacancy	5.0% of gross annual revenue	(\$34,560)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$9,000)
Retail NOI		\$647,640
Net Parking Revenue (without retail parking)	\$150 per space per month	\$581,400
Total NOI		\$21,588,556
Capitalized Value	4.50% cap rate	\$479,745,689
(less) Cost of Sale/Marketing	3.0%	(\$14,392,371)
<b>Net Project Value</b>		<b>\$465,353,318</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$472 per gross sq. ft.	\$244,024,000
Parking Construction Cost	\$60,000 per space	\$20,580,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$447,200
Total Direct Costs		\$265,051,200
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,800,000
Architecture and Engineering	6.0% of direct costs	\$15,903,072
Other Expenses	3.0% of direct costs	\$7,951,536
General and Administrative	3.0% of direct costs	\$7,951,536
Property Tax During Construction	2.5% of direct costs	\$6,626,280
Financing	6.0% of direct costs	\$15,903,072
Subtotal Indirect Costs excluding Fees		\$56,135,496
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$10,934,000
Capital Improvements	\$1,250 per unit	\$621,250
Transportation - Residential	\$750 per unit	\$372,750
Transportation - Retail	\$0.75 per retail sq. ft.	\$15,000
School Impact Fee	\$3.48 per gross sq. ft.	\$1,799,160
Other Fees	\$30.00 per gross sq. ft.	\$15,510,000
Subtotal Fees		\$29,252,160
Total Indirect Costs		\$85,387,656
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$350,438,856</b>
Contingency	5.0% of direct and indirect costs	\$17,521,943
Required Return on Investment	16.0% of direct and indirect costs	\$56,070,217
<b>Total Costs</b>		<b>\$424,031,016</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$41,322,302</b>
(less) Return on Residual Land Value	16.0%	(\$6,611,568)
<b>Net Residual Land Value</b>		<b>\$34,710,734</b>

**APPENDIX TABLE R.1**  
**Development Case I-1 (HEG Prototype 2)**  
**UPZONING**

Intensity Area: CBD - Lake Merritt Office, Broadway, and City Center subareas

Generalized Location: CBD - Franklin St.

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.03 acres	44,720 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	no limit (not used in calculations)	
Building Height Estimated Actual (# of stories)	20+ (not used in calculations)	
Residential Density (min. lot area per unit)	65 (not used in calculations)	670 DU per acre
Total Units	688 units	
Total Building Area	1,029 sq. ft. per unit, calculated	708,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	536,640 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		18,000 sq. ft.
Podium Parking Spaces		467 spaces
Spaces Excluding Retail		447 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$6.54 per net sq. ft. per month	\$42,115,507
(less) Operating Expenses (Residential)	27.5% of residential revenue	(\$11,581,764)
(less) Vacancy	4.0% of gross annual revenue	(\$1,684,620)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$268,320)
Residential NOI		\$28,580,803
Gross Retail Revenue	\$38.40	\$691,200
(less) Vacancy	5.0% of gross annual revenue	(\$34,560)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$9,000)
Retail NOI		\$647,640
Net Parking Revenue (without retail parking)	\$150 per space per month	\$804,600
Total NOI		\$30,033,043
Capitalized Value	4.50% cap rate	\$667,400,956
(less) Cost of Sale/Marketing	3.0%	(\$20,022,029)
<b>Net Project Value</b>		<b>\$647,378,927</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$475 per gross sq. ft.	\$336,300,000
Parking Construction Cost	\$60,000 per space	\$28,020,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$447,200
Total Direct Costs		\$364,767,200
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,800,000
Architecture and Engineering	6.0% of direct costs	\$21,886,032
Other Expenses	3.0% of direct costs	\$10,943,016
General and Administrative	3.0% of direct costs	\$10,943,016
Property Tax During Construction	2.5% of direct costs	\$9,119,180
Financing	6.5% of direct costs	\$23,709,868
Subtotal Indirect Costs excluding Fees		\$78,401,112
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$15,136,000
Capital Improvements	\$1,250 per unit	\$860,000
Transportation - Residential	\$750 per unit	\$516,000
Transportation - Retail	\$0.75 per retail sq. ft.	\$15,000
School Impact Fee	\$3.48 per gross sq. ft.	\$2,463,840
Other Fees	\$30.00 per gross sq. ft.	\$21,240,000
Subtotal Fees		\$40,230,840
Total Indirect Costs		\$118,631,952
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$483,399,152</b>
Contingency	5.0% of direct and indirect costs	\$24,169,958
Required Return on Investment	17.0% of direct and indirect costs	\$82,177,856
<b>Total Costs</b>		<b>\$589,746,966</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$57,631,961</b>
<b>(less) Return on Residual Land Value</b>	17.0%	<b>(\$9,797,433)</b>
<b>Net Residual Land Value</b>		<b>\$47,834,528</b>
<b>Incremental Development</b>		
Building Space	191,000	
Dwelling Units	191	
	Base Case	\$34,710,734
	Upzoning	\$47,834,528
	Increase	\$13,123,794
	1/3 of Increase	\$4,374,598
	\$776 per sf land	\$69,841 per DU
	\$1,070 per sf land	\$69,527 per DU
	\$68.71 per add'l bldg SF	\$68,711 per add'l DU
	\$22.90 per add'l bldg SF	\$22,904 per add'l DU

**APPENDIX TABLE R.2**  
**Development Case I-6 (HEG Prototype 20)**  
**BASE ZONING**

**Intensity Area: CBD - 14th Street East and West subareas**

Generalized Location: 14th Street East & West		Assumption	Total
<b>DEVELOPMENT PROGRAM</b>			
Lot Size	0.47	acres	20,400 sq. ft.
Construction Type	Type III	(not used in calculations)	
Building Height	90'	(not used in calculations)	
Building Height Estimated Actual (# of stories)	6.00	(not used in calculations)	
Residential Density (min. lot area per unit)	225	(not used in calculations)	194 DU per acre
Total Units	91	units	
Total Building Area	1,154	sq. ft. per unit, calculated	105,000 sq. ft.
Net Residential Unit Area	78%	efficiency ratio	70,980 sq. ft.
Average Unit Size (net sq. ft.)	780	net sq. ft. per unit	
Net Retail Area			12,600 sq. ft.
Podium Parking Spaces			96 spaces
Spaces Excluding Retail			82 spaces
<b>REVENUE</b>			
Gross Residential Rental Revenue	\$5.88	per net sq. ft. per month	\$5,008,349
(less) Operating Expenses (Residential)	30.0%	of residential revenue	(\$1,502,505)
(less) Vacancy	4.0%	of gross annual revenue	(\$200,334)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$35,490)
Residential NOI			\$3,270,020
Gross Retail Revenue	\$38.40	40	\$483,840
(less) Vacancy	5.0%	of gross annual revenue	(\$24,192)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$6,300)
Retail NOI			\$453,348
Net Parking Revenue (without retail parking)	\$150	per space per month	\$147,600
Total NOI			\$3,870,968
Capitalized Value	4.50%	cap rate	\$86,021,511
(less) Cost of Sale/Marketing	3.0%		(\$2,580,645)
<b>Net Project Value</b>			<b>\$83,440,866</b>
<b>DEVELOPMENT COST</b>			
<b>Direct Costs</b>			
Building Construction Cost	\$420	per gross sq. ft.	\$44,100,000
Parking Construction Cost	\$60,000	per space	\$5,760,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$204,000
Total Direct Costs			\$50,064,000
<b>Indirect Costs</b>			
Tenant Improvements	\$100	per retail sq. ft.	\$1,260,000
Architecture and Engineering	6.0%	of direct costs	\$3,003,840
Other Expenses	3.0%	of direct costs	\$1,501,920
General and Administrative	3.0%	of direct costs	\$1,501,920
Property Tax During Construction	2.0%	of direct costs	\$1,001,280
Financing	5.0%	of direct costs	\$2,503,200
Subtotal Indirect Costs excluding Fees			\$10,772,160
<b>Fees</b>			
Affordable Housing Fee	\$22,000	per unit	\$2,002,000
Capital Improvements	\$1,250	per unit	\$113,750
Transportation - Residential	\$750	per unit	\$68,250
Transportation - Retail	\$0.75	per retail sq. ft.	\$10,500
School Impact Fee	\$3.48	per gross sq. ft.	\$365,400
Other Fees	\$30.00	per gross sq. ft.	\$3,150,000
Subtotal Fees			\$5,709,900
Total Indirect Costs			\$16,482,060
<b>Subtotal, Direct and Indirect Costs</b>			<b>\$66,546,060</b>
Contingency	5.0%	of direct and indirect costs	\$3,327,303
Required Return on Investment	14.0%	of direct and indirect costs	\$9,316,448
<b>Total Costs</b>			<b>\$79,189,811</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>			<b>\$4,251,055</b>
(less) Return on Residual Land Value	14.0%		(\$595,148)
<b>Net Residual Land Value</b>			<b>\$3,655,907</b>

**APPENDIX TABLE R.2**  
**Development Case I-6 (HEG Prototype 20)**  
**UPZONING**

**Intensity Area: CBD - 14th Street East and West subareas**

**Generalized Location: 14th Street East & West**

Generalized Location: 14th Street East & West			Assumption	Total	
DEVELOPMENT PROGRAM					
Lot Size	0.47	acres		20,400	sq. ft.
Construction Type	Type I	(not used in calculations)			
Building Height	90' - 175'	(not used in calculations)			
Building Height Estimated Actual (# of stories)	12.00	(not used in calculations)			
Residential Density (min. lot area per unit)	110	(not used in calculations)	395 DU per acre		
Total Units	185	units			
Total Building Area	1,081	sq. ft. per unit, calculated	200,000	sq. ft.	
Net Residential Unit Area	78%	efficiency ratio	144,300	sq. ft.	
Average Unit Size (net sq. ft.)	780	net sq. ft. per unit			
Net Retail Area			13,500	sq. ft.	
Podium Parking Spaces			135	spaces	
Spaces Excluding Retail			120	spaces	
REVENUE					
Gross Residential Rental Revenue	\$6.30	per net sq. ft. per month	\$10,909,080		
(less) Operating Expenses (Residential)	27.5%	of residential revenue	(\$2,999,997)		
(less) Vacancy	4.0%	of gross annual revenue	(\$436,363)		
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$72,150)		
Residential NOI			\$7,400,570		
Gross Retail Revenue	\$38.40	per net sq. ft. per year	\$518,400		
(less) Vacancy	5.0%	of gross annual revenue	(\$25,920)		
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$6,750)		
Retail NOI			\$485,730		
Net Parking Revenue (without retail parking)	\$150	per space per month	\$216,000		
Total NOI			\$8,102,300		
Capitalized Value	4.50%	cap rate	\$180,051,111		
(less) Cost of Sale/Marketing	3.0%		(\$5,401,533)		
Net Project Value			\$174,649,578		
DEVELOPMENT COST					
Direct Costs					
Building Construction Cost	\$470	per gross sq. ft.	\$94,000,000		
Parking Construction Cost	\$60,000	per space	\$8,100,000		
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$204,000		
Total Direct Costs			\$102,304,000		
Indirect Costs					
Tenant Improvements	\$100	per retail sq. ft.	\$1,350,000		
Architecture and Engineering	6.0%	of direct costs	\$6,138,240		
Other Expenses	3.0%	of direct costs	\$3,069,120		
General and Administrative	3.0%	of direct costs	\$3,069,120		
Property Tax During Construction	2.5%	of direct costs	\$2,557,600		
Financing	6.0%	of direct costs	\$6,138,240		
Subtotal Indirect Costs excluding Fees			\$22,322,320		
Fees					
Affordable Housing Fee	\$22,000	per unit	\$4,070,000		
Capital Improvements	\$1,250	per unit	\$231,250		
Transportation - Residential	\$750	per unit	\$138,750		
Transportation - Retail	\$0.75	per retail sq. ft.	\$11,250		
School Impact Fee	\$3.48	per gross sq. ft.	\$696,000		
Other Fees	\$30.00	per gross sq. ft.	\$6,000,000		
Subtotal Fees			\$11,147,250		
Total Indirect Costs			\$33,469,570		
Subtotal, Direct and Indirect Costs			\$135,773,570		
Contingency	5.0%	of direct and indirect costs	\$6,788,679		
Required Return on Investment	16.0%	of direct and indirect costs	\$21,723,771		
Total Costs			\$164,286,020		
Residual Land Value (Net Project Value - Total Costs)			\$10,363,558		
(less) Return on Residual Land Value	16.0%		(\$1,658,169)		
Net Residual Land Value			\$8,705,389		
Residual Land Value per Acre			\$18,588,566		
Incremental Development					
		Net Residual Land Value			
Building Space	95,000	Base Case	\$3,655,907	\$179 per sf land	\$40,175 per DU
Dwelling Units	94	Upzoning	\$8,705,389	\$427 per sf land	\$47,056 per DU
		Increase	\$5,049,482	\$53.15 per add'l bldg SF	\$53,718 per add'l DU
		1/3 of Increase	\$1,683,161	\$17.72 per add'l bldg SF	\$17,906 per add'l DU



**APPENDIX TABLE R.3**  
**Development Case II-1 (HEG Prototype 4A)**  
**BASE ZONING**

Intensity Area: JL/VC - Jack London West subarea

**Generalized Location: JLWest Blocks on**

<b>Waterfront &amp; nearby</b>	<b>Assumption</b>	<b>Total</b>
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.38 acres	60,000 sq. ft.
Construction Type	Type V (not used in calculations)	
Building Height	45' (not used in calculations)	
Building Height Estimated Actual (# of stories)	2.00 (not used in calculations)	
Residential Density (min. lot area per unit)	1,000 (not used in calculations)	44 DU per acre
Total Units	60 units	
Total Building Area	1,300 sq. ft. per unit, calculated	78,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	46,800 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		16,200 sq. ft.
Podium Parking Spaces		78 spaces
Spaces Excluding Retail		60 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$5.76 per net sq. ft. per month	\$3,234,816
(less) Operating Expenses (Residential)	30.0% of residential revenue	(\$970,445)
(less) Vacancy	4.0% of gross annual revenue	(\$129,393)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$23,400)
Residential NOI		\$2,111,578
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$622,080
(less) Vacancy	5.0% of gross annual revenue	(\$31,104)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$8,100)
Retail NOI		\$582,876
Net Parking Revenue (without retail parking)	\$140 per space per month	\$100,800
Total NOI		\$2,795,254
Capitalized Value	4.50% cap rate	\$62,116,756
(less) Cost of Sale/Marketing	3.0%	(\$1,863,503)
<b>Net Project Value</b>		<b>\$60,253,253</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$360 per gross sq. ft.	\$28,080,000
Parking Construction Cost	\$60,000 per space	\$4,680,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$600,000
Total Direct Costs		\$33,360,000
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,620,000
Architecture and Engineering	6.0% of direct costs	\$2,001,600
Other Expenses	3.0% of direct costs	\$1,000,800
General and Administrative	3.0% of direct costs	\$1,000,800
Property Tax During Construction	2.0% of direct costs	\$667,200
Financing	4.0% of direct costs	\$1,334,400
Subtotal Indirect Costs excluding Fees		\$7,624,800
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$1,320,000
Capital Improvements	\$1,250 per unit	\$75,000
Transportation - Residential	\$750 per unit	\$45,000
Transportation - Retail	\$0.75 per retail sq. ft.	\$13,500
School Impact Fee	\$3.48 per gross sq. ft.	\$271,440
Other Fees	\$30.00 per gross sq. ft.	\$2,340,000
Subtotal Fees		\$4,064,940
Total Indirect Costs		\$11,689,740
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$45,049,740</b>
Contingency	5.0% of direct and indirect costs	\$2,252,487
Required Return on Investment	12.0% of direct and indirect costs	\$5,405,969
<b>Total Costs</b>		<b>\$52,708,196</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$7,545,057</b>
(less) Return on Residual Land Value	12.0%	(\$905,407)
<b>Net Residual Land Value</b>		<b>\$6,639,650</b>

**APPENDIX TABLE R.3**  
**Development Case II-1 (HEG Prototype 4A)**  
**UPZONING**  
**Intensity Area: JL/VC - Jack London West subarea**

**Generalized Location: JLWest Blocks on**

Waterfront & nearby		Assumption		Total			
DEVELOPMENT PROGRAM							
Lot Size	1.38	acres		60,000	sq. ft.		
Construction Type	Type I	(not used in calculations)					
Building Height	175'	(not used in calculations)					
Building Height Estimated Actual (# of stories)	12.00	(not used in calculations)					
Residential Density (min. lot area per unit)	110	(not used in calculations)	396 DU per acre				
Total Units	545	units					
Total Building Area	1,033	sq. ft. per unit, calculated		563,000	sq. ft.		
Net Residential Unit Area	78%	efficiency ratio		425,100	sq. ft.		
Average Unit Size (net sq. ft.)	780	net sq. ft. per unit					
Net Retail Area				16,200	sq. ft.		
Podium Parking Spaces				481	spaces		
Spaces Excluding Retail				463	spaces		
REVENUE							
Gross Residential Rental Revenue	\$6.36	per net sq. ft. per month		\$32,443,632			
(less) Operating Expenses (Residential)	27.5%	of residential revenue		(\$8,921,999)			
(less) Vacancy	4.0%	of gross annual revenue		(\$1,297,745)			
(less) Capital Reserves	\$0.50	per net sq. ft.		(\$212,550)			
Residential NOI				\$22,011,338			
Gross Retail Revenue	\$38.40	per net sq. ft. per year		\$622,080			
(less) Vacancy	5.0%	of gross annual revenue		(\$31,104)			
(less) Capital Reserves	\$0.50	per net sq. ft.		(\$8,100)			
Retail NOI				\$582,876			
Net Parking Revenue (without retail parking)	\$140	per space per month		\$777,840			
Total NOI				\$23,372,054			
Capitalized Value	4.50%	cap rate		\$519,378,978			
(less) Cost of Sale/Marketing	3.0%			(\$15,581,369)			
Net Project Value				\$503,797,609			
DEVELOPMENT COST							
Direct Costs							
Building Construction Cost	\$470	per gross sq. ft.		\$264,610,000			
Parking Construction Cost	\$60,000	per space		\$28,860,000			
Demo/Site Improvement Cost	\$10	per land sq. ft.		\$600,000			
Total Direct Costs				\$294,070,000			
Indirect Costs							
Tenant Improvements	\$100	per retail sq. ft.		\$1,620,000			
Architecture and Engineering	6.0%	of direct costs		\$17,644,200			
Other Expenses	3.0%	of direct costs		\$8,822,100			
General and Administrative	3.0%	of direct costs		\$8,822,100			
Property Tax During Construction	2.5%	of direct costs		\$7,351,750			
Financing	6.0%	of direct costs		\$17,644,200			
Subtotal Indirect Costs excluding Fees				\$61,904,350			
Fees							
Affordable Housing Fee	\$22,000	per unit		\$11,990,000			
Capital Improvements	\$1,250	per unit		\$681,250			
Transportation - Residential	\$750	per unit		\$408,750			
Transportation - Retail	\$0.75	per retail sq. ft.		\$13,500			
School Impact Fee	\$3.48	per gross sq. ft.		\$1,959,240			
Other Fees	\$30.00	per gross sq. ft.		\$16,890,000			
Subtotal Fees				\$31,942,740			
Total Indirect Costs				\$93,847,090			
Subtotal, Direct and Indirect Costs				\$387,917,090			
Contingency	5.0%	of direct and indirect costs		\$19,395,855			
Required Return on Investment	16.0%	of direct and indirect costs		\$62,066,734			
Total Costs				\$469,379,679			
Residual Land Value (Net Project Value - Total Costs)				\$34,417,930			
(less) Return on Residual Land Value	16.0%			(\$5,506,869)			
Net Residual Land Value				\$28,911,061			
Incremental Development							
		Net Residual Land Value					
Building Space	485,000	Base Case	\$6,639,650	\$111	per sf land	\$110,661	per DU
Dwelling Units	485	Upzoning	\$28,911,061	\$482	per sf land	\$53,048	per DU
		Increase	\$22,271,411	\$45.92	per add'l bldg SF	\$45,920	per add'l DU
		1/3 of Increase	\$7,423,804	\$15.31	per add'l bldg SF	\$15,307	per add'l DU

**APPENDIX TABLE R.4**  
**Development Case II-3 (HEG Prototype 4B)**  
**BASE ZONING**  
**Intensity Area: JL/VC - Jack London West subarea**

Generalized Location: JL West - Inland blocks		Assumption	Total
<b>DEVELOPMENT PROGRAM</b>			
Lot Size	1.38	acres	60,000 sq. ft.
Construction Type	Type V	(not used in calculations)	
Building Height	45'	(not used in calculations)	
Building Height Estimated Actual (# of stories)	2.00	(not used in calculations)	
Residential Density (min. lot area per unit)	900	(not used in calculations)	49 DU per acre
Total Units	67	units	
Total Building Area	1,269	sq. ft. per unit, calculated	85,000 sq. ft.
Net Residential Unit Area	78%	efficiency ratio	52,260 sq. ft.
Average Unit Size (net sq. ft.)	780	net sq. ft. per unit	
Net Retail Area			16,200 sq. ft.
Podium Parking Spaces			85 spaces
Spaces Excluding Retail			67 spaces
<b>REVENUE</b>			
Gross Residential Rental Revenue	\$5.65	per net sq. ft. per month	\$3,543,228
(less) Operating Expenses (Residential)	30.0%	of residential revenue	(\$1,062,968)
(less) Vacancy	4.0%	of gross annual revenue	(\$141,729)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$26,130)
Residential NOI			\$2,312,401
Gross Retail Revenue	\$38.40	per net sq. ft. per year	\$622,080
(less) Vacancy	5.0%	of gross annual revenue	(\$31,104)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$8,100)
Retail NOI			\$582,876
Net Parking Revenue (without retail parking)	\$140	per space per month	\$112,560
Total NOI			\$3,007,837
Capitalized Value	4.50%	cap rate	\$66,840,822
(less) Cost of Sale/Marketing	3.0%		(\$2,005,225)
<b>Net Project Value</b>			<b>\$64,835,597</b>
<b>DEVELOPMENT COST</b>			
<b>Direct Costs</b>			
Building Construction Cost	\$360	per gross sq. ft.	\$30,600,000
Parking Construction Cost	\$60,000	per space	\$5,100,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$600,000
Total Direct Costs			\$36,300,000
<b>Indirect Costs</b>			
Tenant Improvements	\$100	per retail sq. ft.	\$1,620,000
Architecture and Engineering	6.0%	of direct costs	\$2,178,000
Other Expenses	3.0%	of direct costs	\$1,089,000
General and Administrative	3.0%	of direct costs	\$1,089,000
Property Tax During Construction	2.0%	of direct costs	\$726,000
Financing	4.0%	of direct costs	\$1,452,000
Subtotal Indirect Costs excluding Fees			\$8,154,000
<b>Fees</b>			
Affordable Housing Fee	\$22,000	per unit	\$1,474,000
Capital Improvements	\$1,250	per unit	\$83,750
Transportation - Residential	\$750	per unit	\$50,250
Transportation - Retail	\$0.75	per retail sq. ft.	\$13,500
School Impact Fee	\$3.48	per gross sq. ft.	\$295,800
Other Fees	\$30.00	per gross sq. ft.	\$2,550,000
Subtotal Fees			\$4,467,300
Total Indirect Costs			\$12,621,300
<b>Subtotal, Direct and Indirect Costs</b>			<b>\$48,921,300</b>
Contingency	5.0%	of direct and indirect costs	\$2,446,065
Required Return on Investment	12.0%	of direct and indirect costs	\$5,870,556
<b>Total Costs</b>			<b>\$57,237,921</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>			<b>\$7,597,676</b>
(less) Return on Residual Land Value	12.0%		(\$911,721)
<b>Net Residual Land Value</b>			<b>\$6,685,955</b>

**APPENDIX TABLE R.4**  
**Development Case II-3 (HEG Prototype 4B)**  
**UPZONING**  
**Intensity Area: JL/VC - Jack London West subarea**

Generalized Location: JL West - Inland blocks

Generalized Location: JL West - Inland blocks			Assumption	Total
<b>DEVELOPMENT PROGRAM</b>				
Lot Size	1.38	acres		60,000 sq. ft.
Construction Type	Type I	(not used in calculations)		
Building Height	175'	(not used in calculations)		
Building Height Estimated Actual (# of stories)	12.00	(not used in calculations)		
Residential Density (min. lot area per unit)	110	(not used in calculations)	396 DU per acre	
Total Units	545	units		
Total Building Area	1,033	sq. ft. per unit, calculated	563,000	sq. ft.
Net Residential Unit Area	78%	efficiency ratio	425,100	sq. ft.
Average Unit Size (net sq. ft.)	780	net sq. ft. per unit		
Net Retail Area			16,200	sq. ft.
Podium Parking Spaces			481	spaces
Spaces Excluding Retail			463	spaces
<b>REVENUE</b>				
Gross Residential Rental Revenue	\$6.24	per net sq. ft. per month	\$31,831,488	
(less) Operating Expenses (Residential)	27.5%	of residential revenue	(\$8,753,659)	
(less) Vacancy	4.0%	of gross annual revenue	(\$1,273,260)	
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$212,550)	
Residential NOI			\$21,592,019	
Gross Retail Revenue	\$38.40	per net sq. ft. per year	\$622,080	
(less) Vacancy	5.0%	of gross annual revenue	(\$31,104)	
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$8,100)	
Retail NOI			\$582,876	
Net Parking Revenue (without retail parking)	\$140	per space per month	\$777,840	
Total NOI			\$22,952,735	
Capitalized Value	4.50%	cap rate	\$510,060,778	
(less) Cost of Sale/Marketing	3.0%		(\$15,301,823)	
Net Project Value			\$494,758,955	
<b>DEVELOPMENT COST</b>				
<b>Direct Costs</b>				
Building Construction Cost	\$470	per gross sq. ft.	\$264,610,000	
Parking Construction Cost	\$60,000	per space	\$28,860,000	
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$600,000	
Total Direct Costs			\$294,070,000	
<b>Indirect Costs</b>				
Tenant Improvements	\$100	per retail sq. ft.	\$1,620,000	
Architecture and Engineering	6.0%	of direct costs	\$17,644,200	
Other Expenses	3.0%	of direct costs	\$8,822,100	
General and Administrative	3.0%	of direct costs	\$8,822,100	
Property Tax During Construction	2.5%	of direct costs	\$7,351,750	
Financing	6.0%	of direct costs	\$17,644,200	
Subtotal Indirect Costs excluding Fees			\$61,904,350	
Fees				
Affordable Housing Fee	\$22,000	per unit	\$11,990,000	
Capital Improvements	\$1,250	per unit	\$681,250	
Transportation - Residential	\$750	per unit	\$408,750	
Transportation - Retail	\$0.75	per retail sq. ft.	\$13,500	
School Impact Fee	\$3.48	per gross sq. ft.	\$1,959,240	
Other Fees	\$30.00	per gross sq. ft.	\$16,890,000	
Subtotal Fees			\$31,942,740	
Total Indirect Costs			\$93,847,090	
Subtotal, Direct and Indirect Costs			\$387,917,090	
Contingency	5.0%	of direct and indirect costs	\$19,395,855	
Required Return on Investment	16.0%	of direct and indirect costs	\$62,066,734	
Total Costs			\$469,379,679	
Residual Land Value (Net Project Value - Total Costs)			\$25,379,276	
(less) Return on Residual Land Value	16.0%		(\$4,060,684)	
Net Residual Land Value			\$21,318,592	
<b>Incremental Development</b>				
		Net Residual Land Value		
Building Space	478,000	Base Case	\$6,685,955	\$111 per sf land \$99,790 per DU
Dwelling Units	478	Upzoning	\$21,318,592	\$355 per sf land \$39,117 per DU
		Increase	\$14,632,637	\$30.61 per add'l bldg SF \$30,612 per add'l DU
		1/3 of Increase	\$4,877,546	\$10.20 per add'l bldg SF \$10,204 per add'l DU

**APPENDIX TABLE R.5**  
**Development Case II-5 (HEG Prototype 25)**  
**BASE ZONING**

Intensity Area: JL/VC - Victory Court subarea

Generalized Location: Near Fallon and 4th

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.38 acres	60,000 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	65'-135' (not used in calculations)	
Building Height Estimated Actual (# of stories)	6.00 (not used in calculations)	
Residential Density (min. lot area per unit)	250 (not used in calculations)	174 DU per acre
Total Units	240 units	
Total Building Area	1,050 sq. ft. per unit, calculated	252,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	187,200 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		10,800 sq. ft.
Podium Parking Spaces		252 spaces
Spaces Excluding Retail		240 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$5.70 per net sq. ft. per month	\$12,804,480
(less) Operating Expenses (Residential)	30.0% of residential revenue	(\$3,841,344)
(less) Vacancy	4.0% of gross annual revenue	(\$512,179)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$93,600)
Residential NOI		\$8,357,357
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$414,720
(less) Vacancy	5.0% of gross annual revenue	(\$20,736)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$5,400)
Retail NOI		\$388,584
Net Parking Revenue (without retail parking)	\$140 per space per month	\$403,200
Total NOI		\$9,149,141
Capitalized Value	4.50% cap rate	\$203,314,244
(less) Cost of Sale/Marketing	3.0%	(\$6,099,427)
<b>Net Project Value</b>		<b>\$197,214,817</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$420 per gross sq. ft.	\$105,840,000
Parking Construction Cost	\$60,000 per space	\$15,120,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$600,000
Total Direct Costs		\$121,560,000
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,080,000
Architecture and Engineering	6.0% of direct costs	\$7,293,600
Other Expenses	3.0% of direct costs	\$3,646,800
General and Administrative	3.0% of direct costs	\$3,646,800
Property Tax During Construction	2.0% of direct costs	\$2,431,200
Financing	5.0% of direct costs	\$6,078,000
Subtotal Indirect Costs excluding Fees		\$24,176,400
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$5,280,000
Capital Improvements	\$1,250 per unit	\$300,000
Transportation - Residential	\$750 per unit	\$180,000
Transportation - Retail	\$0.75 per retail sq. ft.	\$9,000
School Impact Fee	\$3.48 per gross sq. ft.	\$876,960
Other Fees	\$30.00 per gross sq. ft.	\$7,560,000
Subtotal Fees		\$14,205,960
Total Indirect Costs		\$38,382,360
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$159,942,360</b>
Contingency	5.0% of direct and indirect costs	\$7,997,118
Required Return on Investment	14.0% of direct and indirect costs	\$22,391,930
<b>Total Costs</b>		<b>\$190,331,408</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$6,883,409</b>
(less) Return on Residual Land Value	14.0%	(\$963,677)
<b>Net Residual Land Value</b>		<b>\$5,919,732</b>

**APPENDIX TABLE R.5**  
**Development Case II-5 (HEG Prototype 25)**  
**UPZONING**  
**Intensity Area: JL/VC - Victory Court subarea**

Generalized Location: Near Fallon and 4th

		Assumption	Total
<b>DEVELOPMENT PROGRAM</b>			
Lot Size	1.38	acres	60,000 sq. ft.
Construction Type	Type 1	(not used in calculations)	
Building Height	275-450'	(not used in calculations)	
Building Height Estimated Actual (# of stories)	14-18	(not used in calculations)	
Residential Density (min. lot area per unit)	90	(not used in calculations)	484 DU per acre
Total Units	667	units	
Total Building Area	1,012	sq. ft. per unit, calculated	675,000 sq. ft.
Net Residential Unit Area	78%	efficiency ratio	520,260 sq. ft.
Average Unit Size (net sq. ft.)	780	net sq. ft. per unit	
Net Retail Area			7,200 sq. ft.
Podium Parking Spaces			575 spaces
Spaces Excluding Retail			567 spaces
<b>REVENUE</b>			
Gross Residential Rental Revenue	\$6.18	per net sq. ft. per month	\$38,582,482
(less) Operating Expenses (Residential)	27.5%	of residential revenue	(\$10,610,183)
(less) Vacancy	4.0%	of gross annual revenue	(\$1,543,299)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$260,130)
Residential NOI			\$26,168,870
Gross Retail Revenue	\$38.40	per net sq. ft. per year	\$276,480
(less) Vacancy	5.0%	of gross annual revenue	(\$13,824)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$3,600)
Retail NOI			\$259,056
Net Parking Revenue (without retail parking)	\$140	per space per month	\$952,560
Total NOI			\$27,380,486
Capitalized Value	4.50%	cap rate	\$608,455,244
(less) Cost of Sale/Marketing	3.0%		(\$18,253,657)
<b>Net Project Value</b>			<b>\$590,201,587</b>
<b>DEVELOPMENT COST</b>			
<b>Direct Costs</b>			
Building Construction Cost	\$472	per gross sq. ft.	\$318,600,000
Parking Construction Cost	\$60,000	per space	\$34,500,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$600,000
Total Direct Costs			\$353,700,000
<b>Indirect Costs</b>			
Tenant Improvements	\$100	per retail sq. ft.	\$720,000
Architecture and Engineering	6.0%	of direct costs	\$21,222,000
Other Expenses	3.0%	of direct costs	\$10,611,000
General and Administrative	3.0%	of direct costs	\$10,611,000
Property Tax During Construction	2.5%	of direct costs	\$8,842,500
Financing	6.0%	of direct costs	\$21,222,000
Subtotal Indirect Costs excluding Fees			\$73,228,500
<b>Fees</b>			
Affordable Housing Fee	\$22,000	per unit	\$14,674,000
Capital Improvements	\$1,250	per unit	\$833,750
Transportation - Residential	\$750	per unit	\$500,250
Transportation - Retail	\$0.75	per retail sq. ft.	\$6,000
School Impact Fee	\$3.48	per gross sq. ft.	\$2,349,000
Other Fees	\$30.00	per gross sq. ft.	\$20,250,000
Subtotal Fees			\$38,613,000
Total Indirect Costs			\$111,841,500
<b>Subtotal, Direct and Indirect Costs</b>			<b>\$465,541,500</b>
Contingency	5.0%	of direct and indirect costs	\$23,277,075
Required Return on Investment	16.0%	of direct and indirect costs	\$74,486,640
<b>Total Costs</b>			<b>\$563,305,215</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>			<b>\$26,896,372</b>
<b>(less) Return on Residual Land Value</b>	16.0%		<b>(\$4,303,420)</b>
<b>Net Residual Land Value</b>			<b>\$22,592,952</b>
<b>Incremental Development</b>		<b>Net Residual Land Value</b>	
Building Space	423,000	Base Case	\$5,919,732
Dwelling Units	427	Upzoning	\$22,592,952
		Increase	\$16,673,220
		1/3 of Increase	\$5,557,740
		\$99 per sf land	\$24,666 per DU
		\$377 per sf land	\$33,872 per DU
		\$39.42 per add'l bldg SF	\$39,047 per add'l DU
		\$13.14 per add'l bldg SF	\$13,016 per add'l DU

**APPENDIX TABLE R.6**  
**Development Case II-9 (HEG Prototype 6)**  
**BASE ZONING**

Intensity Area: JL/VC - Jack London East and Victory Court subareas

Generalized Location: Madison, Oak, Fallon, VC

below fwy.	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.26 acres	55,000 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	65' (not used in calculations)	
Building Height Estimated Actual (# of stories)	5.00 (not used in calculations)	
Residential Density (min. lot area per unit)	250 (not used in calculations)	174 DU per acre
Total Units	220 units	
Total Building Area	1,075 sq. ft. per unit, calculated	236,500 sq. ft.
Net Residential Unit Area	78% efficiency ratio	171,600 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		14,850 sq. ft.
Podium Parking Spaces		237 spaces
Spaces Excluding Retail		220 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$5.70 per net sq. ft. per month	\$11,737,440
(less) Operating Expenses (Residential)	30.0% of residential revenue	(\$3,521,232)
(less) Vacancy	4.0% of gross annual revenue	(\$469,498)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$85,800)
Residential NOI		\$7,660,910
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$570,240
(less) Vacancy	5.0% of gross annual revenue	(\$28,512)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$7,425)
Retail NOI		\$534,303
Net Parking Revenue (without retail parking)	\$140 per space per month	\$369,600
Total NOI		\$8,564,813
Capitalized Value	4.50% cap rate	\$190,329,178
(less) Cost of Sale/Marketing	3.0%	(\$5,709,875)
<b>Net Project Value</b>		<b>\$184,619,303</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$420 per gross sq. ft.	\$99,330,000
Parking Construction Cost	\$60,000 per space	\$14,220,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$550,000
Total Direct Costs		\$114,100,000
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,485,000
Architecture and Engineering	6.0% of direct costs	\$6,846,000
Other Expenses	3.0% of direct costs	\$3,423,000
General and Administrative	3.0% of direct costs	\$3,423,000
Property Tax During Construction	2.0% of direct costs	\$2,282,000
Financing	5.0% of direct costs	\$5,705,000
Subtotal Indirect Costs excluding Fees		\$23,164,000
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$4,840,000
Capital Improvements	\$1,250 per unit	\$275,000
Transportation - Residential	\$750 per unit	\$165,000
Transportation - Retail	\$0.75 per retail sq. ft.	\$12,375
School Impact Fee	\$3.48 per gross sq. ft.	\$823,020
Other Fees	\$30.00 per gross sq. ft.	\$7,095,000
Subtotal Fees		\$13,210,395
Total Indirect Costs		\$36,374,395
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$150,474,395</b>
Contingency	5.0% of direct and indirect costs	\$7,523,720
Required Return on Investment	14.0% of direct and indirect costs	\$21,066,415
<b>Total Costs</b>		<b>\$179,064,530</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$5,554,773</b>
(less) Return on Residual Land Value	14.0%	(\$777,668)
<b>Net Residual Land Value</b>		<b>\$4,777,105</b>



**APPENDIX TABLE R.6**  
**Development Case II-9 (HEG Prototype 6)**  
**UPZONING**

Intensity Area: JL/VC - Jack London East and Victory Court subareas

Generalized Location: Madison, Oak, Fallon, VC  
below fwy.

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.26 acres	55,000 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	175' (not used in calculations)	
Building Height Estimated Actual (# of stories)	12.00 (not used in calculations)	
Residential Density (min. lot area per unit)	110 (not used in calculations)	396 DU per acre
Total Units	500 units	
Total Building Area	1,033 sq. ft. per unit, calculated	516,500 sq. ft.
Percent On-Site BMR	0%	
Net Residential Unit Area	78% efficiency ratio	390,000 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		14,850 sq. ft.
Podium Parking Spaces		442 spaces
Spaces Excluding Retail		425 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$6.18 per net sq. ft. per month	\$28,922,400
(less) Operating Expenses (Residential)	27.5% of residential revenue	(\$7,953,660)
(less) Vacancy	4.0% of gross annual revenue	(\$1,156,896)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$195,000)
Residential NOI		\$19,616,844
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$570,240
(less) Vacancy	5.0% of gross annual revenue	(\$28,512)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$7,425)
Retail NOI		\$534,303
Net Parking Revenue (without retail parking)	\$140 per space per month	\$714,000
Total NOI		\$20,865,147
Capitalized Value	4.50% cap rate	\$463,669,933
(less) Cost of Sale/Marketing	3.0%	(\$13,910,098)
<b>Net Project Value</b>		<b>\$449,759,835</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$470 per gross sq. ft.	\$242,755,000
Parking Construction Cost	\$60,000 per space	\$26,520,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$550,000
Total Direct Costs		\$269,825,000
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,485,000
Architecture and Engineering	6.0% of direct costs	\$16,189,500
Other Expenses	3.0% of direct costs	\$8,094,750
General and Administrative	3.0% of direct costs	\$8,094,750
Property Tax During Construction	2.5% of direct costs	\$6,745,625
Financing	6.0% of direct costs	\$16,189,500
Subtotal Indirect Costs excluding Fees		\$56,799,125
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$11,000,000
Capital Improvements	\$1,250 per unit	\$625,000
Transportation - Residential	\$750 per unit	\$375,000
Transportation - Retail	\$0.75 per retail sq. ft.	\$12,375
School Impact Fee	\$3.48 per gross sq. ft.	\$1,797,420
Other Fees	\$30.00 per gross sq. ft.	\$15,495,000
Subtotal Fees		\$29,304,795
Total Indirect Costs		\$86,103,920
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$355,928,920</b>
Contingency	5.0% of direct and indirect costs	\$17,796,446
Required Return on Investment	16.0% of direct and indirect costs	\$56,948,627
<b>Total Costs</b>		<b>\$430,673,993</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$19,085,842</b>
<b>(less) Return on Residual Land Value</b>	16.0%	<b>(\$3,053,735)</b>
<b>Net Residual Land Value</b>		<b>\$16,032,107</b>
<b>Incremental Development</b>		
	<b>Net Residual Land Value</b>	
Building Space	280,000	Base Case \$4,777,105 \$87 per sf land \$21,714 per DU
Dwelling Units	280	Upzoning \$16,032,107 \$291 per sf land \$32,064 per DU
		Increase \$11,255,002 \$40.20 per add'l bldg SF \$40,196 per add'l DU
		1/3 of Increase \$3,751,667 \$13.40 per add'l bldg SF \$13,399 per add'l DU



**APPENDIX TABLE R.7**  
**Development Case II-10B (HEG Prototype 22)**  
**BASE ZONING**

Intensity Area: JL/VC - Victory Court subarea

Generalized Location: Victory Court - Fwy to

7th; Fallon to 5th

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.03 acres	45,000 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	275' (not used in calculations)	
Building Height Estimated Actual (# of stories)	12+ (not used in calculations)	
Residential Density (min. lot area per unit)	100 (not used in calculations)	436 DU per acre
Total Units	450 units	
Total Building Area	1,027 sq. ft. per unit, calculated	462,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	351,000 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		10,800 sq. ft.
Podium Parking Spaces		462 spaces
Spaces Excluding Retail		450 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$6.20 per net sq. ft. per month	\$26,114,400
(less) Operating Expenses (Residential)	27.5% of residential revenue	(\$7,181,460)
(less) Vacancy	4.0% of gross annual revenue	(\$1,044,576)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$175,500)
Residential NOI		\$17,712,864
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$414,720
(less) Vacancy	5.0% of gross annual revenue	(\$20,736)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$5,400)
Retail NOI		\$388,584
Net Parking Revenue (without retail parking)	\$140 per space per month	\$756,000
Total NOI		\$18,857,448
Capitalized Value	4.50% cap rate	\$419,054,400
(less) Cost of Sale/Marketing	3.0%	(\$12,571,632)
<b>Net Project Value</b>		<b>\$406,482,768</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$470 per gross sq. ft.	\$217,140,000
Parking Construction Cost	\$60,000 per space	\$27,720,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$450,000
Total Direct Costs		\$245,310,000
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,080,000
Architecture and Engineering	6.0% of direct costs	\$14,718,600
Other Expenses	3.0% of direct costs	\$7,359,300
General and Administrative	3.0% of direct costs	\$7,359,300
Property Tax During Construction	2.0% of direct costs	\$4,906,200
Financing	5.0% of direct costs	\$12,265,500
Subtotal Indirect Costs excluding Fees		\$47,688,900
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$9,900,000
Capital Improvements	\$1,250 per unit	\$562,500
Transportation - Residential	\$750 per unit	\$337,500
Transportation - Retail	\$0.75 per retail sq. ft.	\$9,000
School Impact Fee	\$3.48 per gross sq. ft.	\$1,607,760
Other Fees	\$30.00 per gross sq. ft.	\$13,860,000
Subtotal Fees		\$26,276,760
Total Indirect Costs		\$73,965,660
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$319,275,660</b>
Contingency	5.0% of direct and indirect costs	\$15,963,783
Required Return on Investment	16.0% of direct and indirect costs	\$51,084,106
<b>Total Costs</b>		<b>\$386,323,549</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$20,159,219</b>
(less) Return on Residual Land Value	16.0%	(\$3,225,475)
<b>Net Residual Land Value</b>		<b>\$16,933,744</b>

**APPENDIX TABLE R.7**  
**Development Case II-10B (HEG Prototype 22)**  
**UPZONING**

Intensity Area: JL/VC - Victory Court subarea

Generalized Location: Victory Court - Fwy to 7th;

Fallon to 5th

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.03 acres	45,000 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	275' (not used in calculations)	
Building Height Estimated Actual (# of stories)	15+ (not used in calculations)	
Residential Density (min. lot area per unit)	90 (not used in calculations)	484 DU per acre
Total Units	500 units	
Total Building Area	1,024 sq. ft. per unit, calculated	512,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	390,000 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		10,800 sq. ft.
Podium Parking Spaces		437 spaces
Spaces Excluding Retail		425 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$6.25 per net sq. ft. per month	\$29,250,000
(less) Operating Expenses (Residential)	27.5% of residential revenue	(\$8,043,750)
(less) Vacancy	4.0% of gross annual revenue	(\$1,170,000)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$195,000)
Residential NOI		\$19,841,250
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$414,720
(less) Vacancy	5.0% of gross annual revenue	(\$20,736)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$5,400)
Retail NOI		\$388,584
Net Parking Revenue (without retail parking)	\$140 per space per month	\$714,000
Total NOI		\$20,943,834
Capitalized Value	4.50% cap rate	\$465,418,533
(less) Cost of Sale/Marketing	3.0%	(\$13,962,556)
<b>Net Project Value</b>		<b>\$451,455,977</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$472 per gross sq. ft.	\$241,664,000
Parking Construction Cost	\$60,000 per space	\$26,220,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$450,000
Total Direct Costs		\$268,334,000
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,080,000
Architecture and Engineering	6.0% of direct costs	\$16,100,040
Other Expenses	3.0% of direct costs	\$8,050,020
General and Administrative	3.0% of direct costs	\$8,050,020
Property Tax During Construction	2.5% of direct costs	\$6,708,350
Financing	6.0% of direct costs	\$16,100,040
Subtotal Indirect Costs excluding Fees		\$56,088,470
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$11,000,000
Capital Improvements	\$1,250 per unit	\$625,000
Transportation - Residential	\$750 per unit	\$375,000
Transportation - Retail	\$0.75 per retail sq. ft.	\$9,000
School Impact Fee	\$3.48 per gross sq. ft.	\$1,781,760
Other Fees	\$30.00 per gross sq. ft.	\$15,360,000
Subtotal Fees		\$29,150,760
Total Indirect Costs		\$85,239,230
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$353,573,230</b>
Contingency	5.0% of direct and indirect costs	\$17,678,662
Required Return on Investment	16.0% of direct and indirect costs	\$56,571,717
<b>Total Costs</b>		<b>\$427,823,609</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$23,632,368</b>
<b>(less) Return on Residual Land Value</b>	16.0%	<b>(\$3,781,179)</b>
<b>Net Residual Land Value</b>		<b>\$19,851,189</b>
<b>Incremental Development</b>		
	<b>Net Residual Land Value</b>	
Building Space	50,000	Base Case
Dwelling Units	50	Upzoning
		Increase
		1/3 of Increase
		\$16,933,744
		\$19,851,189
		\$2,917,445
		\$972,482
		\$376 per sf land
		\$441 per sf land
		\$58.35 per add'l bldg SF
		\$19.45 per add'l bldg SF
		\$37,631 per DU
		\$39,702 per DU
		\$58,349 per add'l DU
		\$19,450 per add'l DU

**APPENDIX TABLE R.8**  
**Development Case II-11 (HEG Prototype 24)**  
**BASE ZONING**  
**Intensity Area: JL/VC - Jack London East subarea**

**Generalized Location: Above Embarcadero,  
Webster to Madison**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.38 acres	60,060 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	65' (not used in calculations)	
Building Height Estimated Actual (# of stories)	5.00 (not used in calculations)	
Residential Density (min. lot area per unit)	250 (not used in calculations)	174 DU per acre
Total Units	240 units	4.94
Total Building Area	1,050 sq. ft. per unit, calculated	252,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	187,200 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		10,800 sq. ft.
Podium Parking Spaces		252 spaces
Spaces Excluding Retail		240 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$5.66 per net sq. ft. per month	\$12,714,624
(less) Operating Expenses (Residential)	30.0% of residential revenue	(\$3,814,387)
(less) Vacancy	4.0% of gross annual revenue	(\$508,585)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$93,600)
Residential NOI		\$8,298,052
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$414,720
(less) Vacancy	5.0% of gross annual revenue	(\$20,736)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$5,400)
Retail NOI		\$388,584
Net Parking Revenue (without retail parking)	\$140 per space per month	\$403,200
Total NOI		\$9,089,836
Capitalized Value	4.50% cap rate	\$201,996,356
(less) Cost of Sale/Marketing	3.0%	(\$6,059,891)
<b>Net Project Value</b>		<b>\$195,936,465</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$420 per gross sq. ft.	\$105,840,000
Parking Construction Cost	\$60,000 per space	\$15,120,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$600,600
Total Direct Costs		\$121,560,600
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,080,000
Architecture and Engineering	6.0% of direct costs	\$7,293,636
Other Expenses	3.0% of direct costs	\$3,646,818
General and Administrative	3.0% of direct costs	\$3,646,818
Property Tax During Construction	2.0% of direct costs	\$2,431,212
Financing	5.0% of direct costs	\$6,078,030
Subtotal Indirect Costs excluding Fees		\$24,176,514
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$5,280,000
Capital Improvements	\$1,250 per unit	\$300,000
Transportation - Residential	\$750 per unit	\$180,000
Transportation - Retail	\$0.75 per retail sq. ft.	\$9,000
School Impact Fee	\$3.48 per gross sq. ft.	\$876,960
Other Fees	\$30.00 per gross sq. ft.	\$7,560,000
Subtotal Fees		\$14,205,960
Total Indirect Costs		\$38,382,474
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$159,943,074</b>
Contingency	5.0% of direct and indirect costs	\$7,997,154
Required Return on Investment	14.0% of direct and indirect costs	\$22,392,030
<b>Total Costs</b>		<b>\$190,332,258</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$5,604,207</b>
(less) Return on Residual Land Value	14.0%	(\$784,589)
<b>Net Residual Land Value</b>		<b>\$4,819,618</b>

**APPENDIX TABLE R.8**  
**Development Case II-11 (HEG Prototype 24)**  
**UPZONING**

Intensity Area: JL/VC - Jack London East subarea

Generalized Location: Above Embarcadero,

Webster to Madison

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.38 acres	60,060 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	90' (not used in calculations)	
Building Height Estimated Actual (# of stories)	6.00 (not used in calculations)	
Residential Density (min. lot area per unit)	200 (not used in calculations)	218 DU per acre
Total Units	300 units	
Total Building Area	1,040 sq. ft. per unit, calculated	312,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	234,000 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		10,800 sq. ft.
Podium Parking Spaces		312 spaces
Spaces Excluding Retail		300 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$5.73 per net sq. ft. per month	\$16,089,840
(less) Operating Expenses (Residential)	30.0% of residential revenue	(\$4,826,952)
(less) Vacancy	4.0% of gross annual revenue	(\$643,594)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$117,000)
Residential NOI		\$10,502,294
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$414,720
(less) Vacancy	5.0% of gross annual revenue	(\$20,736)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$5,400)
Retail NOI		\$388,584
Net Parking Revenue (without retail parking)	\$140 per space per month	\$504,000
Total NOI		\$11,394,878
Capitalized Value	4.50% cap rate	\$253,219,511
(less) Cost of Sale/Marketing	3.0%	(\$7,596,585)
<b>Net Project Value</b>		<b>\$245,622,926</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$425 per gross sq. ft.	\$132,600,000
Parking Construction Cost	\$60,000 per space	\$18,720,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$600,600
Total Direct Costs		\$151,920,600
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,080,000
Architecture and Engineering	6.0% of direct costs	\$9,115,236
Other Expenses	3.0% of direct costs	\$4,557,618
General and Administrative	3.0% of direct costs	\$4,557,618
Property Tax During Construction	2.0% of direct costs	\$3,038,412
Financing	5.0% of direct costs	\$7,596,030
Subtotal Indirect Costs excluding Fees		\$29,944,914
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$6,600,000
Capital Improvements	\$1,250 per unit	\$375,000
Transportation - Residential	\$750 per unit	\$225,000
Transportation - Retail	\$0.75 per retail sq. ft.	\$9,000
School Impact Fee	\$3.48 per gross sq. ft.	\$1,085,760
Other Fees	\$30.00 per gross sq. ft.	\$9,360,000
Subtotal Fees		\$17,654,760
Total Indirect Costs		\$47,599,674
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$199,520,274</b>
Contingency	5.0% of direct and indirect costs	\$9,976,014
Required Return on Investment	14.0% of direct and indirect costs	\$27,932,838
<b>Total Costs</b>		<b>\$237,429,126</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$8,193,800</b>
<b>(less) Return on Residual Land Value</b>	14.0%	<b>(\$1,147,132)</b>
<b>Net Residual Land Value</b>		<b>\$7,046,668</b>
<b>Incremental Development</b>		
	<b>Net Residual Land Value</b>	
Building Space	60,000	Base Case
Dwelling Units	60	Upzoning
		Increase
		1/3 of Increase
		\$4,819,618
		\$7,046,668
		\$2,227,050
		\$742,350
		\$80 per sf land
		\$117 per sf land
		\$37.12 per add'l bldg SF
		\$12.37 per add'l bldg SF
		\$20,082 per DU
		\$23,489 per DU
		\$37,118 per add'l DU
		\$12,373 per add'l DU

**APPENDIX TABLE R.9**  
**Development Case III-1 (HEG Prototype 3A)**  
**BASE ZONING**

Intensity Area: KONO - KONO subarea

Generalized Location: KONO, largely west of

Telegraph	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	0.92 acres	40,000 sq. ft.
Construction Type	Type V (not used in calculations)	
Building Height	45' (not used in calculations)	
Building Height Estimated Actual (# of stories)	3.00 (not used in calculations)	
Residential Density (min. lot area per unit)	450 (not used in calculations)	97 DU per acre
Total Units	89 units	
Total Building Area	1,169 sq. ft. per unit, calculated	104,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	69,420 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		13,500 sq. ft.
Podium Parking Spaces		95 spaces
Spaces Excluding Retail		80 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$5.46 per net sq. ft. per month	\$4,548,398
(less) Operating Expenses (Residential)	30.0% of residential revenue	(\$1,364,519)
(less) Vacancy	4.0% of gross annual revenue	(\$181,936)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$34,710)
Residential NOI		\$2,967,233
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$518,400
(less) Vacancy	5.0% of gross annual revenue	(\$25,920)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$6,750)
Retail NOI		\$485,730
Net Parking Revenue (without retail parking)	\$140 per space per month	\$134,400
Total NOI		\$3,587,363
Capitalized Value	4.50% cap rate	\$79,719,178
(less) Cost of Sale/Marketing	3.0%	(\$2,391,575)
<b>Net Project Value</b>		<b>\$77,327,603</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$390 per gross sq. ft.	\$40,560,000
Parking Construction Cost	\$60,000 per space	\$5,700,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$400,000
Total Direct Costs		\$46,660,000
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,350,000
Architecture and Engineering	6.0% of direct costs	\$2,799,600
Other Expenses	3.0% of direct costs	\$1,399,800
General and Administrative	3.0% of direct costs	\$1,399,800
Property Tax During Construction	2.0% of direct costs	\$933,200
Financing	5.0% of direct costs	\$2,333,000
Subtotal Indirect Costs excluding Fees		\$10,215,400
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$1,958,000
Capital Improvements	\$1,250 per unit	\$111,250
Transportation - Residential	\$750 per unit	\$66,750
Transportation - Retail	\$0.75 per retail sq. ft.	\$11,250
School Impact Fee	\$3.48 per gross sq. ft.	\$361,920
Other Fees	\$30.00 per gross sq. ft.	\$3,120,000
Subtotal Fees		\$5,629,170
Total Indirect Costs		\$15,844,570
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$62,504,570</b>
Contingency	5.0% of direct and indirect costs	\$3,125,229
Required Return on Investment	12.0% of direct and indirect costs	\$7,500,548
<b>Total Costs</b>		<b>\$73,130,347</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$4,197,256</b>
(less) Return on Residual Land Value	12.0%	(\$503,671)
<b>Net Residual Land Value</b>		<b>\$3,693,585</b>

**APPENDIX TABLE R.9**  
**Development Case III-1 (HEG Prototype 3A)**  
**UPZONING**

Intensity Area: KONO - KONO subarea

Generalized Location: KONO, largely west of

Telegraph	Assumption		Total	
DEVELOPMENT PROGRAM				
Lot Size	0.92	acres	40,000	sq. ft.
Construction Type	Type I	(not used in calculations)		
Building Height	90'	(not used in calculations)		
Building Height Estimated Actual (# of stories)	10.00	(not used in calculations)		
Residential Density (min. lot area per unit)	110	(not used in calculations)	396 DU per acre	
Total Units	364	units		
Total Building Area	1,041	sq. ft. per unit, calculated	379,000	sq. ft.
Percent On-Site BMR	0%			
Net Residential Unit Area	78%	efficiency ratio	283,920	sq. ft.
Average Unit Size (net sq. ft.)	780	net sq. ft. per unit		
Net Retail Area			13,500	sq. ft.
Podium Parking Spaces			288	spaces
Spaces Excluding Retail			273	spaces
REVENUE				
Gross Residential Rental Revenue	\$6.15	per net sq. ft. per month	\$20,953,296	
(less) Operating Expenses (Residential)	27.5%	of residential revenue	(\$5,762,156)	
(less) Vacancy	4.0%	of gross annual revenue	(\$838,132)	
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$141,960)	
Residential NOI			\$14,211,048	
Gross Retail Revenue	\$38.40	per net sq. ft. per year	\$518,400	
(less) Vacancy	5.0%	of gross annual revenue	(\$25,920)	
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$6,750)	
Retail NOI			\$485,730	
Net Parking Revenue (without retail parking)	\$140	per space per month	\$458,640	
Total NOI			\$15,155,418	
Capitalized Value	4.50%	cap rate	\$336,787,067	
(less) Cost of Sale/Marketing	3.0%		(\$10,103,612)	
Net Project Value			\$326,683,455	
DEVELOPMENT COST				
Direct Costs				
Building Construction Cost	\$470	per gross sq. ft.	\$178,130,000	
Parking Construction Cost	\$60,000	per space	\$17,280,000	
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$400,000	
Total Direct Costs			\$195,810,000	
Indirect Costs				
Tenant Improvements	\$100	per retail sq. ft.	\$1,350,000	
Architecture and Engineering	6.0%	of direct costs	\$11,748,600	
Other Expenses	3.0%	of direct costs	\$5,874,300	
General and Administrative	3.0%	of direct costs	\$5,874,300	
Property Tax During Construction	2.5%	of direct costs	\$4,895,250	
Financing	6.0%	of direct costs	\$11,748,600	
Subtotal Indirect Costs excluding Fees			\$41,491,050	
Fees				
Affordable Housing Fee	\$22,000	per unit	\$8,008,000	
Capital Improvements	\$1,250	per unit	\$455,000	
Transportation - Residential	\$750	per unit	\$273,000	
Transportation - Retail	\$0.75	per retail sq. ft.	\$11,250	
School Impact Fee	\$3.48	per gross sq. ft.	\$1,318,920	
Other Fees	\$30.00	per gross sq. ft.	\$11,370,000	
Subtotal Fees			\$21,436,170	
Total Indirect Costs			\$62,927,220	
Subtotal, Direct and Indirect Costs			\$258,737,220	
Contingency	5.0%	of direct and indirect costs	\$12,936,861	
Required Return on Investment	16.0%	of direct and indirect costs	\$41,397,955	
Total Costs			\$313,072,036	
Residual Land Value (Net Project Value - Total Costs)			\$13,611,419	
(less) Return on Residual Land Value	16.0%		(\$2,177,827)	
Net Residual Land Value			\$11,433,592	
Incremental Development				
		Net Residual Land Value		
	275,000	Base Case	\$3,693,585	\$92 per sf land \$41,501 per DU
Dwelling Units	275	Upzoning	\$11,433,592	\$286 per sf land \$31,411 per DU
		Increase	\$7,740,007	\$28.15 per add'l bldg SF \$28,145 per add'l DU
		1/3 of Increase	\$2,580,002	\$9.38 per add'l bldg SF \$9,382 per add'l DU

**APPENDIX TABLE R.10**  
**Development Case III-4 (HEG Prototype 3b)**  
**BASE ZONING**

Intensity Area: KONO - KONO subarea

Generalized Location: KONO, largely east of

Telegraph	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	0.46 acres	20,000 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	90' (not used in calculations)	
Building Height Estimated Actual (# of stories)	6.00 (not used in calculations)	
Residential Density (min. lot area per unit)	225 (not used in calculations)	194 DU per acre
Total Units	89 units	
Total Building Area	1,169 sq. ft. per unit, calculated	104,000 sq. ft.
Net Residential Unit Area	78% efficiency ratio	69,420 sq. ft.
Average Unit Size (net sq. ft.)	780 net sq. ft. per unit	
Net Retail Area		13,500 sq. ft.
Podium Parking Spaces		95 spaces
Spaces Excluding Retail		80 spaces
<b>REVENUE</b>		
Gross Residential Rental Revenue	\$5.82 per net sq. ft. per month	\$4,848,293
(less) Operating Expenses (Residential)	30.0% of residential revenue	(\$1,454,488)
(less) Vacancy	4.0% of gross annual revenue	(\$193,932)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$34,710)
Residential NOI		\$3,165,163
Gross Retail Revenue	\$38.40 per net sq. ft. per year	\$518,400
(less) Vacancy	5.0% of gross annual revenue	(\$25,920)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$6,750)
Retail NOI		\$485,730
Net Parking Revenue (without retail parking)	\$140 per space per month	\$134,400
Total NOI		\$3,785,293
Capitalized Value	4.50% cap rate	\$84,117,622
(less) Cost of Sale/Marketing	3.0%	(\$2,523,529)
<b>Net Project Value</b>		<b>\$81,594,093</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$425 per gross sq. ft.	\$44,200,000
Parking Construction Cost	\$60,000 per space	\$5,700,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$200,000
Total Direct Costs		\$50,100,000
<b>Indirect Costs</b>		
Tenant Improvements	\$100 per retail sq. ft.	\$1,350,000
Architecture and Engineering	6.0% of direct costs	\$3,006,000
Other Expenses	3.0% of direct costs	\$1,503,000
General and Administrative	3.0% of direct costs	\$1,503,000
Property Tax During Construction	2.0% of direct costs	\$1,002,000
Financing	5.0% of direct costs	\$2,505,000
Subtotal Indirect Costs excluding Fees		\$10,869,000
<b>Fees</b>		
Affordable Housing Fee	\$22,000 per unit	\$1,958,000
Capital Improvements	\$1,250 per unit	\$111,250
Transportation - Residential	\$750 per unit	\$66,750
Transportation - Retail	\$0.75 per retail sq. ft.	\$11,250
School Impact Fee	\$3.48 per gross sq. ft.	\$361,920
Other Fees	\$30.00 per gross sq. ft.	\$3,120,000
Subtotal Fees		\$5,629,170
Total Indirect Costs		\$16,498,170
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$66,598,170</b>
Contingency	5.0% of direct and indirect costs	\$3,329,909
Required Return on Investment	14.0% of direct and indirect costs	\$9,323,744
<b>Total Costs</b>		<b>\$79,251,823</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$2,342,270</b>
(less) Return on Residual Land Value	14.0%	(\$327,918)
<b>Net Residual Land Value</b>		<b>\$2,014,352</b>



**APPENDIX TABLE R.10**  
**Development Case III-4 (HEG Prototype 3B)**  
**UPZONING**

Intensity Area: KONO - KONO subarea

Generalized Location: KONO, largely east of

Telegraph	Assumption		Total
DEVELOPMENT PROGRAM			
Lot Size	0.46	acres	20,000 sq. ft.
Construction Type	Type I	(not used in calculations)	
Building Height	175'	(not used in calculations)	
Building Height Estimated Actual (# of stories)	10 -12	(not used in calculations)	
Residential Density (min. lot area per unit)	110	(not used in calculations)	396 DU per acre
Total Units	182	units	
Total Building Area	1,082	sq. ft. per unit, calculated	197,000 sq. ft.
Net Residential Unit Area	78%	efficiency ratio	141,960 sq. ft.
Average Unit Size (net sq. ft.)	780	net sq. ft. per unit	
Net Retail Area			13,500 sq. ft.
Podium Parking Spaces			152 spaces
Spaces Excluding Retail			137 spaces
REVENUE			
Gross Residential Rental Revenue	\$6.25	per net sq. ft. per month	\$10,647,000
(less) Operating Expenses (Residential)	27.5%	of residential revenue	(\$2,927,925)
(less) Vacancy	4.0%	of gross annual revenue	(\$425,880)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$70,980)
Residential NOI			\$7,222,215
Gross Retail Revenue	\$38.40	per net sq. ft. per year	\$518,400
(less) Vacancy	5.0%	of gross annual revenue	(\$25,920)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$6,750)
Retail NOI			\$485,730
Net Parking Revenue (without retail parking)	\$140	per space per month	\$230,160
Total NOI			\$7,938,105
Capitalized Value	4.50%	cap rate	\$176,402,333
(less) Cost of Sale/Marketing	3.0%		(\$5,292,070)
Net Project Value			\$171,110,263
DEVELOPMENT COST			
Direct Costs			
Building Construction Cost	\$470	per gross sq. ft.	\$92,590,000
Parking Construction Cost	\$60,000	per space	\$9,120,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$200,000
Total Direct Costs			\$101,910,000
Indirect Costs			
Tenant Improvements	\$100	per retail sq. ft.	\$1,350,000
Architecture and Engineering	6.0%	of direct costs	\$6,114,600
Other Expenses	3.0%	of direct costs	\$3,057,300
General and Administrative	3.0%	of direct costs	\$3,057,300
Property Tax During Construction	2.5%	of direct costs	\$2,547,750
Financing	6.0%	of direct costs	\$6,114,600
Subtotal Indirect Costs excluding Fees			\$22,241,550
Fees			
Affordable Housing Fee	\$22,000	per unit	\$4,004,000
Capital Improvements	\$1,250	per unit	\$227,500
Transportation - Residential	\$750	per unit	\$136,500
Transportation - Retail	\$0.75	per retail sq. ft.	\$11,250
School Impact Fee	\$3.48	per gross sq. ft.	\$685,560
Other Fees	\$30.00	per gross sq. ft.	\$5,910,000
Subtotal Fees			\$10,974,810
Total Indirect Costs			\$33,216,360
Subtotal, Direct and Indirect Costs			\$135,126,360
Contingency	5.0%	of direct and indirect costs	\$6,756,318
Required Return on Investment	16.0%	of direct and indirect costs	\$21,620,218
Total Costs			\$163,502,896
Residual Land Value (Net Project Value - Total Costs)			\$7,607,367
(less) Return on Residual Land Value	16.0%		(\$1,217,179)
Net Residual Land Value			\$6,390,188
Incremental Development			
	93,000	Net Residual Land Value	
		Base Case	\$2,014,352
		Upzoning	\$6,390,188
		Increase	\$4,375,836
		1/3 of Increase	\$1,458,612
			\$15.68
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**APPENDIX TABLE A-4: Key Revenue and Cost Inputs for Representative RESIDENTIAL Development Prototypes / Cases**

Residential Density	Intensity Area / Subarea	Residential Rent		Building Construction Cost	Required Return on Investment
Minimum lot area per unit		Current rent per net sq. ft. per month	Current rent + 20% as proxy for achieving feasibility	Cost per gross sq. ft.	
<u>High Density Development</u>					
65	CBD	\$5.45	\$6.54	\$475	17%
90	CBD	\$5.38	\$6.45	\$472	16%
90	VC	\$5.15 - \$5.21	\$6.18 - \$6.25	\$472	16%
100	VC	\$5.17	\$6.20	\$470	16%
110	CBD	\$5.25	\$6.30	\$470	16%
110	JLW waterfront & nearby	\$5.30	\$6.36	\$470	16%
110	JLW Inland	\$5.20	\$6.24	\$470	16%
110	KONO	\$5.13 - \$5.21	\$6.15 - \$6.25	\$470	16%
110	JLE / VC	\$5.15	\$6.18	\$470	16%
<u>Medium Density Development</u>					
200	JLE	\$4.78	\$5.73	\$425	14%
225	KONO	\$4.85	\$5.82	\$425	14%
225	CBD	\$4.90	\$5.88	\$420	14%
250	JLE	\$4.72	\$5.66	\$420	14%
250	VC / JLE	\$4.75	\$5.70	\$420	14%
250	VC	\$4.75	\$5.70	\$420	14%
<u>Lower Density Development</u>					
450	KONO	\$4.55	\$5.46	\$390	12%
900	JLW inland	\$4.70	\$5.65	\$360	12%
1,000	JLW waterfront & nearby	\$4.80	\$5.76	\$360	12%

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

**APPENDIX TABLE A-5: Parking Assumptions for RESIDENTIAL Development Cases**

Intensity Area/Subarea	CBD	14th Street	KONO /Art + Garage District	Jack London / Victory Court	Jack London
Development Cases	I-1	I-6	III-1, III-4	II-1, II-3, II-5, II- 9, II-10B	II-11
<b>Parking Ratios - BASE ZONING</b>					
Residential - per dwelling unit	0.65	0.9	0.9	1.0	1.0
Retail - per 1,000 gross sq. ft.	1.0	1.0	1.0	1.0	1.0
<b>Parking Ratios - UPZONING</b>					
Residential - per dwelling unit	0.65	0.65	0.75	0.85	1.0
Retail - per 1,000 gross sq. ft.	1.0	1.0	1.0	1.0	1.0

Source: City of Oakland and Hausrath Economics Group, May/June 2021

## **SECTION V**

### **DOCUMENTATION FOR REAL ESTATE ANALYSIS OF OFFICE DEVELOPMENT**

#### **DEVELOPMENT FEASIBILITY AND VALUE CAPTURE ANALYSIS DOSP ZONING INCENTIVE PROGRAM**

## **LIST OF TABLES AND FIGURES**

Appendix Table B-1: DOSP Zoning Incentive Program – Summary of Estimated Value Capture for Community Benefits from Higher-Intensity OFFICE DEVELOPMENT, by Development Type, Intensity Increase, and Subarea

Figure B-2: Zoning Incentive Program Office Development Zone / Benefit Areas

Appendix Table B-2.1: Summary Pro Forma Analysis – Current Market Conditions Compared to Feasible Market Conditions – Office Development Under BASE ZONING

Appendix Table B-2.2: Summary Pro Forma Analysis – Current Market Conditions Compared to Feasible Market Conditions – Office Development Under UPZONING

Appendix Table B-3: Development Program Assumptions for Representative OFFICE Development Prototypes / Cases

### Detailed Pro Forma Analysis of Representative Office Development

Appendix Table C.1: Development Case I-1

Appendix Table C.2: Development Case I-2

Appendix Table C.3: Development Case I-5

Appendix Table C.4: Development Case II-1

Appendix Table C.5: Development Case II-6

Appendix Table C.6: Development Case II-7

Appendix Table C.7: Development Case II-10

Appendix Table C.8: Development Case II-14

Appendix Table C.9: Development Case II-12

Appendix Table C.10: Development Case III-4

Appendix Table B-4: Key Revenue and Cost Inputs for Representative OFFICE Development Prototypes / Cases

Appendix Table B-5: Parking Assumptions for Office Development Cases

**APPENDIX TABLE B-1: DOSP Zoning Intensity Program**

**Summary of Estimated Value Capture for Community Benefits from Higher-Intensity OFFICE DEVELOPMENT  
By Development Type, Intensity Increase, and Subarea**

**I. Downtown CBD Intensity Areas**

Intensity Type for Office Development	Development Case No.	VALUE CAPTURE for Community Benefits  per add'l bldg. sq. ft.	Intensity Combinations			Intensity Subarea(s)
			Base FAR	ZIP Maximum FAR	Increase in Density	
Greater Intensity High-Rise Development	◆I-1	\$22	20	30	+50%	Lake Merritt Office Broadway City Center
	◆I-2	\$29	20	22	+10%	Broadway City Center 14 <sup>th</sup> Street West
	I-3	\$22	14	17	+21%	City Center 14 <sup>th</sup> Street West
Mid-Rise to High-Rise Development	I-4	\$22	8	20	+150%	14 <sup>th</sup> Street East
	I-5	\$22	8	12	+67%	14 <sup>th</sup> Street East
	I-6	\$15	5	12	+140%	14 <sup>th</sup> Street West 11 <sup>th</sup> St. West – City Center
Greater Intensity Mid-Rise Development	I-7	\$18	5	7.5	+50%	14 <sup>th</sup> Street East
	I-8	\$17	2.5	7.5	+200%	14 <sup>th</sup> Street East

**APPENDIX TABLE B-1: DOSP Zoning Intensity Program (continued)**

**Summary of Estimated Value Capture for Community Benefits from Higher Intensity OFFICE DEVELOPMENT  
By Development Type, Intensity Increase, and Subarea**

**II. Jack London/Victory Court Intensity Areas**

Intensity Type for Office Development	Development Case No.	VALUE CAPTURE for Community Benefits	Intensity Combinations			Intensity Subarea(s)
			Base FAR	Maximum FAR	Increase in Density	
Mid-Rise/Low-Rise to High-Rise Development	♦II-1	\$14	5	20	+300%	<b>Victory Court</b>
	II-2	\$12	5	17	+240%	Victory Court
	II-3	\$15	2	14	+600%	Jack London West
	II-4	\$12	5	14	+180%	Jack London East
	II-5	\$12	5	14	+180%	Victory Court
	♦II-6	\$15	7	14	+100%	<b>Jack London West</b>
Mid-Rise/Low-Rise to Lower High-Rise Development	♦II-7	\$15	2	12	+500%	<b>Jack London West</b>
	II-8	\$14	2	12	+500%	Jack London East
	II-9	\$17	3.5	12	+243%	Jack London West
	♦II-10	\$13	5	12	+140%	<b>Jack London East Victory Court</b>
Greater Intensity High-Rise	II-11	\$12 – 15	14	17	+21%	Jack London West Victory Court
Greater Intensity Mid-Rise	♦II-12	\$12	5	7.5	+50%	<b>Jack London East</b>
Greater Intensity Mid-Rise – Waterfront	II-13	\$14	2	7.5	+275%	J L East –Embar. Estuary
	♦II-14	\$17	3.5	7.5	+114%	<b>J L West/East – Waterfront</b>
	II-15	\$15	5.0	7.5	+50%	J L East – Waterfront

**APPENDIX TABLE B-1: DOSP Zoning Intensity Program (continued)**

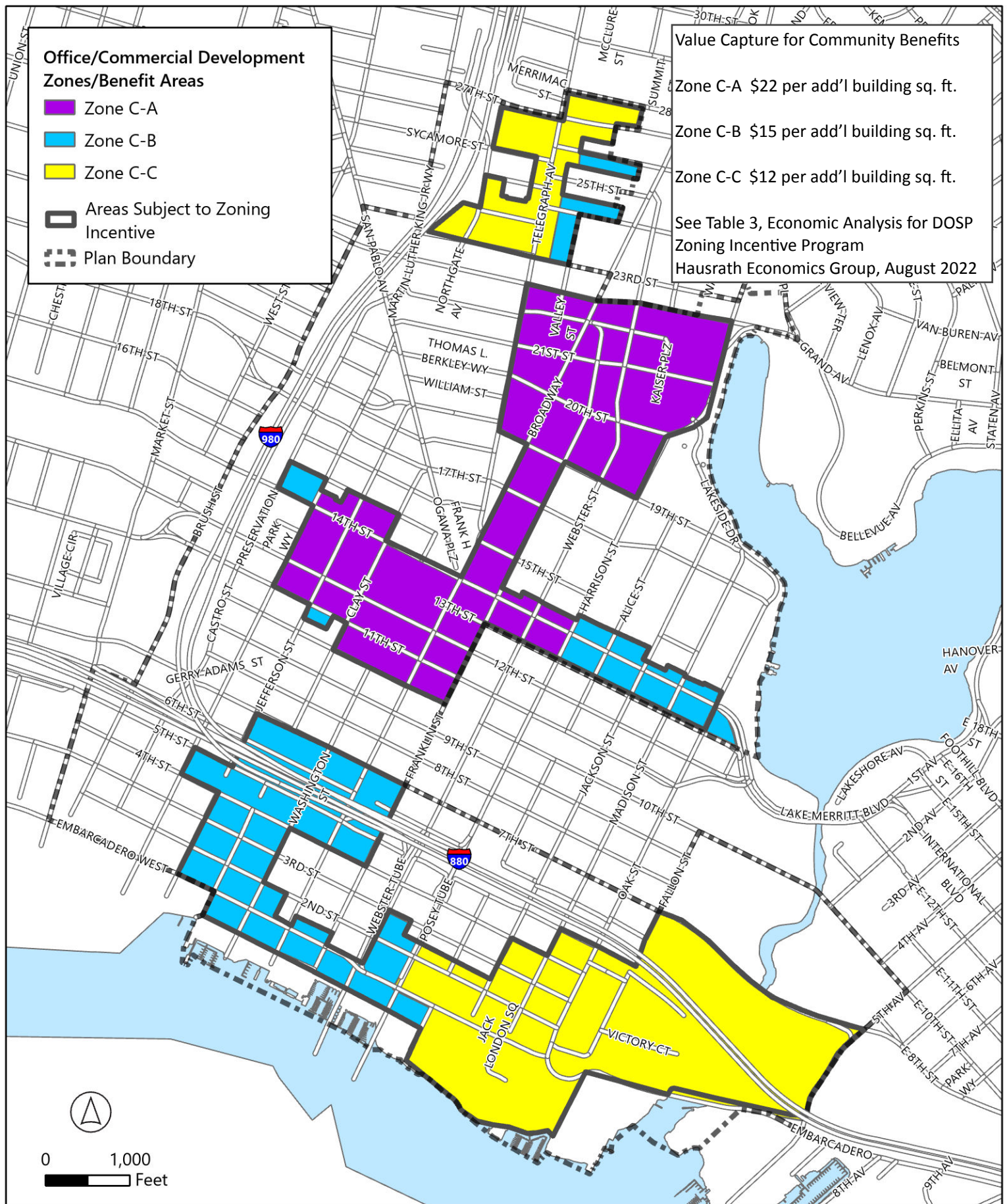
**Summary of Estimated Value Capture for Community Benefits from Higher Intensity OFFICE DEVELOPMENT  
By Development Type, Intensity Increase, and Subarea**

**III. KONO/Art & Garage District Intensity Areas**

Intensity Type for Office Development	Development Case No.	VALUE CAPTURE for Community Benefits per add'l bldg. sq. ft.	Intensity Combinations			Intensity Subarea(s)
			Base FAR	Maximum FAR	Increase in Density	
Mid-Rise/Low-Rise to Lower High-Rise Development	III-1	\$9 – 10	5.0	12	+140%	KONO / 27 <sup>th</sup> – 28 <sup>th</sup>
Greater Intensity Mid-Rise Development	III-2	\$12 – 14/a/	2.5	7.5	+200%	KONO / Telegraph and east side
	III-3	\$12 – 14/a/	5.0	7.5	+50%	KONO / West of Telegraph
Greater Intensity Mid-Rise – Garage District	◆III-4	\$18	2.5	5.0	+100%	Art + Garage District/KONO

◆ Indicates this is one of the 10 Representative Development Cases documented in Section V of the Technical Appendix.

/a/ Higher end of range east of Telegraph Ave.; lower end of range west of Telegraph Ave.



**Figure B-2: Zoning Incentive Program Office/Commercial Development Zones/ Benefit Areas**



**APPENDIX TABLE B-2.1: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Office Development Under BASE ZONING**

Development Case HEG Prototype	I-1 1A		I-2 1B		I-5 10		II-1 11		II-6 18	
Intensity Area	CBD		CBD		CBD		JLE/VC		JL/VC	
Subarea(s)	Lake Merritt Office, Broadway, City Center		Broadway, City Center, 14th Street West		14th Street East		Victory Court		Jack London West	
Benefit Area	C-A		C-A		C-A		C-C		C-B	
<b>Development Characteristics</b>										
Office Density (Floor Area Ratio, FAR)	20		20		8		5		7	
Building Type	High-rise		High-rise		Mid-rise		Mid-rise		Mid-rise	
Lot Size	54,700		54,700		28,000		69,000		35,000	
Total Building Area	1,094,000		1,094,000		224,000		348,250		245,000	
Office (net floor area)	962,550		962,550		190,800		304,425		211,500	
Retail (net floor area)	22,050		22,050		10,800		9,000		9,000	
Parking Spaces (office only)	535		535		106		339		235	
<b>Revenue Factors</b> Office Rent per net sq. ft. per year Retail Rent per net sq. ft. per year Parking Revenue per space per month (without retail pkg.)	Current Rents /a/	Current Rents + 10% for Feasibility /b/	Current Rents /a/	Current Rents + 10% for Feasibility /b/	Current Rents /a/	Current Rents + 10% for Feasibility /b/	Current Rents /a/	Current Rents + 10% for Feasibility /b/	Current Rents /a/	Current Rents + 10% for Feasibility /b/
	\$75.00	\$82.50	\$75.00	\$82.50	\$67.00	\$74.00	\$62.00	\$68.20	\$65.00	\$71.50
	\$32.00	\$35.20	\$32.00	\$35.20	\$32.00	\$35.20	\$32.00	\$35.20	\$32.00	\$35.20
	\$185	\$185	\$185	\$185	\$185	\$185	\$185	\$185	\$185	\$185
	\$851,349,459	\$935,257,986	\$851,349,459	\$935,257,986	\$154,556,978	\$170,431,610	\$231,575,931	\$253,682,636	\$169,551,133	\$185,780,608
<b>Net Project Value</b>	\$851,349,459	\$935,257,986	\$851,349,459	\$935,257,986	\$154,556,978	\$170,431,610	\$231,575,931	\$253,682,636	\$169,551,133	\$185,780,608
<b>Total Development Cost</b>	\$873,495,715	\$873,495,715	\$873,495,715	\$873,495,715	\$154,632,840	\$154,632,840	\$243,345,470	\$243,345,470	\$177,411,600	\$177,411,600
<b>Residual Land Value (Net Project Value - Total Cost)</b>	(\$22,146,256)	\$61,762,271	(\$22,146,256)	\$61,762,271	(\$75,862)	\$15,798,770	(\$11,769,539)	\$10,337,166	(\$7,860,467)	\$8,369,008
<b>(less) Return on Residual Land Value</b>	\$0	(\$13,587,700)	\$0	(\$13,587,700)	\$0	(\$2,527,803)	\$0	(\$1,447,203)	\$0	(\$1,339,041)
<b>Net Residual Land Value /c/</b>	(\$22,146,256)	\$48,174,571	(\$22,146,256)	\$48,174,571	(\$75,862)	\$13,270,967	(\$11,769,539)	\$8,889,963	(\$7,860,467)	\$7,029,967

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents *at the time of this economic analysis in 2021*. Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than *current rents in 2023*, for many of the development cases.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables C.1 - C.10.

/b/ See Appendix Tables C.1 - C.10 for the detailed pro forma real estate analysis under these revenue assumptions.

/c/ Under Base Zoning, one of the development cases supports a small positive residual land value, below that sought for project feasibility.

**APPENDIX TABLE B-2.1: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Office Development Under BASE ZONING**

Development Case HEG Prototype	II-7 17		II-10 14		II-14 13A		II-12 13B		III-4 12	
Intensity Area	JL/VC		JL/VC		JL/VC		JL/VC		KONO	
Subarea(s)	Jack London West		Jack London East / Victory Court		Jack London West / Jack London East		Jack London East		KONO / Art + Garage District	
Benefit Area	C-B		C-C		C-B		C-C		C-B	
<b>Development Characteristics</b>										
Office Density (Floor Area Ratio, FAR)	2		5		3.5		5		2.5	
Building Type	Low-rise		Mid-rise		Mid-rise		Mid-rise		Mid-rise	
Lot Size	60,000		50,000		50,000		50,000		20,000	
Total Building Area	120,000		250,000		175,000		250,000		50,000	
Office (net floor area)	94,500		216,900		152,100		214,200		38,700	
Retail (net floor area)	13,500		8,100		5,400		10,800		6,300	
Parking Spaces (office only)	105		241		169		238		43	
<b>Revenue Factors</b>	<b>Current Rents + 10% for /a/ Feasibility /b/</b>		<b>Current Rents + 10% for /a/ Feasibility /b/</b>		<b>Current Rents + 10% for /a/ Feasibility /b/</b>		<b>Current Rents + 10% for /a/ Feasibility /b/</b>		<b>Current Rents + 10% for /a/ Feasibility /b/</b>	
	Office Rent per net sq. ft. per year		\$60.00 \$66.00		\$62.00 \$68.20		\$63.00 \$69.00		\$62.00 \$68.20	
	Retail Rent per net sq. ft. per year		\$32.00 \$35.20		\$32.00 \$35.20		\$32.00 \$35.20		\$32.00 \$35.20	
	Parking Revenue per space per month (without retail pkg.)		\$185 \$185		\$185 \$185		\$185 \$185		\$185 \$185	
<b>Net Project Value</b>	\$75,204,982	\$82,409,613	\$165,840,900	\$181,679,801	\$117,894,929	\$128,638,543	\$165,213,927	\$181,001,894	\$34,743,283	\$38,088,937
<b>Total Development Cost</b>	\$79,957,750	\$79,957,750	\$174,686,250	\$174,686,250	\$118,949,300	\$118,949,300	\$174,733,900	\$174,733,900	\$32,692,050	\$32,692,050
<b>Residual Land Value (Net Project Value - Total Cost)</b>	(\$4,752,768)	\$2,451,863	(\$8,845,350)	\$6,993,551	(\$1,054,371)	\$9,689,243	(\$9,519,973)	\$6,267,994	\$2,051,233	\$5,396,887
<b>(less) Return on Residual Land Value</b>	\$0	(\$294,224)	\$0	(\$979,097)	\$0	(\$1,259,602)	\$0	(\$877,519)	(\$246,148)	(\$647,626)
<b>Net Residual Land Value /c/</b>	(\$4,752,768)	\$2,157,639	(\$8,845,350)	\$6,014,454	(\$1,054,371)	\$8,429,641	(\$9,519,973)	\$5,390,475	\$1,805,085	\$4,749,261

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents *at the time of this economic analysis in 2021* . Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than *current rents in 2023* , for many of the development cases.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables C.1 - C.10.

/b/ See Appendix Tables C.1 - C.10 for the detailed pro forma real estate analysis under these revenue assumptions.

/c/ Under Base Zoning, one of the development cases supports a small positive residual land value, below that sought for project feasibility.

**APPENDIX TABLE B-2.2: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Office Development Under UPZONING**

Development Case HEG Prototype	I-1 1A		I-2 1B		I-5 10		II-1 11		II-6 18	
Intensity Area	CBD		CBD		CBD		JLE/VC		JL/VC	
Subarea(s)	Lake Merritt Office, Broadway, City Center		Broadway, City Center, 14th Street West		14th Street East		Victory Court		Jack London West	
Benefit Area	C-A		C-A		C-A		C-C		C-B	
Development Characteristics										
Office Density (Floor Area Ratio, FAR)	30		22		12		20		15	
Building Type	High-rise		High-rise		High-rise		High-rise		High-rise	
Lot Size	54,700		54,700		28,000		69,000		35,000	
Total Building Area	1,641,000		1,203,400		336,000		1,393,000		490,000	
Office (net floor area)	1,454,850		1,061,010		288,900		1,238,850		429,750	
Retail (net floor area)	22,050		22,050		13,500		14,850		11,250	
Parking Spaces (office only)	728		531		161		1,102		382	
	Current Rents /a/		Current Rents + 10% for Feasibility /b/		Current Rents /a/		Current Rents + 10% for Feasibility /b/		Current Rents /a/	
Revenue Factors										
Office Rent per net sq. ft. per year	\$78.00	\$85.80	\$75.75	\$83.33	\$70.00	\$77.00	\$69.00	\$82.80	\$68.00	\$75.00
Retail Rent per net sq. ft. per year	\$32.00	\$35.20	\$32.00	\$35.20	\$32.00	\$35.20	\$32.00	\$38.40	\$32.00	\$35.20
Parking Revenue per space per month (without retail pkg.)	\$200	\$200	\$200	\$200	\$185	\$185	\$185	\$185	\$185	\$185
Net Project Value	\$1,330,175,533	\$1,461,414,028	\$945,785,802	\$1,039,132,676	\$242,513,580	\$266,401,223	\$1,021,312,718	\$1,217,296,527	\$351,942,278	\$387,015,045
Total Development Cost	\$1,353,437,775	\$1,353,437,775	\$965,168,046	\$965,168,046	\$241,120,357	\$241,120,357	\$1,149,331,528	\$1,149,331,528	\$365,174,547	\$365,174,547
Residual Land Value (Net Project Value - Total Cost)	(\$23,262,242)	\$107,976,253	(\$19,382,244)	\$73,964,630	\$1,393,223	\$25,280,866	(\$128,018,810)	\$67,964,999	(\$13,232,269)	\$21,840,498
(less) Return on Residual Land Value	\$0	(\$23,754,776)	\$0	(\$16,272,219)	(\$250,780)	(\$4,550,556)	\$0	(\$14,952,300)	\$0	(\$3,931,290)
Net Residual Land Value /c/	(\$23,262,242)	\$84,221,477	(\$19,382,244)	\$57,692,411	\$1,142,443	\$20,730,310	(\$128,018,810)	\$53,012,699	(\$13,232,269)	\$17,909,208

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents *at the time of this economic analysis in 2021*. Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than *current rents in 2023*, for many of the development cases.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables C.1 - C.10.

/b/ See Appendix Tables C.1 - C.10 for the detailed pro forma real estate analysis under these revenue assumptions. Note that current rents increase by 20% in order to achieve feasibility under Upzoning for Development Case II-1.

/c/ Under Upzoning, two of the development cases support a small positive residual land value, below that sought for project feasibility.

**APPENDIX TABLE B-2.2: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Office Development Under UPZONING**

Development Case HEG Prototype	II-7 17	II-10 14	II-14 13A	II-12 13B	III-4 12
Intensity Area	JL/VC	JL/VC	JL/VC	JL/VC	KONO
Subarea(s)	Jack London West	Jack London East / Victory Court	Jack London West / Jack London East	Jack London East	KONO / Art + Garage District
Benefit Area	C-B	C-C	C-B	C-C	C-B
<b>Development Characteristics</b>					
Office Density (Floor Area Ratio, FAR)	15	15	9	9	5
Building Type	High-rise	High-rise	Mid-rise	Mid-rise	Mid-rise
Lot Size	60,000	50,000	50,000	50,000	20,000
Total Building Area	720,000	600,000	375,000	375,000	100,000
Office (net floor area)	625,500	529,200	323,100	323,100	77,400
Retail (net floor area)	22,500	10,800	14,400	14,400	12,600
Parking Spaces (office only)	556	471	288	288	69
	<b>Current Rents /a/</b>	<b>Current Rents + 10% for Feasibility /b/</b>	<b>Current Rents /a/</b>	<b>Current Rents + 10% for Feasibility /b/</b>	<b>Current Rents /a/</b>
<b>Revenue Factors</b>					
Office Rent per net sq. ft. per year	\$68.00	\$75.00	\$67.00	\$73.15	\$70.00
Retail Rent per net sq. ft. per year	\$32.00	\$35.20	\$32.00	\$35.20	\$32.00
Parking Revenue per space per month (without retail pkg.)	\$185	\$185	\$185	\$185	\$185
<b>Net Project Value</b>	<b>\$515,394,862</b>	<b>\$566,762,958</b>	<b>\$425,776,385</b>	<b>\$466,986,113</b>	<b>\$260,274,633</b>
					<b>\$287,509,270</b>
					<b>\$252,866,831</b>
					<b>\$277,323,529</b>
					<b>\$70,595,542</b>
					<b>\$77,464,306</b>
<b>Total Development Cost</b>	<b>\$531,642,224</b>	<b>\$531,642,224</b>	<b>\$442,668,021</b>	<b>\$442,668,021</b>	<b>\$265,382,282</b>
					<b>\$265,382,282</b>
					<b>\$265,382,282</b>
					<b>\$265,382,282</b>
					<b>\$68,730,711</b>
					<b>\$68,730,711</b>
<b>Residual Land Value (Net Project Value - Total Cost)</b>	<b>(\$16,247,362)</b>	<b>\$35,120,734</b>	<b>(\$16,891,636)</b>	<b>\$24,318,092</b>	<b>(\$5,107,649)</b>
<b>(less) Return on Residual Land Value</b>	<b>\$0</b>	<b>(\$6,321,732)</b>	<b>\$0</b>	<b>(\$4,377,257)</b>	<b>\$0</b>
<b>Net Residual Land Value /c/</b>	<b>(\$16,247,362)</b>	<b>\$28,799,002</b>	<b>(\$16,891,636)</b>	<b>\$19,940,835</b>	<b>(\$5,107,649)</b>
					<b>\$18,586,670</b>
					<b>(\$12,515,451)</b>
					<b>\$10,030,647</b>
					<b>\$1,603,755</b>
					<b>\$7,510,892</b>

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents *at the time of this economic analysis in 2021*. Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than *current rents in 2023*, for many of the development cases.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables C.1 - C.10.

/b/ See Appendix Tables C.1 - C.10 for the detailed pro forma real estate analysis under these revenue assumptions. Note that current rents increase by 20% in order to achieve feasibility under Upzoning for Development Case II-1.

/c/ Under Upzoning, two of the development cases support a small positive residual land value, below that sought for project feasibility.

**APPENDIX TABLE B-3: Development Program Assumptions for Representative OFFICE Development Prototypes / Cases**

Development Case HEG Prototype	I-1 1A	I-2 1B	I-5 10	II-1 11	II-6 18	II-7 17	II-10 14	II-14 13A	II-12 13B	III-4 12
Intensity Area	CBD	CBD	CBD	JLE/VC	JL/VC	JL/VC	JL/VC	JL/VC	JL/VC	KONO
Subarea(s)	Lake Merritt Office, Broadway, City Center	Broadway, City Center, 14th St. West	14th Street East	Victory Court	Jack London West	Jack London West	Jack London East / Victory Court	Jack London West / Jack London East	Jack London East	Art+Garage District / KONO
Intensity Type	Greater intensity high-rise	Greater intensity high- rise	Higher mid-rise to lower high- rise	Mid-rise to high-rise	Mid-rise to high-rise	Low-rise to lower high- rise	Mid-rise to lower high-rise	Greater intensity mid- rise	Greater intensity mid- rise	Greater intensity mid-rise
								Waterfront and nearby locations	Inland locations	East of Telegraph
Benefit Area	C-A	C-A	C-A	C-C	C-B	C-B	C-C	C-B	C-C	C-B
Lot Area (sq. ft., rounded)	54,700	54,700	28,000	69,000	35,000	60,000	50,000	50,000	50,000	20,000
Acres	1.26	1.26	0.64	1.58	0.80	1.38	1.15	1.15	1.15	0.46
<b>BASE ZONING</b>										
Construction Type	Type I	Type I	Type I	Type III	Type III	Type V/III	Type III	Type III	Type III	Type III
Building Height Maximum	no limit	no limit	175'	135'	65'	45'	65'	55'	65'	45'
Floor Area Ratio (FAR)	20.0	20.0	8.0	5.0	7.0	2.0	5.0	3.5	5.0	2.5
Total Gross Floor Area (w/o parking) sq.	1,094,000	1,094,000	224,000	345,000	245,000	120,000	250,000	175,000	250,000	50,000
Office	1,069,500	1,069,500	212,000	335,000	235,000	105,000	241,000	169,000	238,000	43,000
Retail	24,500	24,500	12,000	10,000	10,000	15,000	9,000	6,000	12,000	7,000
Office Efficiency Ratio	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Retail Efficiency Ratio	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Total Net Floor Area (w/o parking) sq. ft.	984,600	984,600	201,600	310,500	220,500	108,000	225,000	157,500	225,000	45,000
Office	962,550	962,550	190,800	301,500	211,500	94,500	216,900	152,100	214,200	38,700
Retail	22,050	22,050	10,800	9,000	9,000	13,500	8,100	5,400	10,800	6,300
Parking Spaces	559	559	118	345	245	120	250	175	250	50
<b>UPZONING</b>										
Construction Type	Type I	Type I	Type I	Type I	Type I	Type I	Type I	Type I	Type I	Type III
Building Height Maximum	no limit	no limit	175'	450'	275'	175'	175'	90'	90'	65'
Floor Area Ratio (FAR)	30.0	22.0	12.0	20.0	14.0	12.0	12.0	7.5	7.5	5.0
Total Gross Floor Area (w/o parking) sq.	1,641,000	1,203,400	336,000	1,380,000	490,000	720,000	600,000	375,000	375,000	100,000
Office	1,616,500	1,178,900	321,000	1,363,500	477,500	695,000	588,000	359,000	359,000	86,000
Retail	24,500	24,500	15,000	16,500	12,500	25,000	12,000	16,000	16,000	14,000
Office Efficiency Ratio	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Retail Efficiency Ratio	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Total Net Floor Area (w/o parking) sq. ft.	1,476,900	1,083,060	302,400	1,242,000	441,000	648,000	540,000	337,500	337,500	90,000
Office	1,454,850	1,061,010	288,900	1,227,150	429,750	625,500	529,200	323,100	323,100	77,400
Retail	22,050	22,050	13,500	14,850	11,250	22,500	10,800	14,400	14,400	12,600
Parking Spaces	752	555	176	1,107	395	581	482	303	303	83
Percent Increase in Density	50%	10%	50%	300%	100%	500%	140%	114%	50%	100%

**APPENDIX TABLE C.1**  
**Development Case I-1 (HEG Prototype 1A)**  
**BASE ZONING**

Intensity Area: CBD - Lake Merritt Office, Broadway, City Center subareas

CBD - Franklin Street, Broadway		Assumption	Total
<b>DEVELOPMENT PROGRAM</b>			
Lot Size	1.26	acres	54,700 sq. ft.
Construction Type	Type I	(not used in calculations)	
Building Height	no limit	(not used in calculations)	
Building Height Estimated Actual (# of stories)	25.00	(not used in calculations)	
FAR	20.00		
Gross Building Area (excl. parking)			1,094,000 sq. ft.
Net Area	90%	efficiency ratio	984,600 sq. ft.
Office			962,550 sq. ft.
Retail			22,050 sq. ft.
Parking Spaces			559 spaces
Spaces Excluding Retail			535 spaces
<b>REVENUE</b>			
Office (Full-Service)	\$82.50	per net sq. ft. per year	\$79,410,375
Retail (NNN)	\$35.20	per net sq. ft. per year	\$776,160
Gross Annual Revenue			\$80,186,535
(less) Operating Expenses	27.5%	of office full-service revenue	(\$21,837,853)
(less) Vacancy Rate	5.0%	of gross annual revenue	(\$4,009,327)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$492,300)
(less) Commissions	2.5%	of gross annual revenue	(\$2,004,663)
Net Operating Income			\$51,842,392
Net Parking Revenue (without retail parking)	\$185	per space per month	\$1,187,700
Total NOI			\$53,030,092
Capitalized Value	5.50%	cap rate	\$964,183,491
(less) Cost of Sale/Marketing	3.0%		(\$28,925,505)
<b>Net Project Value</b>			<b>\$935,257,986</b>
<b>DEVELOPMENT COST</b>			
<b>Direct Costs</b>			
Building Construction Cost	\$405	per gross sq. ft.	\$443,070,000
Parking Construction Cost	\$60,000	per space	\$33,540,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$547,000
Total Direct Costs			\$477,157,000
<b>Indirect Costs</b>			
Tenant Improvements (office)	\$75	per sq. ft.	\$72,191,250
Tenant Improvements (retail)	\$100	per sq. ft.	\$2,205,000
Architecture and Engineering	6.0%	of direct costs	\$28,629,400
Other Expenses	3.0%	of direct costs	\$14,314,700
General and Administrative	3.0%	of direct costs	\$14,314,700
Property Tax During Construction	2.5%	of direct costs	\$11,928,900
Financing	6.0%	of direct costs	\$28,629,400
Subtotal Indirect Costs excluding Fees			\$172,213,350
<b>Fees</b>			
Capital Improvements	\$2.00	avg. per gross sq. ft.	\$2,139,000
Jobs Housing Impact Fee	\$5.90	avg. per gross sq. ft.	\$6,162,550
Transportation - Office	\$2.00	avg. per gross sq. ft.	\$2,139,000
Transportation - Retail	\$0.75	avg. per gross sq. ft.	\$18,375
School Impact Fee	\$0.56	avg. per gross sq. ft.	\$612,640
Other Fees	\$25.00	avg. per gross sq. ft.	\$27,350,000
Subtotal Fees			\$38,421,565
Total Indirect Costs			\$210,634,915
<b>Subtotal, Direct and Indirect Costs</b>			<b>\$687,791,915</b>
Contingency	5.0%	of direct and indirect costs	\$34,389,600
Required Return on Investment	22.0%	of direct and indirect costs	\$151,314,200
<b>Total Costs</b>			<b>\$873,495,715</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>			<b>\$61,762,271</b>
(less) Return on Residual Land Value	22.0%		(\$13,587,700)
<b>Net Residual Land Value</b>			<b>\$48,174,571</b>

**APPENDIX TABLE C.1**  
**Development Case I-1 (HEG Prototype 1A)**

**UPZONING**

Intensity Area: CBD - Lake Merritt Office, Broadway, City Center subareas

**CBD - Franklin Street, Broadway**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.26 acres	54,700 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	no limit (not used in calculations)	
Building Height Estimated Actual (# of stories)	38.00 (not used in calculations)	
FAR	30.00	
Gross Building Area (excl. parking)		1,641,000 sq. ft.
Net Area	90% efficiency ratio	1,476,900 sq. ft.
Office		1,454,850 sq. ft.
Retail		22,050 sq. ft.
Parking Spaces		752 spaces
Spaces Excluding Retail		728 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$85.80 per net sq. ft. per year	\$124,826,130
Retail (NNN)	\$35.20 per net sq. ft. per year	\$776,160
Gross Annual Revenue		\$125,602,290
(less) Operating Expenses	27.5% of office full-service revenue	(\$34,327,186)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$6,280,115)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$738,450)
(less) Commissions	2.5% of gross annual revenue	(\$3,140,057)
Net Operating Income		\$81,116,482
Net Parking Revenue (without retail parking)	\$200 per space per month	\$1,747,200
Total NOI		\$82,863,682
Capitalized Value	5.50% cap rate	\$1,506,612,400
(less) Cost of Sale/Marketing	3.0%	(\$45,198,372)
<b>Net Project Value</b>		<b>\$1,461,414,028</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$420 per gross sq. ft.	\$689,220,000
Parking Construction Cost	\$60,000 per space	\$45,120,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$547,000
Total Direct Costs		\$734,887,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$109,113,750
Tenant Improvements (retail)	\$100 per sq. ft.	\$2,205,000
Architecture and Engineering	6.0% of direct costs	\$44,093,200
Other Expenses	3.0% of direct costs	\$22,046,600
General and Administrative	3.0% of direct costs	\$22,046,600
Property Tax During Construction	3.0% of direct costs	\$22,046,600
Financing	7.0% of direct costs	\$51,442,100
Subtotal Indirect Costs excluding Fees		\$272,993,850
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$3,233,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$9,389,850
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$3,233,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$18,375
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$918,960
Other Fees	\$25.00 avg. per gross sq. ft.	\$41,025,000
Subtotal Fees		\$57,818,185
Total Indirect Costs		\$330,812,035
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$1,065,699,035</b>
Contingency	5.0% of direct and indirect costs	\$53,284,952
Required Return on Investment	22.0% of direct and indirect costs	\$234,453,788
<b>Total Costs</b>		<b>\$1,353,437,775</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$107,976,253</b>
<b>(less) Return on Residual Land Value</b>	22.0%	<b>(\$23,754,776)</b>
<b>Net Residual Land Value</b>		<b>\$84,221,477</b>
<b>Incremental Development</b>		
<b>Net Residual Land Value</b>		
Gross Building Area (excl. parking)	547,000	
Base Case		\$48,174,571
Upzoning		\$84,221,477
Increase		\$36,046,906
1/3 of Increase		\$12,015,635
		\$881 per sf land
		\$1,540 per sf land
		\$65.90 per add'l bldg SF
		\$21.97 per add'l bldg SF

**APPENDIX TABLE C.2**  
**Development Case I-2 (HEG Prototype 1B)**  
**BASE ZONING**

Intensity Area: CBD - Broadway, City Center, 14th Street West subareas

**CBD - Between Telegraph and Broadway;**

**peripheral City Center**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.26 acres	54,700 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	no limit (not used in calculations)	
Building Height Estimated Actual (# of stories)	25.00 (not used in calculations)	
FAR		
Gross Building Area (excl. parking)		1,094,000 sq. ft.
Net Area	90% efficiency ratio	984,600 sq. ft.
Office		962,550 sq. ft.
Retail		22,050 sq. ft.
Parking Spaces		559 spaces
Spaces Excluding Retail		535 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$82.50 per net sq. ft. per year	\$79,410,375
Retail (NNN)	\$35.20 per net sq. ft. per year	\$776,160
Gross Annual Revenue		\$80,186,535
(less) Operating Expenses	27.5% of office full-service revenue	(\$21,837,853)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$4,009,327)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$492,300)
(less) Commissions	2.5% of gross annual revenue	(\$2,004,663)
Net Operating Income		\$51,842,392
Net Parking Revenue (without retail parking)	\$185 per space per month	\$1,187,700
Total NOI		\$53,030,092
Capitalized Value	5.50% cap rate	\$964,183,491
(less) Cost of Sale/Marketing	3.0%	(\$28,925,505)
<b>Net Project Value</b>		<b>\$935,257,986</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$405 per gross sq. ft.	\$443,070,000
Parking Construction Cost	\$60,000 per space	\$33,540,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$547,000
Total Direct Costs		\$477,157,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$72,191,250
Tenant Improvements (retail)	\$100 per sq. ft.	\$2,205,000
Architecture and Engineering	6.0% of direct costs	\$28,629,400
Other Expenses	3.0% of direct costs	\$14,314,700
General and Administrative	3.0% of direct costs	\$14,314,700
Property Tax During Construction	2.5% of direct costs	\$11,928,900
Financing	6.0% of direct costs	\$28,629,400
Subtotal Indirect Costs excluding Fees		\$172,213,350
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$2,139,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$6,162,550
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$2,139,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$18,375
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$612,640
Other Fees	\$25.00 avg. per gross sq. ft.	\$27,350,000
Subtotal Fees		\$38,421,565
Total Indirect Costs		\$210,634,915
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$687,791,915</b>
Contingency	5.0% of direct and indirect costs	\$34,389,600
Required Return on Investment	22.0% of direct and indirect costs	\$151,314,200
<b>Total Costs</b>		<b>\$873,495,715</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$61,762,271</b>
<b>(less) Return on Residual Land Value</b>	22.0%	<b>(\$13,587,700)</b>
<b>Net Residual Land Value</b>		<b>\$48,174,571</b>



**APPENDIX TABLE C.2**  
**Development Case I-2 (HEG Prototype 1B)**

**UPZONING**

Intensity Area: CBD - Broadway, City Center, 14th Street West subareas

**CBD - Between Telegraph and Broadway;  
peripheral City Center**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.26 acres	54,700 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	no limit (not used in calculations)	
Building Height Estimated Actual (#of stories)	38.00 (not used in calculations)	
FAR	22.00	
Gross Building Area (excl. parking)		1,203,400 sq. ft.
Net Area	90% efficiency ratio	1,083,060 sq. ft.
Office		1,061,010 sq. ft.
Retail		22,050 sq. ft.
Parking Spaces		555 spaces
Spaces Excluding Retail		531 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$83.33 per net sq. ft. per year	\$88,413,963
Retail (NNN)	\$35.20 per net sq. ft. per year	\$776,160
Gross Annual Revenue		\$89,190,123
(less) Operating Expenses	27.5% of office full-service revenue	(\$24,313,840)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$4,459,506)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$541,530)
(less) Commissions	2.5% of gross annual revenue	(\$2,229,753)
Net Operating Income		\$57,645,494
Net Parking Revenue (without retail parking)	\$200 per space per month	\$1,274,400
Total NOI		\$58,919,894
Capitalized Value	5.50% cap rate	\$1,071,270,800
(less) Cost of Sale/Marketing	3.0%	(\$32,138,124)
<b>Net Project Value</b>		<b>\$1,039,132,676</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$405 per gross sq. ft.	\$487,377,000
Parking Construction Cost	\$60,000 per space	\$33,300,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$547,000
Total Direct Costs		\$521,224,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$79,575,750
Tenant Improvements (retail)	\$100 per sq. ft.	\$2,205,000
Architecture and Engineering	6.0% of direct costs	\$31,273,400
Other Expenses	3.0% of direct costs	\$15,636,700
General and Administrative	3.0% of direct costs	\$15,636,700
Property Tax During Construction	3.0% of direct costs	\$15,636,700
Financing	7.0% of direct costs	\$36,485,700
Subtotal Indirect Costs excluding Fees		\$196,449,950
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$2,357,800
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$6,808,010
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$2,357,800
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$18,375
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$673,904
Other Fees	\$25.00 avg. per gross sq. ft.	\$30,085,000
Subtotal Fees		\$42,300,889
Total Indirect Costs		\$238,750,839
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$759,974,839</b>
Contingency	5.0% of direct and indirect costs	\$37,998,742
Required Return on Investment	22.0% of direct and indirect costs	\$167,194,465
<b>Total Costs</b>		<b>\$965,168,046</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$73,964,630</b>
<b>(less) Return on Residual Land Value</b>	22.0%	<b>(\$16,272,219)</b>
<b>Net Residual Land Value</b>		<b>\$57,692,411</b>
<b>Incremental Development</b>		
Gross Building Area (excl. parking)	109,400	
<b>Net Residual Land Value</b>		
Base Case		\$48,174,571
Upzoning		\$57,692,411
Increase		\$9,517,840
1/3 of Increase		\$3,172,613
		\$881 per sf land
		\$1,055 per sf land
		\$87.00 per add'l bldg SF
		\$29.00 per add'l bldg SF

**APPENDIX TABLE C.3**  
**Development Case I-5 (HEG Prototype 10)**  
**BASE ZONING**  
**Intensity Area: CBD - 14th Street East subarea**

**14th Street, east of Franklin Street**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	0.64 acres	28,000 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	175' (not used in calculations)	
Building Height Estimated Actual (# of stories)	11.00 (not used in calculations)	
FAR	8.00	
Gross Building Area (excl. parking)		224,000 sq. ft.
Net Area	90% efficiency ratio	201,600 sq. ft.
Office		190,800 sq. ft.
Retail		10,800 sq. ft.
Parking Spaces		118 spaces
Spaces Excluding Retail		106 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$74.00 per net sq. ft. per year	\$14,119,200
Retail (NNN)	\$35.20 per net sq. ft. per year	\$380,160
Gross Annual Revenue		\$14,499,360
(less) Operating Expenses	27.5% of office full-service revenue	(\$3,882,780)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$724,968)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$100,800)
(less) Commissions	2.5% of gross annual revenue	(\$362,484)
Net Operating Income		\$9,428,328
Net Parking Revenue (without retail parking)	\$185 per space per month	\$235,320
Total NOI		\$9,663,648
Capitalized Value	5.50% cap rate	\$175,702,691
(less) Cost of Sale/Marketing	3.0%	(\$5,271,081)
<b>Net Project Value</b>		<b>\$170,431,610</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$360 per gross sq. ft.	\$80,640,000
Parking Construction Cost	\$60,000 per space	\$7,080,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$280,000
Total Direct Costs		\$88,000,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$14,310,000
Tenant Improvements (retail)	\$100 per sq. ft.	\$1,080,000
Architecture and Engineering	6.0% of direct costs	\$5,280,000
Other Expenses	3.0% of direct costs	\$2,640,000
General and Administrative	3.0% of direct costs	\$2,640,000
Property Tax During Construction	2.0% of direct costs	\$1,760,000
Financing	5.0% of direct costs	\$4,400,000
Subtotal Indirect Costs excluding Fees		\$32,110,000
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$424,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$1,103,300
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$424,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$9,000
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$125,440
Other Fees	\$25.00 avg. per gross sq. ft.	\$5,600,000
Subtotal Fees		\$7,685,740
Total Indirect Costs		\$39,795,740
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$127,795,740</b>
Contingency	5.0% of direct and indirect costs	\$6,389,800
Required Return on Investment	16.0% of direct and indirect costs	\$20,447,300
<b>Total Costs</b>		<b>\$154,632,840</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$15,798,770</b>
(less) Return on Residual Land Value	16.0%	(\$2,527,803)
<b>Net Residual Land Value</b>		<b>\$13,270,967</b>

**APPENDIX TABLE C.3**  
**Development Case I-5 (HEG Prototype 10)**  
**UPZONING**  
**Intensity Area: CBD - 14th Street East subarea**

**14th Street, east of Franklin Street**

**Assumption**

**DEVELOPMENT PROGRAM**

Lot Size	0.64 acres	28,000	sq. ft.
Construction Type	Type I	(not used in calculations)	
Building Height	175'	(not used in calculations)	
Building Height Estimated Actual (#of stories)	15.00	(not used in calculations)	
FAR	12.00		
Gross Building Area (excl. parking)		336,000	sq. ft.
Net Area	90% efficiency ratio	302,400	sq. ft.
Office		288,900	sq. ft.
Retail		13,500	sq. ft.
Parking Spaces		176	spaces
Spaces Excluding Retail		161	spaces

**REVENUE**

Office (Full-Service)	\$77.00	per net sq. ft. per year	\$22,245,300
Retail (NNN)	\$35.20	per net sq. ft. per year	\$475,200
Gross Annual Revenue			\$22,720,500
(less) Operating Expenses	27.5%	of office full-service revenue	(\$6,117,458)
(less) Vacancy Rate	5.0%	of gross annual revenue	(\$1,136,025)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$151,200)
(less) Commissions	2.5%	of gross annual revenue	(\$568,013)
Net Operating Income			\$14,747,804
Net Parking Revenue (without retail parking)	\$185	per space per month	\$357,420
Total NOI			\$15,105,224
Capitalized Value	5.50%	cap rate	\$274,640,436
(less) Cost of Sale/Marketing	3.0%		(\$8,239,213)
<b>Net Project Value</b>			<b>\$266,401,223</b>

**DEVELOPMENT COST**

**Direct Costs**

Building Construction Cost	\$368	per gross sq. ft.	\$123,648,000
Parking Construction Cost	\$60,000	per space	\$10,560,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$280,000
Total Direct Costs			\$134,488,000

**Indirect Costs**

Tenant Improvements (office)	\$75	per sq. ft.	\$21,667,500
Tenant Improvements (retail)	\$100	per sq. ft.	\$1,350,000
Architecture and Engineering	6.0%	of direct costs	\$8,069,300
Other Expenses	3.0%	of direct costs	\$4,034,600
General and Administrative	3.0%	of direct costs	\$4,034,600
Property Tax During Construction	2.5%	of direct costs	\$3,362,200
Financing	5.5%	of direct costs	\$7,396,800
Subtotal Indirect Costs excluding Fees			\$49,915,000

**Fees**

Capital Improvements	\$2.00	avg. per gross sq. ft.	\$642,000
Jobs Housing Impact Fee	\$5.90	avg. per gross sq. ft.	\$1,746,400
Transportation - Office	\$2.00	avg. per gross sq. ft.	\$642,000
Transportation - Retail	\$0.75	avg. per gross sq. ft.	\$11,250
School Impact Fee	\$0.56	avg. per gross sq. ft.	\$188,160
Other Fees	\$25.00	avg. per gross sq. ft.	\$8,400,000
Subtotal Fees			\$11,629,810

Total Indirect Costs \$61,544,810

**Subtotal, Direct and Indirect Costs \$196,032,810**

Contingency	5.0%	of direct and indirect costs	\$9,801,641
Required Return on Investment	18.0%	of direct and indirect costs	\$35,285,906

**Total Costs \$241,120,357**

<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$25,280,866</b>
(less) Return on Residual Land Value	18.0%	(\$4,550,556)
<b>Net Residual Land Value</b>		<b>\$20,730,310</b>

**Incremental Development**

		<b>Net Residual Land Value</b>		
Gross Building Area (excl. parking)	112,000	Base Case	\$13,270,967	\$474 per sf land
		Upzoning	\$20,730,310	\$740 per sf land
		Increase	\$7,459,343	\$66.60 per add'l bldg SF
		1/3 of Increase	\$2,486,448	\$22.20 per add'l bldg SF

**APPENDIX TABLE C.4**  
**Development Case II-1 (HEG Prototype 11)**  
**BASE ZONING**  
Intensity Area: JL / VC - Victory Court subarea

Vicinity of Fallon Street, south of freeway	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.58 acres	69,000 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	65' (not used in calculations)	
Building Height Estimated Actual (# of stories)	7.00 (not used in calculations)	
FAR	5.00	
Gross Building Area (excl. parking)		345,000 sq. ft.
Net Area	90% efficiency ratio	310,500 sq. ft.
Office		301,500 sq. ft.
Retail		9,000 sq. ft.
Parking Spaces		345 spaces
Spaces Excluding Retail		335 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$68.20 per net sq. ft. per year	\$20,562,300
Retail (NNN)	\$35.20 per net sq. ft. per year	\$316,800
Gross Annual Revenue		\$20,879,100
(less) Operating Expenses	27.5% of office full-service revenue	(\$5,654,633)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$1,043,955)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$155,250)
(less) Commissions	2.5% of gross annual revenue	(\$521,978)
Net Operating Income		\$13,503,284
Net Parking Revenue (without retail parking)	\$185 per space per month	\$743,700
Total NOI		\$14,246,984
Capitalized Value	5.50% cap rate	\$259,036,073
(less) Cost of Sale/Marketing	3.0%	(\$7,771,082)
<b>Net Project Value</b>		<b>\$251,264,991</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$345 per gross sq. ft.	\$119,025,000
Parking Construction Cost	\$60,000 per space	\$20,700,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$690,000
Total Direct Costs		\$140,415,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$22,612,500
Tenant Improvements (retail)	\$100 per sq. ft.	\$900,000
Architecture and Engineering	6.0% of direct costs	\$8,424,900
Other Expenses	3.0% of direct costs	\$4,212,500
General and Administrative	3.0% of direct costs	\$4,212,500
Property Tax During Construction	2.0% of direct costs	\$2,808,300
Financing	5.0% of direct costs	\$7,020,800
Subtotal Indirect Costs excluding Fees		\$50,191,500
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$670,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$1,829,000
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$670,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$7,500
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$193,200
Other Fees	\$25.00 avg. per gross sq. ft.	\$8,625,000
Subtotal Fees		\$11,994,700
Total Indirect Costs		\$62,186,200
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$202,601,200</b>
Contingency	5.0% of direct and indirect costs	\$10,130,100
Required Return on Investment	14.0% of direct and indirect costs	\$28,364,200
<b>Total Costs</b>		<b>\$241,095,500</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$10,169,491</b>
(less) Return on Residual Land Value	14.0%	(\$1,423,729)
<b>Net Residual Land Value</b>		<b>\$8,745,762</b>

**APPENDIX TABLE C.4**  
**Development Case II-1 (HEG Prototype 11)**  
**UPZONING**  
**Intensity Area: JL / VC - Victory Court subarea**

Vicinity of Fallon Street, south of freeway		Assumption	Total
<b>DEVELOPMENT PROGRAM</b>			
Lot Size	1.58 acres		69,000 sq. ft.
Construction Type	Type I	(not used in calculations)	
Building Height	450'	(not used in calculations)	
Building Height Estimated Actual (# of stories)	25.00	(not used in calculations)	
FAR	20.00		
Gross Building Area (excl. parking)			1,380,000 sq. ft.
Net Area	90% efficiency ratio		1,242,000 sq. ft.
Office			1,227,150 sq. ft.
Retail			14,850 sq. ft.
Parking Spaces			1,107 spaces
Spaces Excluding Retail			1,091 spaces
<b>REVENUE</b>			
Office (Full-Service)	\$82.80	per net sq. ft. per year	\$101,608,020
Retail (NNN)	\$38.40	per net sq. ft. per year	\$570,240
Gross Annual Revenue			\$102,178,260
(less) Operating Expenses	27.5%	of office full-service revenue	(\$27,942,206)
(less) Vacancy Rate	5.0%	of gross annual revenue	(\$5,108,913)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$621,000)
(less) Commissions	2.5%	of gross annual revenue	(\$2,554,457)
Net Operating Income			\$65,951,684
Net Parking Revenue (without retail parking)	\$185	per space per month	\$2,422,020
Total NOI			\$68,373,704
Capitalized Value	5.50%	cap rate	\$1,243,158,255
(less) Cost of Sale/Marketing	3.0%		(\$37,294,748)
<b>Net Project Value</b>			<b>\$1,205,863,507</b>
<b>DEVELOPMENT COST</b>			
<b>Direct Costs</b>			
Building Construction Cost	\$405	per gross sq. ft.	\$558,900,000
Parking Construction Cost	\$60,000	per space	\$66,420,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$690,000
Total Direct Costs			\$626,010,000
<b>Indirect Costs</b>			
Tenant Improvements (office)	\$75	per sq. ft.	\$92,036,250
Tenant Improvements (retail)	\$100	per sq. ft.	\$1,485,000
Architecture and Engineering	6.0%	of direct costs	\$37,560,600
Other Expenses	3.0%	of direct costs	\$18,780,300
General and Administrative	3.0%	of direct costs	\$18,780,300
Property Tax During Construction	2.5%	of direct costs	\$15,650,300
Financing	6.0%	of direct costs	\$37,560,600
Subtotal Indirect Costs excluding Fees			\$221,853,350
<b>Fees</b>			
Capital Improvements	\$2.00	avg. per gross sq. ft.	\$2,727,000
Jobs Housing Impact Fee	\$5.90	avg. per gross sq. ft.	\$7,897,150
Transportation - Office	\$2.00	avg. per gross sq. ft.	\$2,727,000
Transportation - Retail	\$0.75	avg. per gross sq. ft.	\$12,375
School Impact Fee	\$0.56	avg. per gross sq. ft.	\$772,800
Other Fees	\$25.00	avg. per gross sq. ft.	\$34,500,000
Subtotal Fees			\$48,636,325
Total Indirect Costs			\$270,489,675
<b>Subtotal, Direct and Indirect Costs</b>			<b>\$896,499,675</b>
Contingency	5.0%	of direct and indirect costs	\$44,824,984
Required Return on Investment	22.0%	of direct and indirect costs	\$197,229,929
<b>Total Costs</b>			<b>\$1,138,554,588</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>			<b>\$67,308,919</b>
<b>(less) Return on Residual Land Value</b>	22.0%		<b>(\$14,807,962)</b>
<b>Net Residual Land Value</b>			<b>\$52,500,957</b>
<b>Incremental Development</b>		<b>Net Residual Land Value</b>	
Gross Building Area (excl. parking)	1,035,000	Base Case	\$8,745,762
		Upzoning	\$52,500,957
		Increase	\$43,755,195
		1/3 of Increase	\$14,585,065
			\$127 per sf land
			\$761 per sf land
			\$42.28 per add'l bldg SF
			\$14.09 per add'l bldg SF

**APPENDIX TABLE C.5**  
**Development Case II-6 (HEG Prototype 18)**  
**BASE ZONING**

Intensity Area: JL / VC - Jack London West subarea

5th to 4th Street Blocks, east and west of

Broadway	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	0.80 acres	35,000 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	65' (not used in calculations)	
Building Height Estimated Actual (# of stories)	7.00 (not used in calculations)	
FAR	7.00	
Gross Building Area (excl. parking)		245,000 sq. ft.
Net Area	90% efficiency ratio	220,500 sq. ft.
Office		211,500 sq. ft.
Retail		9,000 sq. ft.
Parking Spaces		245 spaces
Spaces Excluding Retail		235 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$71.50 per net sq. ft. per year	\$15,122,250
Retail (NNN)	\$35.20 per net sq. ft. per year	\$316,800
Gross Annual Revenue		\$15,439,050
(less) Operating Expenses	27.5% of office full-service revenue	(\$4,158,619)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$771,953)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$110,250)
(less) Commissions	2.5% of gross annual revenue	(\$385,976)
Net Operating Income		\$10,012,252
Net Parking Revenue (without retail parking)	\$185 per space per month	\$521,700
Total NOI		\$10,533,952
Capitalized Value	5.50% cap rate	\$191,526,400
(less) Cost of Sale/Marketing	3.0%	(\$5,745,792)
<b>Net Project Value</b>		<b>\$185,780,608</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$355 per gross sq. ft.	\$86,975,000
Parking Construction Cost	\$60,000 per space	\$14,700,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$350,000
Total Direct Costs		\$102,025,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$15,862,500
Tenant Improvements (retail)	\$100 per sq. ft.	\$900,000
Architecture and Engineering	6.0% of direct costs	\$6,121,500
Other Expenses	3.0% of direct costs	\$3,060,800
General and Administrative	3.0% of direct costs	\$3,060,800
Property Tax During Construction	2.0% of direct costs	\$2,040,500
Financing	5.0% of direct costs	\$5,101,300
Subtotal Indirect Costs excluding Fees		\$36,147,400
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$470,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$1,239,000
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$470,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$7,500
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$137,200
Other Fees	\$25.00 avg. per gross sq. ft.	\$6,125,000
Subtotal Fees		\$8,448,700
Total Indirect Costs		\$44,596,100
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$146,621,100</b>
Contingency	5.0% of direct and indirect costs	\$7,331,100
Required Return on Investment	16.0% of direct and indirect costs	\$23,459,400
<b>Total Costs</b>		<b>\$177,411,600</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$8,369,008</b>
(less) Return on Residual Land Value	16.0%	(\$1,339,041)
<b>Net Residual Land Value</b>		<b>\$7,029,967</b>

**APPENDIX TABLE C.5**  
**Development Case II-6 (HEG Prototype 18)**  
**UPZONING**  
**Intensity Area: JL / VC - Jack London West subarea**

**5th to 4th Street Blocks, east and west of**

Broadway	Assumption		Total
DEVELOPMENT PROGRAM			
Lot Size	0.80	acres	35,000 sq. ft.
Construction Type	Type I	(not used in calculations)	
Building Height	275'	(not used in calculations)	
Building Height Estimated Actual (# of stories)	15.00	(not used in calculations)	
FAR	14.00		
Gross Building Area (excl. parking)			490,000 sq. ft.
Net Area	90%	efficiency ratio	441,000 sq. ft.
Office			429,750 sq. ft.
Retail			11,250 sq. ft.
Parking Spaces			395 spaces
Spaces Excluding Retail			382 spaces
REVENUE			
Office (Full-Service)	\$75.00	per net sq. ft. per year	\$32,231,250
Retail (NNN)	\$35.20	per net sq. ft. per year	\$396,000
Gross Annual Revenue			\$32,627,250
(less) Operating Expenses	27.5%	of office full-service revenue	(\$8,863,594)
(less) Vacancy Rate	5.0%	of gross annual revenue	(\$1,631,363)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$220,500)
(less) Commissions	2.5%	of gross annual revenue	(\$815,681)
Net Operating Income			\$21,096,112
Net Parking Revenue (without retail parking)	\$185	per space per month	\$848,040
Total NOI			\$21,944,152
Capitalized Value	5.50%	cap rate	\$398,984,582
(less) Cost of Sale/Marketing	3.0%		(\$11,969,537)
Net Project Value			\$387,015,045
DEVELOPMENT COST			
Direct Costs			
Building Construction Cost	\$370	per gross sq. ft.	\$181,300,000
Parking Construction Cost	\$60,000	per space	\$23,700,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$350,000
Total Direct Costs			\$205,350,000
Indirect Costs			
Tenant Improvements (office)	\$75	per sq. ft.	\$32,231,250
Tenant Improvements (retail)	\$100	per sq. ft.	\$1,125,000
Architecture and Engineering	6.0%	of direct costs	\$12,321,000
Other Expenses	3.0%	of direct costs	\$6,160,500
General and Administrative	3.0%	of direct costs	\$6,160,500
Property Tax During Construction	2.5%	of direct costs	\$5,133,800
Financing	5.5%	of direct costs	\$11,294,300
Subtotal Indirect Costs excluding Fees			\$74,426,350
Fees			
Capital Improvements	\$2.00	avg. per gross sq. ft.	\$955,000
Jobs Housing Impact Fee	\$5.90	avg. per gross sq. ft.	\$2,669,750
Transportation - Office	\$2.00	avg. per gross sq. ft.	\$955,000
Transportation - Retail	\$0.75	avg. per gross sq. ft.	\$9,375
School Impact Fee	\$0.56	avg. per gross sq. ft.	\$274,400
Other Fees	\$25.00	avg. per gross sq. ft.	\$12,250,000
Subtotal Fees			\$17,113,525
Total Indirect Costs			\$91,539,875
Subtotal, Direct and Indirect Costs			\$296,889,875
Contingency	5.0%	of direct and indirect costs	\$14,844,494
Required Return on Investment	18.0%	of direct and indirect costs	\$53,440,178
Total Costs			\$365,174,547
Residual Land Value (Net Project Value - Total Costs)			\$21,840,498
(less) Return on Residual Land Value	18.0%		(\$3,931,290)
Net Residual Land Value			\$17,909,208
Incremental Development			
		Net Residual Land Value	
Gross Building Area (excl. parking)	245,000	Base Case	\$7,029,967 \$201 per sf land
		Upzoning	\$17,909,208 \$512 per sf land
		Increase	\$10,879,241 \$44.41 per add'l bldg SF
		1/3 of Increase	\$3,626,414 \$14.80 per add'l bldg SF



**APPENDIX TABLE C.6**  
**Development Case II-7 (HEG Prototype 17)**  
**BASE ZONING**

Intensity Area: JL / VC - Jack London West subarea

**4th Street to Embarcadero; Washington, Clay,  
and Jefferson Streets**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.38 acres	60,000 sq. ft.
Construction Type	Type V/III (not used in calculations)	
Building Height	45' (not used in calculations)	
Building Height Estimated Actual (# of stories)	3.00 (not used in calculations)	
FAR	2.00	
Gross Building Area (excl. parking)		120,000 sq. ft.
Net Area	90% efficiency ratio	108,000 sq. ft.
Office		94,500 sq. ft.
Retail		13,500 sq. ft.
Parking Spaces		120 spaces
Spaces Excluding Retail		105 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$66.00 per net sq. ft. per year	\$6,237,000
Retail (NNN)	\$35.20 per net sq. ft. per year	\$475,200
Gross Annual Revenue		\$6,712,200
(less) Operating Expenses	27.5% of office full-service revenue	(\$1,715,175)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$335,610)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$54,000)
(less) Commissions	2.5% of gross annual revenue	(\$167,805)
Net Operating Income		\$4,439,610
Net Parking Revenue (without retail parking)	\$185 per space per month	\$233,100
Total NOI		\$4,672,710
Capitalized Value	5.50% cap rate	\$84,958,364
(less) Cost of Sale/Marketing	3.0%	(\$2,548,751)
<b>Net Project Value</b>		<b>\$82,409,613</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$330 per gross sq. ft.	\$39,600,000
Parking Construction Cost	\$60,000 per space	\$7,200,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$600,000
Total Direct Costs		\$47,400,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$7,087,500
Tenant Improvements (retail)	\$100 per sq. ft.	\$1,350,000
Architecture and Engineering	6.0% of direct costs	\$2,844,000
Other Expenses	3.0% of direct costs	\$1,422,000
General and Administrative	3.0% of direct costs	\$1,422,000
Property Tax During Construction	2.0% of direct costs	\$948,000
Financing	4.0% of direct costs	\$1,896,000
Subtotal Indirect Costs excluding Fees		\$16,969,500
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$210,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$472,000
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$210,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$11,250
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$67,200
Other Fees	\$25.00 avg. per gross sq. ft.	\$3,000,000
Subtotal Fees		\$3,970,450
Total Indirect Costs		\$20,939,950
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$68,339,950</b>
Contingency	5.0% of direct and indirect costs	\$3,417,000
Required Return on Investment	12.0% of direct and indirect costs	\$8,200,800
<b>Total Costs</b>		<b>\$79,957,750</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$2,451,863</b>
(less) Return on Residual Land Value	12.0%	(\$294,224)
<b>Net Residual Land Value</b>		<b>\$2,157,639</b>



**APPENDIX TABLE C.6**  
**Development Case II-7 (HEG Prototype 17)**  
**UPZONING**

Intensity Area: JL / VC - Jack London West subarea

**4th Street to Embarcadero; Washington, Clay,  
and Jefferson Streets**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.38 acres	60,000 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	175' (not used in calculations)	
Building Height Estimated Actual (# of stories)	15.00 (not used in calculations)	
FAR	12.00	
Gross Building Area (excl. parking)		720,000 sq. ft.
Net Area	90% efficiency ratio	648,000 sq. ft.
Office		625,500 sq. ft.
Retail		22,500 sq. ft.
Parking Spaces		581 spaces
Spaces Excluding Retail		556 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$75.00 per net sq. ft. per year	\$46,912,500
Retail (NNN)	\$35.20 per net sq. ft. per year	\$792,000
Gross Annual Revenue		\$47,704,500
(less) Operating Expenses	27.5% of office full-service revenue	(\$12,900,938)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$2,385,225)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$324,000)
(less) Commissions	2.5% of gross annual revenue	(\$1,192,613)
Net Operating Income		\$30,901,724
Net Parking Revenue (without retail parking)	\$185 per space per month	\$1,234,320
Total NOI		\$32,136,044
Capitalized Value	5.50% cap rate	\$584,291,709
(less) Cost of Sale/Marketing	3.0%	(\$17,528,751)
<b>Net Project Value</b>		<b>\$566,762,958</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$365 per gross sq. ft.	\$262,800,000
Parking Construction Cost	\$60,000 per space	\$34,860,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$600,000
Total Direct Costs		\$298,260,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$46,912,500
Tenant Improvements (retail)	\$100 per sq. ft.	\$2,250,000
Architecture and Engineering	6.0% of direct costs	\$17,895,600
Other Expenses	3.0% of direct costs	\$8,947,800
General and Administrative	3.0% of direct costs	\$8,947,800
Property Tax During Construction	2.5% of direct costs	\$7,456,500
Financing	5.5% of direct costs	\$16,404,300
Subtotal Indirect Costs excluding Fees		\$108,814,500
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$1,390,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$3,953,000
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$1,390,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$18,750
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$403,200
Other Fees	\$25.00 avg. per gross sq. ft.	\$18,000,000
Subtotal Fees		\$25,154,950
Total Indirect Costs		\$133,969,450
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$432,229,450</b>
Contingency	5.0% of direct and indirect costs	\$21,611,473
Required Return on Investment	18.0% of direct and indirect costs	\$77,801,301
<b>Total Costs</b>		<b>\$531,642,224</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$35,120,734</b>
<b>(less) Return on Residual Land Value</b>	18.0%	<b>(\$6,321,732)</b>
<b>Net Residual Land Value</b>		<b>\$28,799,002</b>
<b>Incremental Development</b>		
Gross Building Area (excl. parking)	600,000	
<b>Net Residual Land Value</b>		
Base Case		\$2,157,639
Upzoning		\$28,799,002
Increase		\$26,641,363
1/3 of Increase		\$8,880,454
		\$36 per sf land
		\$480 per sf land
		\$44.40 per add'l bldg SF
		\$14.80 per add'l bldg SF

**APPENDIX TABLE C.7**  
**Development Case II-10 (HEG Prototype 14)**  
**BASE ZONING**

Intensity Area: JL / VC - Jack London East and Victory Court subareas

**5th Street to Embarcadero; Madison and Oak**

Streets	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.15 acres	50,000 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	65' (not used in calculations)	
Building Height Estimated Actual (# of stories)	7.00 (not used in calculations)	
FAR	5.00	
Gross Building Area (excl. parking)		250,000 sq. ft.
Net Area	90% efficiency ratio	225,000 sq. ft.
Office		216,900 sq. ft.
Retail		8,100 sq. ft.
Parking Spaces		250 spaces
Spaces Excluding Retail		241 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$68.20 per net sq. ft. per year	\$14,792,580
Retail (NNN)	\$35.20 per net sq. ft. per year	\$285,120
Gross Annual Revenue		\$15,077,700
(less) Operating Expenses	27.5% of office full-service revenue	(\$4,067,960)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$753,885)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$112,500)
(less) Commissions	2.5% of gross annual revenue	(\$376,943)
Net Operating Income		\$9,766,412
Net Parking Revenue (without retail parking)	\$185 per space per month	\$535,020
Total NOI		\$10,301,432
Capitalized Value	5.50% cap rate	\$187,298,764
(less) Cost of Sale/Marketing	3.0%	(\$5,618,963)
<b>Net Project Value</b>		<b>\$181,679,801</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$345 per gross sq. ft.	\$86,250,000
Parking Construction Cost	\$60,000 per space	\$15,000,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$500,000
Total Direct Costs		\$101,750,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$16,267,500
Tenant Improvements (retail)	\$100 per sq. ft.	\$810,000
Architecture and Engineering	6.0% of direct costs	\$6,105,000
Other Expenses	3.0% of direct costs	\$3,052,500
General and Administrative	3.0% of direct costs	\$3,052,500
Property Tax During Construction	2.0% of direct costs	\$2,035,000
Financing	5.0% of direct costs	\$5,087,500
Subtotal Indirect Costs excluding Fees		\$36,410,000
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$482,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$1,274,400
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$482,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$6,750
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$140,000
Other Fees	\$25.00 avg. per gross sq. ft.	\$6,250,000
Subtotal Fees		\$8,635,150
Total Indirect Costs		\$45,045,150
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$146,795,150</b>
Contingency	5.0% of direct and indirect costs	\$7,339,800
Required Return on Investment	14.0% of direct and indirect costs	\$20,551,300
<b>Total Costs</b>		<b>\$174,686,250</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$6,993,551</b>
(less) Return on Residual Land Value	14.0%	(\$979,097)
<b>Net Residual Land Value</b>		<b>\$6,014,454</b>

**APPENDIX TABLE C.7**  
**Development Case II-10 (HEG Prototype 14)**

**UPZONING**

Intensity Area: JL / VC - Jack London East and Victory Court subareas

**5th Street to Embarcadero; Madison and Oak**

Streets	Assumption		Total
DEVELOPMENT PROGRAM			
Lot Size	1.15	acres	50,000 sq. ft.
Construction Type	Type I	(not used in calculations)	
Building Height	175'	(not used in calculations)	
Building Height Estimated Actual (# of stories)	15.00	(not used in calculations)	
FAR	12.00		
Gross Building Area (excl. parking)			600,000 sq. ft.
Net Area	90%	efficiency ratio	540,000 sq. ft.
Office			529,200 sq. ft.
Retail			10,800 sq. ft.
Parking Spaces			482 spaces
Spaces Excluding Retail			471 spaces
REVENUE			
Office (Full-Service)	\$73.70	82.5	\$39,002,040
Retail (NNN)	\$35.20	per net sq. ft. per year	\$380,160
Gross Annual Revenue			\$39,382,200
(less) Operating Expenses	27.5%	of office full-service revenue	(\$10,725,561)
(less) Vacancy Rate	5.0%	of gross annual revenue	(\$1,969,110)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$270,000)
(less) Commissions	2.5%	of gross annual revenue	(\$984,555)
Net Operating Income			\$25,432,974
Net Parking Revenue (without retail parking)	\$185	per space per month	\$1,045,620
Total NOI			\$26,478,594
Capitalized Value	5.50%	cap rate	\$481,428,982
(less) Cost of Sale/Marketing	3.0%		(\$14,442,869)
Net Project Value			\$466,986,113
DEVELOPMENT COST			
Direct Costs			
Building Construction Cost	\$365	per gross sq. ft.	\$219,000,000
Parking Construction Cost	\$60,000	per space	\$28,920,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$500,000
Total Direct Costs			\$248,420,000
Indirect Costs			
Tenant Improvements (office)	\$75	per sq. ft.	\$39,690,000
Tenant Improvements (retail)	\$100	per sq. ft.	\$1,080,000
Architecture and Engineering	6.0%	of direct costs	\$14,905,200
Other Expenses	3.0%	of direct costs	\$7,452,600
General and Administrative	3.0%	of direct costs	\$7,452,600
Property Tax During Construction	2.5%	of direct costs	\$6,210,500
Financing	5.5%	of direct costs	\$13,663,100
Subtotal Indirect Costs excluding Fees			\$90,454,000
Fees			
Capital Improvements	\$2.00	avg. per gross sq. ft.	\$1,176,000
Jobs Housing Impact Fee	\$5.90	avg. per gross sq. ft.	\$3,321,700
Transportation - Office	\$2.00	avg. per gross sq. ft.	\$1,176,000
Transportation - Retail	\$0.75	avg. per gross sq. ft.	\$9,000
School Impact Fee	\$0.56	avg. per gross sq. ft.	\$336,000
Other Fees	\$25.00	avg. per gross sq. ft.	\$15,000,000
Subtotal Fees			\$21,018,700
Total Indirect Costs			\$111,472,700
Subtotal, Direct and Indirect Costs			\$359,892,700
Contingency	5.0%	of direct and indirect costs	\$17,994,635
Required Return on Investment	18.0%	of direct and indirect costs	\$64,780,686
Total Costs			\$442,668,021
Residual Land Value (Net Project Value - Total Costs)			\$24,318,092
(less) Return on Residual Land Value	18.0%		(\$4,377,257)
Net Residual Land Value			\$19,940,835
Incremental Development		Net Residual Land Value	
Gross Building Area (excl. parking)	350,000	Base Case	\$6,014,454
		Upzoning	\$19,940,835
		Increase	\$13,926,381
		1/3 of Increase	\$4,642,127
			\$120 per sf land
			\$399 per sf land
			\$39.79 per add'l bldg SF
			\$13.26 per add'l bldg SF

**APPENDIX TABLE C.8**  
**Development Case II-14 (HEG Prototype 13A)**  
**BASE ZONING**

Intensity Area: JL / VC - Jack London West and Jack London East subareas

**Along Embarcadero, between Washington and Harrison Streets**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.15 acres	50,000 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	65' (not used in calculations)	
Building Height Estimated Actual (# of stories)	7.00 (not used in calculations)	
FAR	3.50	
Gross Building Area (excl. parking)		175,000 sq. ft.
Net Area	90% efficiency ratio	157,500 sq. ft.
Office		152,100 sq. ft.
Retail		5,400 sq. ft.
Parking Spaces		175 spaces
Spaces Excluding Retail		169 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$69.00 per net sq. ft. per year	\$10,494,900
Retail (NNN)	\$35.20 per net sq. ft. per year	\$190,080
Gross Annual Revenue		\$10,684,980
(less) Operating Expenses	27.5% of office full-service revenue	(\$2,886,098)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$534,249)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$78,750)
(less) Commissions	2.5% of gross annual revenue	(\$267,125)
Net Operating Income		\$6,918,758
Net Parking Revenue (without retail parking)	\$185 per space per month	\$375,180
Total NOI		\$7,293,938
Capitalized Value	5.50% cap rate	\$132,617,055
(less) Cost of Sale/Marketing	3.0%	(\$3,978,512)
<b>Net Project Value</b>		<b>\$128,638,543</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$335 per gross sq. ft.	\$58,625,000
Parking Construction Cost	\$60,000 per space	\$10,500,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$500,000
Total Direct Costs		\$69,625,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$11,407,500
Tenant Improvements (retail)	\$100 per sq. ft.	\$540,000
Architecture and Engineering	6.0% of direct costs	\$4,177,500
Other Expenses	3.0% of direct costs	\$2,088,800
General and Administrative	3.0% of direct costs	\$2,088,800
Property Tax During Construction	2.0% of direct costs	\$1,392,500
Financing	5.0% of direct costs	\$3,481,300
Subtotal Indirect Costs excluding Fees		\$25,176,400
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$338,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$849,600
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$338,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$4,500
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$98,000
Other Fees	\$25.00 avg. per gross sq. ft.	\$4,375,000
Subtotal Fees		\$6,003,100
Total Indirect Costs		\$31,179,500
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$100,804,500</b>
Contingency	5.0% of direct and indirect costs	\$5,040,200
Required Return on Investment	13.0% of direct and indirect costs	\$13,104,600
<b>Total Costs</b>		<b>\$118,949,300</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$9,689,243</b>
(less) Return on Residual Land Value	13.0%	(\$1,259,602)
<b>Net Residual Land Value</b>		<b>\$8,429,641</b>

**APPENDIX TABLE C.8**  
**Development Case II-14 (HEG Prototype 13A)**

**UPZONING**

Intensity Area: JL / VC - Jack London West and Jack London East subareas

**Along Embarcadero, between Washington and Harrison Streets**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.15 acres	50,000 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	85' (not used in calculations)	
Building Height Estimated Actual (# of stories)	9.00 (not used in calculations)	
FAR	7.50	
Gross Building Area (excl. parking)		375,000 sq. ft.
Net Area	90% efficiency ratio	337,500 sq. ft.
Office		323,100 sq. ft.
Retail		14,400 sq. ft.
Parking Spaces		303 spaces
Spaces Excluding Retail		288 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$73.15 per net sq. ft. per year	\$23,634,765
Retail (NNN)	\$35.20 per net sq. ft. per year	\$506,880
Gross Annual Revenue		\$24,141,645
(less) Operating Expenses	27.5% of office full-service revenue	(\$6,499,560)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$1,207,082)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$168,750)
(less) Commissions	2.5% of gross annual revenue	(\$603,541)
Net Operating Income		\$15,662,712
Net Parking Revenue (without retail parking)	\$185 per space per month	\$639,360
Total NOI		\$16,302,072
Capitalized Value	5.50% cap rate	\$296,401,309
(less) Cost of Sale/Marketing	3.0%	(\$8,892,039)
<b>Net Project Value</b>		<b>\$287,509,270</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$355 per gross sq. ft.	\$133,125,000
Parking Construction Cost	\$60,000 per space	\$18,180,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$500,000
Total Direct Costs		\$151,805,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$24,232,500
Tenant Improvements (retail)	\$100 per sq. ft.	\$1,440,000
Architecture and Engineering	6.0% of direct costs	\$9,108,300
Other Expenses	3.0% of direct costs	\$4,554,200
General and Administrative	3.0% of direct costs	\$4,554,200
Property Tax During Construction	2.0% of direct costs	\$3,036,100
Financing	5.0% of direct costs	\$7,590,300
Subtotal Indirect Costs excluding Fees		\$54,515,600
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$718,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$1,970,600
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$718,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$12,000
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$210,000
Other Fees	\$25.00 avg. per gross sq. ft.	\$9,375,000
Subtotal Fees		\$13,003,600
Total Indirect Costs		\$67,519,200
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$219,324,200</b>
Contingency	5.0% of direct and indirect costs	\$10,966,210
Required Return on Investment	16.0% of direct and indirect costs	\$35,091,872
<b>Total Costs</b>		<b>\$265,382,282</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$22,126,988</b>
<b>(less) Return on Residual Land Value</b>	16.0%	<b>(\$3,540,318)</b>
<b>Net Residual Land Value</b>		<b>\$18,586,670</b>
<b>Incremental Development</b>		
Gross Building Area (excl. parking)	200,000	
<b>Net Residual Land Value</b>		
Base Case		\$8,429,641
Upzoning		\$18,586,670
Increase		\$10,157,029
1/3 of Increase		\$3,385,676
		\$169 per sf land
		\$372 per sf land
		\$50.79 per add'l bldg SF
		\$16.93 per add'l bldg SF

**APPENDIX TABLE C.9**  
**Development Case II-12 (HEG Prototype 13B)**  
**BASE ZONING**

Intensity Area: JL / VC - Jack London West and Jack London East subareas

2nd Street between Harrison and Madison		Assumption	Total
<b>DEVELOPMENT PROGRAM</b>			
Lot Size	1.15	acres	50,000 sq. ft.
Construction Type	Type III	(not used in calculations)	
Building Height	65'	(not used in calculations)	
Building Height Estimated Actual (# of stories)	7.00	(not used in calculations)	
FAR	5.00		
Gross Building Area (excl. parking)			250,000 sq. ft.
Net Area	90% efficiency ratio		225,000 sq. ft.
Office			214,200 sq. ft.
Retail			10,800 sq. ft.
Parking Spaces			250 spaces
Spaces Excluding Retail			238 spaces
<b>REVENUE</b>			
Office (Full-Service)	\$68.20	per net sq. ft. per year	\$14,608,440
Retail (NNN)	\$35.20	per net sq. ft. per year	\$380,160
Gross Annual Revenue			\$14,988,600
(less) Operating Expenses	27.5%	of office full-service revenue	(\$4,017,321)
(less) Vacancy Rate	5.0%	of gross annual revenue	(\$749,430)
(less) Capital Reserves	\$0.50	per net sq. ft.	(\$112,500)
(less) Commissions	2.5%	of gross annual revenue	(\$374,715)
Net Operating Income			\$9,734,634
Net Parking Revenue (without retail parking)	\$185	per space per month	\$528,360
Total NOI			\$10,262,994
Capitalized Value	5.50%	cap rate	\$186,599,891
(less) Cost of Sale/Marketing	3.0%		(\$5,597,997)
<b>Net Project Value</b>			<b>\$181,001,894</b>
<b>DEVELOPMENT COST</b>			
<b>Direct Costs</b>			
Building Construction Cost	\$345	per gross sq. ft.	\$86,250,000
Parking Construction Cost	\$60,000	per space	\$15,000,000
Demo/Site Improvement Cost	\$10	per land sq. ft.	\$500,000
Total Direct Costs			\$101,750,000
<b>Indirect Costs</b>			
Tenant Improvements (office)	\$75	per sq. ft.	\$16,065,000
Tenant Improvements (retail)	\$100	per sq. ft.	\$1,080,000
Architecture and Engineering	6.0%	of direct costs	\$6,105,000
Other Expenses	3.0%	of direct costs	\$3,052,500
General and Administrative	3.0%	of direct costs	\$3,052,500
Property Tax During Construction	2.0%	of direct costs	\$2,035,000
Financing	5.0%	of direct costs	\$5,087,500
Subtotal Indirect Costs excluding Fees			\$36,477,500
<b>Fees</b>			
Capital Improvements	\$2.00	avg. per gross sq. ft.	\$476,000
Jobs Housing Impact Fee	\$5.90	avg. per gross sq. ft.	\$1,256,700
Transportation - Office	\$2.00	avg. per gross sq. ft.	\$476,000
Transportation - Retail	\$0.75	avg. per gross sq. ft.	\$9,000
School Impact Fee	\$0.56	avg. per gross sq. ft.	\$140,000
Other Fees	\$25.00	avg. per gross sq. ft.	\$6,250,000
Subtotal Fees			\$8,607,700
Total Indirect Costs			\$45,085,200
<b>Subtotal, Direct and Indirect Costs</b>			<b>\$146,835,200</b>
Contingency	5.0%	of direct and indirect costs	\$7,341,800
Required Return on Investment	14.0%	of direct and indirect costs	\$20,556,900
<b>Total Costs</b>			<b>\$174,733,900</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>			<b>\$6,267,994</b>
(less) Return on Residual Land Value	14.0%		(\$877,519)
<b>Net Residual Land Value</b>			<b>\$5,390,475</b>

**APPENDIX TABLE C.9**  
**Development Case II-12 (HEG Prototype 13B)**

**UPZONING**

Intensity Area: JL / VC - Jack London West and Jack London East subareas

**2nd Street between Harrison and Madison**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	1.15 acres	50,000 sq. ft.
Construction Type	Type I (not used in calculations)	
Building Height	85' (not used in calculations)	
Building Height Estimated Actual (# of stories)	9.00 (not used in calculations)	
FAR	7.50	
Gross Building Area (excl. parking)		375,000 sq. ft.
Net Area	90% efficiency ratio	337,500 sq. ft.
Office		323,100 sq. ft.
Retail		14,400 sq. ft.
Parking Spaces		303 spaces
Spaces Excluding Retail		288 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$70.40 per net sq. ft. per year	\$22,746,240
Retail (NNN)	\$35.20 per net sq. ft. per year	\$506,880
Gross Annual Revenue		\$23,253,120
(less) Operating Expenses	27.5% of office full-service revenue	(\$6,255,216)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$1,162,656)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$168,750)
(less) Commissions	2.5% of gross annual revenue	(\$581,328)
Net Operating Income		\$15,085,170
Net Parking Revenue (without retail parking)	\$185 per space per month	\$639,360
Total NOI		\$15,724,530
Capitalized Value	5.50% cap rate	\$285,900,545
(less) Cost of Sale/Marketing	3.0%	(\$8,577,016)
<b>Net Project Value</b>		<b>\$277,323,529</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$355 per gross sq. ft.	\$133,125,000
Parking Construction Cost	\$60,000 per space	\$18,180,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$500,000
Total Direct Costs		\$151,805,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$24,232,500
Tenant Improvements (retail)	\$100 per sq. ft.	\$1,440,000
Architecture and Engineering	6.0% of direct costs	\$9,108,300
Other Expenses	3.0% of direct costs	\$4,554,200
General and Administrative	3.0% of direct costs	\$4,554,200
Property Tax During Construction	2.0% of direct costs	\$3,036,100
Financing	5.0% of direct costs	\$7,590,300
Subtotal Indirect Costs excluding Fees		\$54,515,600
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$718,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$1,970,600
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$718,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$12,000
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$210,000
Other Fees	\$25.00 avg. per gross sq. ft.	\$9,375,000
Subtotal Fees		\$13,003,600
Total Indirect Costs		\$67,519,200
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$219,324,200</b>
Contingency	5.0% of direct and indirect costs	\$10,966,210
Required Return on Investment	16.0% of direct and indirect costs	\$35,091,872
<b>Total Costs</b>		<b>\$265,382,282</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$11,941,247</b>
<b>(less) Return on Residual Land Value</b>	16.0%	<b>(\$1,910,600)</b>
<b>Net Residual Land Value</b>		<b>\$10,030,647</b>
<b>Incremental Development</b>		
Gross Building Area (excl. parking)	125,000	
<b>Net Residual Land Value</b>		
	Base Case	\$5,390,475 \$108 per sf land
	Upzoning	\$10,030,647 \$201 per sf land
	Increase	\$4,640,172 \$37.12 per add'l bldg SF
	1/3 of Increase	\$1,546,724 \$12.37 per add'l bldg SF



**APPENDIX TABLE C.10**  
**Development Case III-4 (HEG Prototype 12)**  
**BASE ZONING**

Intensity Area: KONO / Art + Garage District - Art + Garage District subarea

**24th, 26th Streets, between Broadway and  
Telegraph**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	0.46 acres	20,000 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	45' (not used in calculations)	
Building Height Estimated Actual (# of stories)	3.00 (not used in calculations)	
FAR	2.50	
Gross Building Area (excl. parking)		50,000 sq. ft.
Net Area	90% efficiency ratio	45,000 sq. ft.
Office		38,700 sq. ft.
Retail		6,300 sq. ft.
Parking Spaces		50 spaces
Spaces Excluding Retail		43 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$74.80 per net sq. ft. per year	\$2,894,760
Retail (NNN)	\$35.20 per net sq. ft. per year	\$221,760
Gross Annual Revenue		\$3,116,520
(less) Operating Expenses	27.5% of office full-service revenue	(\$796,059)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$155,826)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$22,500)
(less) Commissions	2.5% of gross annual revenue	(\$77,913)
Net Operating Income		\$2,064,222
Net Parking Revenue (without retail parking)	\$185 per space per month	\$95,460
Total NOI		\$2,159,682
Capitalized Value	5.50% cap rate	\$39,266,945
(less) Cost of Sale/Marketing	3.0%	(\$1,178,008)
<b>Net Project Value</b>		<b>\$38,088,937</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$330 per gross sq. ft.	\$16,500,000
Parking Construction Cost	\$50,000 per space	\$2,500,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$200,000
Total Direct Costs		\$19,200,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$2,902,500
Tenant Improvements (retail)	\$100 per sq. ft.	\$630,000
Architecture and Engineering	6.0% of direct costs	\$1,152,000
Other Expenses	3.0% of direct costs	\$576,000
General and Administrative	3.0% of direct costs	\$576,000
Property Tax During Construction	2.0% of direct costs	\$384,000
Financing	5.0% of direct costs	\$960,000
Subtotal Indirect Costs excluding Fees		\$7,180,500
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$86,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$106,200
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$86,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$5,250
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$28,000
Other Fees	\$25.00 avg. per gross sq. ft.	\$1,250,000
Subtotal Fees		\$1,561,450
Total Indirect Costs		\$8,741,950
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$27,941,950</b>
Contingency	5.0% of direct and indirect costs	\$1,397,100
Required Return on Investment	12.0% of direct and indirect costs	\$3,353,000
<b>Total Costs</b>		<b>\$32,692,050</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$5,396,887</b>
(less) Return on Residual Land Value	12.0%	(\$647,626)
<b>Net Residual Land Value</b>		<b>\$4,749,261</b>



**APPENDIX TABLE C.10**  
**Development Case III-4 (HEG Prototype 12)**

**UPZONING**

Intensity Area: KONO / Art + Garage District - Art + Garage District subarea

**24th, 26th Streets, between Broadway and Telegraph**

	Assumption	Total
<b>DEVELOPMENT PROGRAM</b>		
Lot Size	0.46 acres	20,000 sq. ft.
Construction Type	Type III (not used in calculations)	
Building Height	65' (not used in calculations)	
Building Height Estimated Actual (#of stories)	6.00 (not used in calculations)	
FAR	5.00	
Gross Building Area (excl. parking)		100,000 sq. ft.
Net Area	90% efficiency ratio	90,000 sq. ft.
Office		77,400 sq. ft.
Retail		12,600 sq. ft.
Parking Spaces		83 spaces
Spaces Excluding Retail		69 spaces
<b>REVENUE</b>		
Office (Full-Service)	\$77.00 per net sq. ft. per year	\$5,959,800
Retail (NNN)	\$35.20 per net sq. ft. per year	\$443,520
Gross Annual Revenue		\$6,403,320
(less) Operating Expenses	27.5% of office full-service revenue	(\$1,638,945)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$320,166)
(less) Capital Reserves	\$0.50 per net sq. ft.	(\$45,000)
(less) Commissions	2.5% of gross annual revenue	(\$160,083)
Net Operating Income		\$4,239,126
Net Parking Revenue (without retail parking)	\$185 per space per month	\$153,180
Total NOI		\$4,392,306
Capitalized Value	5.50% cap rate	\$79,860,109
(less) Cost of Sale/Marketing	3.0%	(\$2,395,803)
<b>Net Project Value</b>		<b>\$77,464,306</b>
<b>DEVELOPMENT COST</b>		
<b>Direct Costs</b>		
Building Construction Cost	\$355 per gross sq. ft.	\$35,500,000
Parking Construction Cost	\$50,000 per space	\$4,150,000
Demo/Site Improvement Cost	\$10 per land sq. ft.	\$200,000
Total Direct Costs		\$39,850,000
<b>Indirect Costs</b>		
Tenant Improvements (office)	\$75 per sq. ft.	\$5,805,000
Tenant Improvements (retail)	\$100 per sq. ft.	\$1,260,000
Architecture and Engineering	6.0% of direct costs	\$2,391,000
Other Expenses	3.0% of direct costs	\$1,195,500
General and Administrative	3.0% of direct costs	\$1,195,500
Property Tax During Construction	2.0% of direct costs	\$797,000
Financing	5.0% of direct costs	\$1,992,500
Subtotal Indirect Costs excluding Fees		\$14,636,500
<b>Fees</b>		
Capital Improvements	\$2.00 avg. per gross sq. ft.	\$172,000
Jobs Housing Impact Fee	\$5.90 avg. per gross sq. ft.	\$359,900
Transportation - Office	\$2.00 avg. per gross sq. ft.	\$172,000
Transportation - Retail	\$0.75 avg. per gross sq. ft.	\$10,500
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$56,000
Other Fees	\$25.00 avg. per gross sq. ft.	\$2,500,000
Subtotal Fees		\$3,270,400
Total Indirect Costs		\$17,906,900
<b>Subtotal, Direct and Indirect Costs</b>		<b>\$57,756,900</b>
Contingency	5.0% of direct and indirect costs	\$2,887,845
Required Return on Investment	14.0% of direct and indirect costs	\$8,085,966
<b>Total Costs</b>		<b>\$68,730,711</b>
<b>Residual Land Value (Net Project Value - Total Costs)</b>		<b>\$8,733,595</b>
(less) Return on Residual Land Value	14.0%	(\$1,222,703)
<b>Net Residual Land Value</b>		<b>\$7,510,892</b>
<b>Incremental Development</b>		
<b>Net Residual Land Value</b>		
Gross Building Area (excl. parking)	50,000	
	Base Case	\$4,749,261
	Upzoning	\$7,510,892
	Increase	\$2,761,631
	1/3 of Increase	\$920,544
		\$237 per sf land
		\$376 per sf land
		\$55.23 per add'l bldg SF
		\$18.41 per add'l bldg SF

**APPENDIX TABLE B-4: Key Revenue and Cost Inputs for Representative OFFICE Development Prototypes / Cases**

Office Density	Intensity Area / Subarea	Office Rent		Building Construction Cost	Required Return on Investment
Floor Area Ratio (FAR)		Current rent per net sq. ft. per year	Current rent + 10% as proxy for achieving feasibility	Cost per gross sq. ft.	
<u>High Rise Development</u>					
30	CBD	\$78	\$85.80	\$420	22%
22	CBD	\$75.75	\$83.33	\$405	22%
20	CBD	\$75	\$82.50	\$405	22%
20	VC	\$69	\$75.90 (+10%), \$82.80 (+20%) /a/	\$405	22%
14	JLW	\$68	\$75.00	\$370	18%
12	CBD / 14th St. E	\$70	\$77.00	\$368	18%
12	JLW	\$68	\$75.00	\$365	18%
12	JLE / VC	\$67	\$73.70	\$365	18%
<u>Mid-Rise Development</u>					
8	CBD / 14th St. E	\$67	\$74.00	\$360	16%
7.5	JLW / JLE waterfront & nearby	\$65.50 - \$66.50	\$72.00 - \$73.15	\$355	16%
7.5	JLE Inland	\$64	\$70.40	\$355	16%
7	JLW	\$65	\$71.50	\$355	16%
5	Garage District / KONO	\$70	\$77.00	\$355	14%
5	VC	\$62	\$68.20	\$345	14%
5	JLE / VC	\$62	\$68.20	\$345	14%
5	JLE	\$62	\$68.20	\$345	14%
<u>Lower-Rise Development</u>					
3.5	JLW / JLE waterfront & nearby	\$63	\$69.00	\$335	13%
2.5	Garage District / KONO	\$68	\$74.80	\$330	12%
2	JLW	\$60	\$66.00	\$330	12%
2	JLE waterfront & nearby	\$61	\$67.00	\$330	12%

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents *at the time of this economic analysis in 2021* . Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than *current rents in 2023* , for many of the development cases.

/a/ High-rise office development, in an area without such development, will require larger percentage increases in rents/revenue to achieve feasibility.

**APPENDIX TABLE B-5: Parking Assumptions for OFFICE Development Cases**

Intensity Area/Subarea	CBD: Lake Merritt, Broadway, City Center	14th Street	KONO /Art + Garage District	Jack London / Victory Court
Development Cases	I-1, I-2	I-5	III-4	II-1, II-6, II-7, II-10, II-12, II-14
<b>Parking Ratios - BASE ZONING</b>				
Office - per 1,000 gross sq. ft.	0.50	0.50	1.00	1.00
Retail - per 1,000 gross sq. ft.	1.00	1.00	1.00	1.00
<b>Parking Ratios - UPZONING</b>				
Office - per 1,000 gross sq. ft.	0.45	0.50	0.80	0.80
Retail - per 1,000 gross sq. ft.	1.00	1.00	1.00	1.00

Source: City of Oakland and Hausrath Economics Group, May/June 2021