Inclusionary Housing Community Meetings

The City of Long Beach Department of Development Services is developing a proposed inclusionary housing policy to create housing options for residents at various income levels. A citywide inclusionary housing policy would require that all new housing developments include some percentage of affordable housing.

The process includes a study to determine how an inclusionary housing policy could help improve access to affordable housing in Long Beach. The study will gather input from the community to help evaluate local housing needs and opportunities. **The City of Long Beach invites you to join us at one of two upcoming community meetings on December 5 and 8* to learn more about the study, ask questions, and provide your input.**

Meeting Schedule

Central Long Beach
Wednesday, December 5, 2018 • 6:00 p.m.–8:00 p.m.
Long Beach Polytechnic High School 1600 Atlantic Ave.
Cafeteria Dining Room

West Long Beach
Saturday, December 8, 2018 • 10:00 a.m.–noon
Silverado Park Community Center 1545 W. 31st St.

Translation service in Spanish, Tagalog, and Khmer, as well as light refreshments will be provided.

Contact Us

The City wants to hear from you! Get involved and share your thoughts on this important effort.

For additional information, contact Andrew Chang, Administrative Analyst, Long Beach Development Services, at (562) 570-6710 or andrew.chang@longbeach.gov.

Stay informed! Sign up for updates and notices on this topic at: www.lbds.info/inclusionaryhousinglb.

LongBeachBuilds @LongBeachBuilds

*The presentation at each meeting will be the same. Please attend the meeting that best fits your schedule and location.

The City of Long Beach is developing a proposed inclusionary housing policy.

What is inclusionary housing?

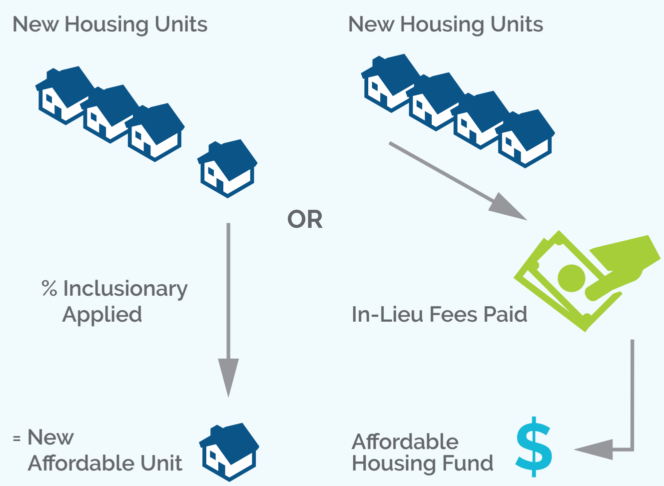
Long Beach has over 176,000 housing units, ranging from single-family homes, low-rise apartments, and town homes to large condominium and apartment buildings. Despite this range of housing opportunities, the City faces numerous challenges in ensuring that people at all economic levels have access to safe and affordable housing near jobs and transit.

The City's Housing and Neighborhood Services Bureau is continuously seeking ways to provide affordable housing opportunities for residents. The City is working to develop a new inclusionary housing policy to help create housing that is affordable to people at all income levels.

An inclusionary housing policy would require all new housing developments to include or provide funding for homes affordable to a mix of incomes. The Inclusionary Housing Study will help design a policy tailored to Long Beach's unique housing needs.

The study will solicit feedback from the community to help evaluate local housing needs and opportunities to design the policy.

Inclusionary Housing: How it Works



How will inclusionary housing help?

An inclusionary housing policy will seek to help address and improve housing affordability and access. In addition, the policy will look at how the City can improve and expand housing stock by implementing requirements for all new development of both new rental and for-sale housing. Equal access to housing is essential in helping the community meet its needs through personal, educational, economic, or other goals. The policy will also provide guidance for new development in conjunction with the City's Land Use Element, Zoning Ordinance, Housing Element, and the Consolidated 5-Year Plan.

Why is the City developing a potential inclusionary housing policy?

The current housing market in Long Beach, and many cities within the region, makes it difficult for moderate to lower-income residents to find affordable housing. With the growing need, the Long Beach City Council adopted a policy on May 2, 2017 directing staff to begin the development of an inclusionary housing policy to encourage mixed-income housing.

How will the policy be created and what comes next?

The study seeks to design an inclusionary housing policy that best fits the needs of communities in Long Beach and will help create additional housing options for residents at a range of income levels. There is no one-size-fits-all model for inclusionary housing when adopting a policy, but a best practices approach will help design a policy around the needs and input from community stakeholders. The City will continue to engage with community stakeholders from late fall 2018 through late summer 2019.

At the conclusion of this study, a draft policy will be prepared and shared with the Long Beach City Council. The final policy is expected by fall 2019 for adoption by the City Council in late 2019.

How can I get involved?

The City is hosting a series of community meetings, pop-up events, and stakeholder presentations to get direct feedback on housing needs related to the development of the inclusionary housing policy. To learn more about these meetings and events, or to request a presentation for your organization, please visit www.lbds.info/inclusionaryhousing.

Where can I ask questions?

Please use the following contact tools to access more project information, ask a question, or provide comments:

MAIL: Andrew Chang, Administrative Analyst
Long Beach Development Services
333 W. Ocean Blvd., 3rd Floor
Long Beach, CA 90802

CALL: (562) 570-6710

E-MAIL: andrew.chang@longbeach.gov

WEB: www.lbds.info/inclusionaryhousing

FACEBOOK: "Like" the Development Services Facebook page at facebook.com/LongBeachBuilds or search for us by typing "Long Beach Builds".

TWITTER: Follow us on Twitter @LongBeachBuilds or twitter.com/LongBeachBuilds.

Long Beach Inclusionary Housing Community Meeting
Long Beach Poly High School
Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Emilio Santacruz	CVC	esantacruz@centuryvillages.org	—	Flyer
Bill Sve	LBGP	Bill.Sve@Gmail	—	FB
Taylor Thomas	EYCEJ	taylort.eycej.@gmail.com	(562)612-1802	
Mo Mills	DLBA	morrism@dlba.org		walk
DIANA CORONADO	BUILDING INDUSTRY ASSOCIATION	DCORONADO@BIALAV.ORG	951 233 1506	Apartment Association
Deborah Hill	Rt LB Resident	~~deborahs~~ deborahslany@yahoo		Neighborhood resource
sambatTh um				
ROTH PROM			562)591-4693	
Raman Vasishth	Resident	~~Raman~~ RAMANV@ CHARTER.NET	(562) 429-3231	E-MAIL notices
Maria Lopez	Housing Long Beach	mlopez@housinglb.org	(562) 400 -3448	email

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF LONG BEACH

Long Beach Inclusionary Housing Community Meeting
Long Beach Poly High School
Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
T Ponchak		tponchak@yahoo.com	562 490 9411	
Seray Kente				Councilman Andrews
Genevieve Vigil		buena.vida999@gmail.com	562 420 3034	facebook
Natalie Swit		natswit@gmail.com	562-805-6600	??
Clayton Heard	Cong. Lowenthal	clayton.heard@mail.house.gov	562 436 3828	clerk email
Hayley Munguia		hmunguia@scng.com		
Chilynna Lo	KPA		(562) 304.3280	
KEATHA.KANG	KPA		(562) 726.5606	
Corliss Lee	Eastside Voice CARP	corlisslee@aol.com	714 401 7063	
Sandra Kroll	ICO/HLB/WICLB	sdkroll10@gmail.com		

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF
LONGBEACH

Long Beach Inclusionary Housing Community Meeting

Long Beach Poly High School

Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF LONG BEACH

Long Beach Inclusionary Housing Community Meeting

Long Beach Poly High School

Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Barbara Walker	Long Beach Gray Panthers	enrg2teach@aol.com		LB Gray Panthers
Lois Webster	Lamarr Realty	Loiswebster@hotmail.com	(310) 699-8002	flyer
Cheryl Ryman	Farmers-Merchants Bank	Cheryl.Ryman@FMB.com	562 485-4385	email
Rebecca Kaurna	City of Long Beach		562-570-~~8~~4441	
Nancy Risch		nrisch51@yahoo.com	562 426 5266	email
Suely Saro	office of Senator Ricardo Lara	suely.saro@sen.ca.gov		
Jorge Rivera	LiBRE	jorge@wearelibre.org	310-766-3246	EMAIL
Hattie Herring	City of LB	herringanneke@yahoo.com	562-728-4098	E-mail City Councilman
Karen Reside	Long Beach Gray Panther	longbeachgraypanthers@gmail.com	562-336-7340	LB Gray Panther
Mary Casares		maryecasares@yahoo.com	562 394-5993	email

LONG BEACH DEVELOPMENT SERVICES

BUILDING A BETTER LONG BEACH

CITY OF LONG BEACH

Long Beach Inclusionary Housing Community Meeting
Long Beach Poly High School
Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Gabriela Yates	CD3 - C.OLB			CD3 - COLB
Melissa Bravo	Century Villages	Mbravo@centuryvillages.org		CVC Supervisor
Austin Metoyer	DLBA	Austinm@dlba.org		email
Nicholas Cabeza	Assemblymember O'Donnell	Nicholas.Cabeza@asm.ca.gov		email
Sonia Suresh	EAH Housing	Sonia.Suresh@eahhousing.org		email
JORDAN WYNNE	EVERYONE IN LA (UNITED WAY)	jordan@everyoneinla.org		SOCIAL MEDIA
Jewelle Kennedy	Ensemble RE	jkennedy@ensemble.net		email
Vuthyrang Lim	KPA			
Mark Hopson	KPA	misschan@khmerparent		
Joan Greenwood	WANA	wrigleyalliance@gmail.com		email

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

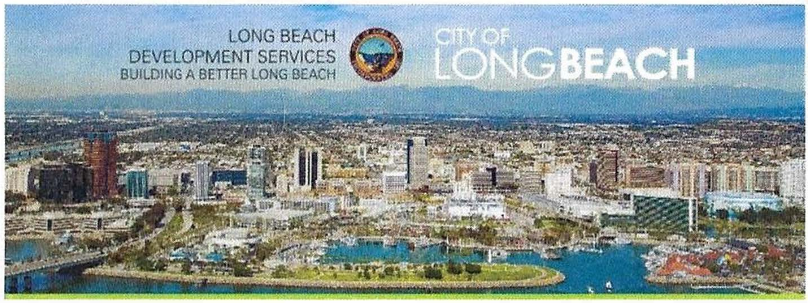
CITY OF
LONGBEACH

Long Beach Inclusionary Housing Community Meeting
Long Beach Poly High School
Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Karla Estupinian	CD2	karla.estupinian@longbeach.gov	570-2222	
Marvin DeRamus	HLB	marvinderamus50@yahoo.com	(562) 612-9820	email
Andrew Mandujano	Long Beach Forward	andrew@lbforward.org	310-490-9570	
Dima Galkin	Resident	dlgalkin@gmail.com	314-304-1448	Dev. Services e-mail & Councilmember's email
Christine Schaechter	PWR	christines@pwr.net		email
John Kindred				

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF
LONG BEACH



14

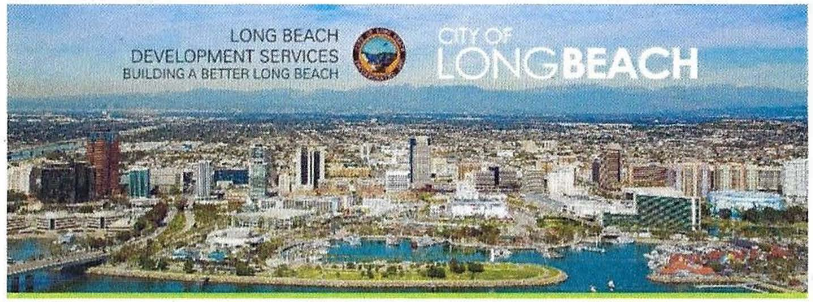
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	JORDAN WYNNE
Email / Contact Information	jordan@everyoneinla.org
Organization/Organizacion:	EVERYONE IN LA
Question/Pregunta:	HOW DO THESE POLICY PLANS COINCIDE WITH THOSE OF THE EVERYONE HOME TASK FORCE POLICY RECOMENDATIONS.

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

1



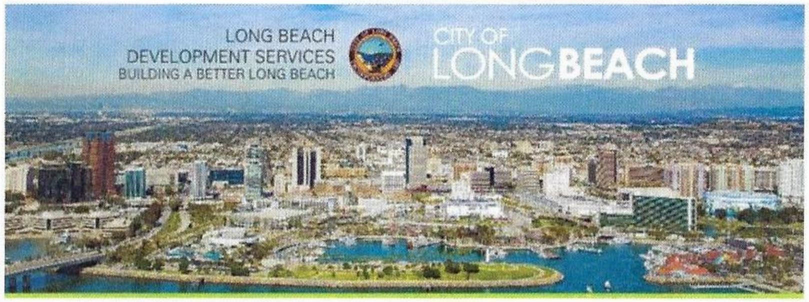
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Corliss Lee
Email / Contact Information	Corlisslee@aol.com
Organization/Organizacion:	Eastside Voice - CARP
Question/Pregunta:	Will the units being constructed downtown now - have these affordable units?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

2



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Corliss Lee
Email / Contact Information	corlisslee@aol.com
Organization/Organizacion:	Eastside Voice - CARP
Question/Pregunta:	Long Beach is already "built out" - Why don't people move to the suburbs and inland for new housing? - concern is traffic & parking

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

3

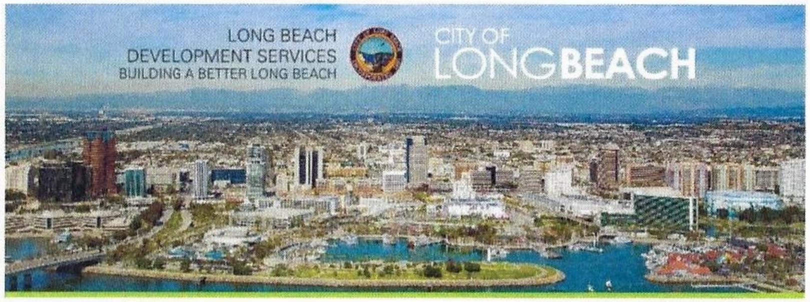
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Deborah Hill
Email / Contact Information	deborahslaney@yahoo.com
Organization/Organizacion:	
Question/Pregunta: How many of the new development on L.B Blvd will have a inclusionary housing Policy and mixed-income housing	

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

4



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta:	How does the city anticipate that an inclusionary housing policy will affect ~~housing~~ ~~for~~ and provide more Section 8 housing

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

5

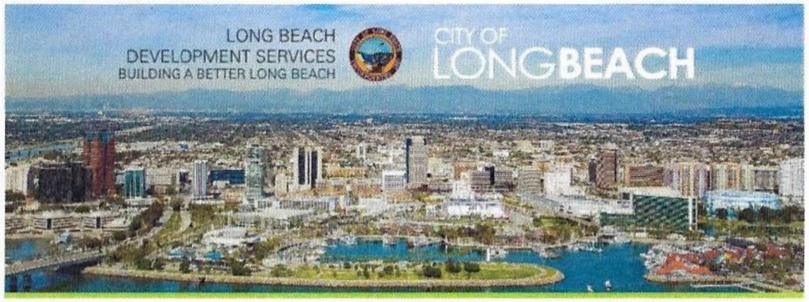
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta: Can the city put up a tutorial online that explains the basics of affordable housing	

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

7



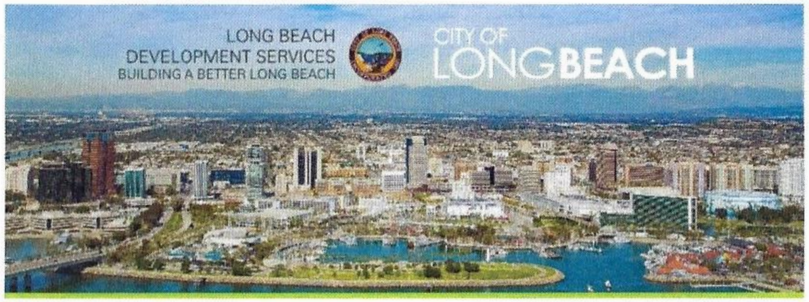
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:
Email / Contact Information
Organization/Organizacion:
Question/Pregunta: When will the economic study be completed and what will be the process for presenting the findings to residents and getting feedback?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

8



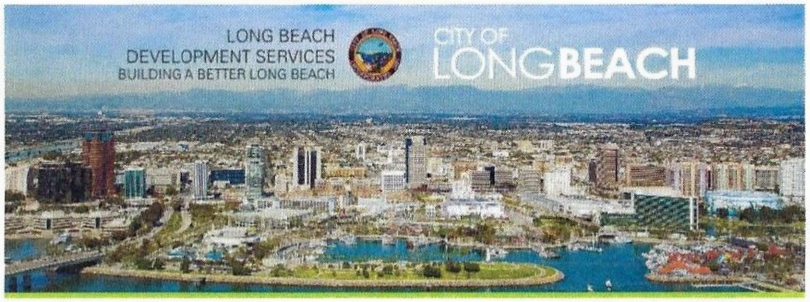
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta:	WITH THE FEE THAT GOES INTO THE FUND; WILL THOSE GO TOWARDS CITY PROJECTS? SIT THERE? WHERE DOES THAT FUNDING GO?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

9



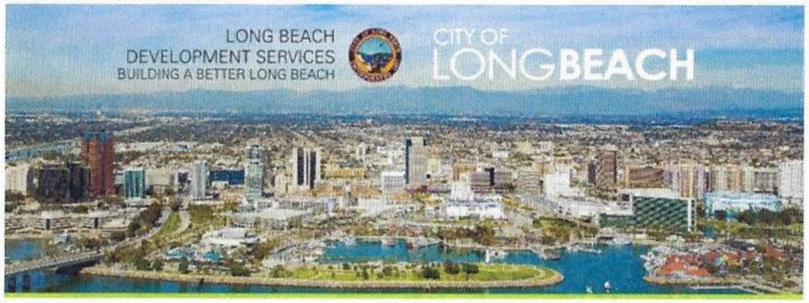
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Diana Galkin
Email / Contact Information	dlgalkin@gmail.com
Organization/Organizacion:	
Question/Pregunta:	Has the City looked at how the inclusionary housing requirement might deter residential development? Is the City considering alternative or complementary policies to support ~~af~~ housing affordability, like density bonuses?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

10



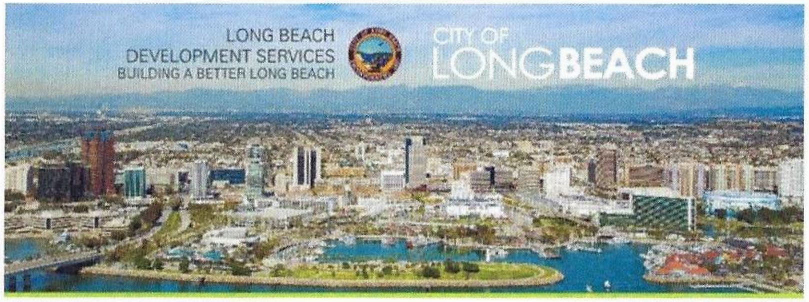
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta: How will it impact 2-4 unit buildings?	

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

11



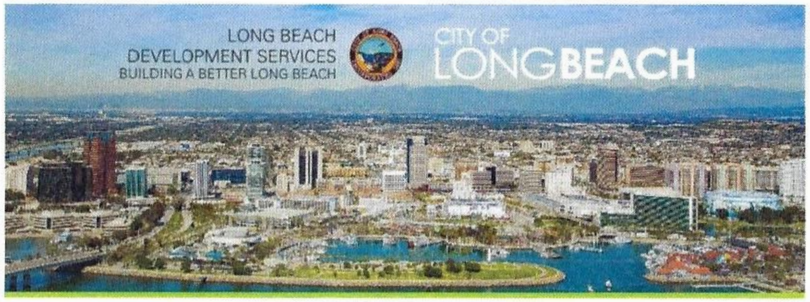
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta:	Are you involving people in housing industry when gathering your info?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

12



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:

Email / Contact Information

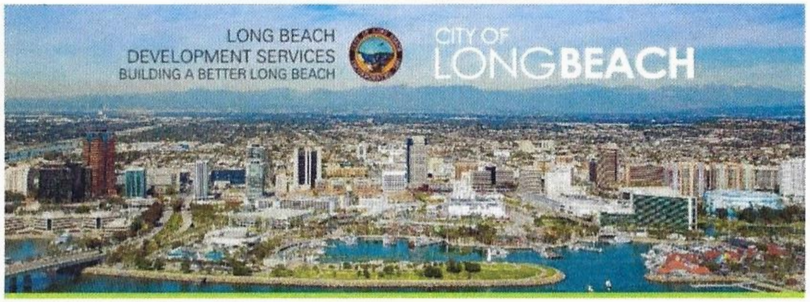
Organization/Organizacion:

Question/Pregunta:

how did the loss of the RDA & those properties affect the development of affordable housing in Long Beach

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

13



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	JORGE RIVERA
Email / Contact Information	JORGE@WEARELIBRE.ORG
Organization/Organizacion:	LIBRE
Question/Pregunta:	WHAT ARE THE CURRENT STATUS OF THE ~~RHNA~~ RECOMM. ~~REQS~~. UNITS FOR EACH INCOME CATEGORY?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Question 6

Would 2 responsible adults living together exceed the over crowding ~~of 1x a~~ data for 1 bedroom unit?

How are areas of construction selected?

We want to hear from you.

DATE: 12/5/2018 LOCATION: LB POLY H.S.

IF PEOPLE CANNOT AFFORD HOUSING ~~HAS~~ CAN'T THE CITY INCLUDE REDUCING COSTS OF FIXED INCOME RESIDENTS:

UTILITIES:
WATER:
ELECTRICITY
LOCAL TAX
FEES
TRANSPORTATION

RAMAN VASISHTH
NAME
(562) 429-3231
PHONE
RAMANV@CHARTER.NET
EMAIL
3250 IROQUOIS AVE
MAILING ADDRESS
LB, CA 90808
CITY, STATE, ZIP

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

Queremos escuchar de ti.

FECHA 12/5/2018 UBICACIÓN LB Poly HS

WE PUSHED OUT THE ~~THE~~ PEOPLE ~~ON THE~~ THAT WERE LOW INCOME ON THE WEST SIDE BY ~~Pu~~ Putting in massive money to develop that AREA,

But now that those residents are displaced are we trying to redistribute development to increase desity.

is that Correct.

NOMBRE Ramon V

TELÉFONO (562) 429-3231

CORREO ELECTRÓNICO RamonV@Charter.net

DOMICILIO

CIUDAD, ESTADO, CÓDIGO POSTAL

Comunicase con nosotros

(562) 570-6710

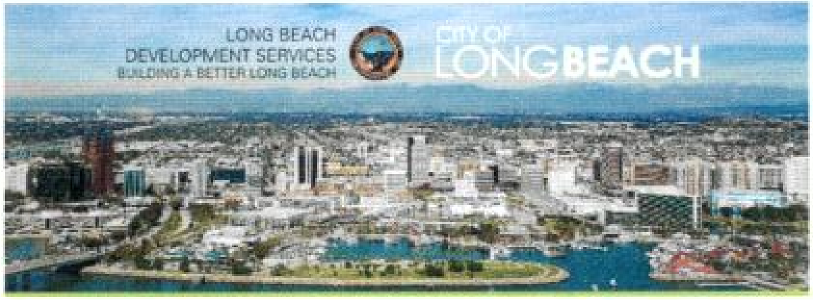
andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

Job skill program Programs
Training



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre: RAMAN VASISHTH

Email / Contact Information
RAMANV@CHARTER.NET

Organization/Organizacion: RESIDENT

Question/Pregunta:
CAN THIS EFFORT BE DONE BY CITY DISTRICT?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

We want to hear from you.

DATE: 12/05/18 LOCATION: POLY HIGH SCHOOL

PLEASE ADD MY E-MAIL TO MAILING LIST.

DIANA CORONADO
NAME

951 233 1506
PHONE

DCORONADO@BIALAN.ORG
EMAIL

350 S. BIXEL STREET. #100
MAILING ADDRESS

LA, CA 90071
CITY, STATE, ZIP

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 12/5/2018 LOCATION: Long Beach Inclusionary Housing LB Poly HS

PLEASE DON'T LISTEN TO THE NIMBYS! WE NEED AFFORDABLE HOUSING
→ THE REQUIRED RATE OF INCLUSIONARY HOUSING SHOULD BE AT LEAST 20%
→ UNITED WAY OF GREATER LA & THE EVERYONE IN LA COALITION WANTS TO HELP! MY EMAIL IS PROVIDED; I AM THE LONG BEACH COORDINATOR :)

NAME: JORDAN WYNNE

PHONE:

EMAIL: jordan@everyoneinla.org

MAILING ADDRESS:

CITY, STATE, ZIP:

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds
LongBeachBuilds

We want to hear from you.

DATE: 12/5/18

LOCATION: Poly Hi School

Comment: the biggest issue will be adding density. The problem with density is parking and traffic. I would strongly advise adding CEQA into the policy so that parking and traffic studies are done and we are careful ~~t~~ to follow CEQA guidelines to not make an impossible situation in a neighborhood.

Corliss Lee

NAME

714 401 7063

PHONE

corlisslee@aol.com

EMAIL

3072 Knoxville Ave

MAILING ADDRESS

Long Beach Ca 90808

CITY, STATE, ZIP

Contact Us

(562) 570-6710

andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 12/05/18 LOCATION: Poly HS

Thank you for holding these meetings very much needed for feedback from community — Please keep me on your contact list & mailing — Good meeting!!!

NAME Marvin K DeRamus

PHONE (562) 612-9820

EMAIL marvinderamus50@yahoo.com

MAILING ADDRESS 1001 N Norman CT

CITY, STATE, ZIP LB, CA 90813

Contact Us

(562) 570-6710

andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 12/5/2010 LOCATION: LB POLY HS.

I WOULD LIKE TO SEE MITIGATING STREAMLINING FOR DEVELOPERS FOR THE PURPOSES OF HAVING PARKING PROBLEMS OTHER AREAS OF THE CITY EXPERIENCES IS THERE A WAY TO PREVENT OF ~~OVER~~ NOT HAVING ENOUGH PARK

TRAFFIC REDUCTION

INFRASTRUCTURE SUPPORT

FIRE, POLICE PARKS

RAMAN VASISHTH
NAME

(562) 429-3231
PHONE

RAMANV@CHARTER.NET
EMAIL

3250 IROQUOIS AVE
MAILING ADDRESS

LB, CA 90808
CITY, STATE, ZIP

Contact Us

(562) 570-6710

andrew.chang@longbeach.gov

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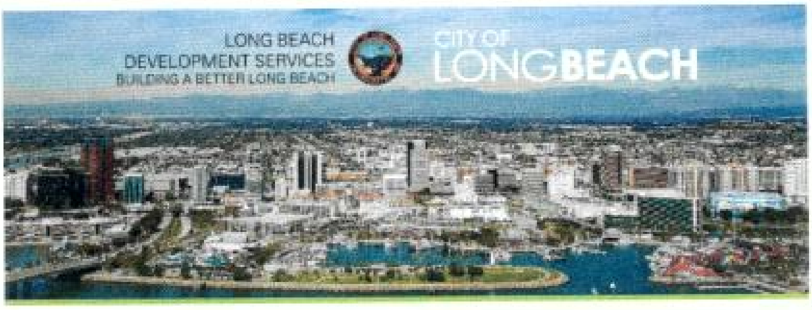
LongBeachBuilds

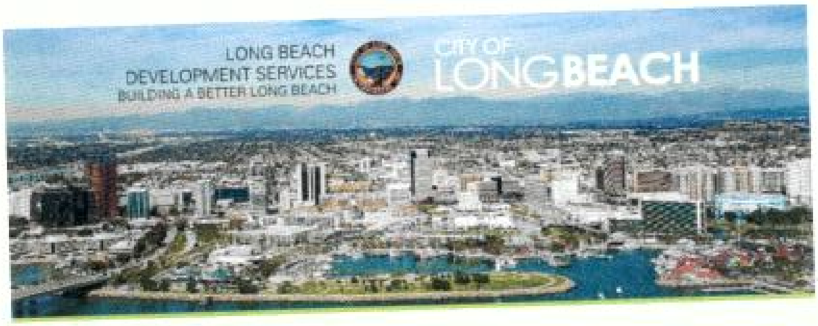


Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	RAMAN VASISHTH
Email / Contact Information	RamanV@Charter.net
Organization/Organizacion:	
Question/Pregunta:	THE STATE ALREADY HAS LAWS, WHY DO WE NEED TO CHANGE CITY LAWS RESIDENTS Now the city is built out. why don't we stop building houses if we don't have room.

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	DIANA CORONADO
Email / Contact Information	DCORONADO@BIALAV.ORG
Organization/Organizacion:	BUILDING INDUSTRY ASSOCIATION
Question/Pregunta:	WILL THE FEASABILITY STUDY SHOW IMPACTS OF IZ POLICIES ON DEVELOPMENT? AT LEAST IF THEY ARE BEING USED AS EXAMPLES OR REFERANCED?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

* PLEASE ADD MY EMAIL TO MAILING LIST.

Welcome

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF
LONG BEACH

Project Timeline

2018 2019

Fall | Winter | Spring | Summer | Fall

Project Initiation → Economic Feasibility Study → Recommendations for Inclusionary Housing Policy → Preparation of Inclusionary Ordinance → Anticipated Final Policy and Adoption

Ongoing Community Outreach and Engagement

Community Meetings

Pop-Up Events,
Community Workshops,
Social Media and
Community Listening Sessions

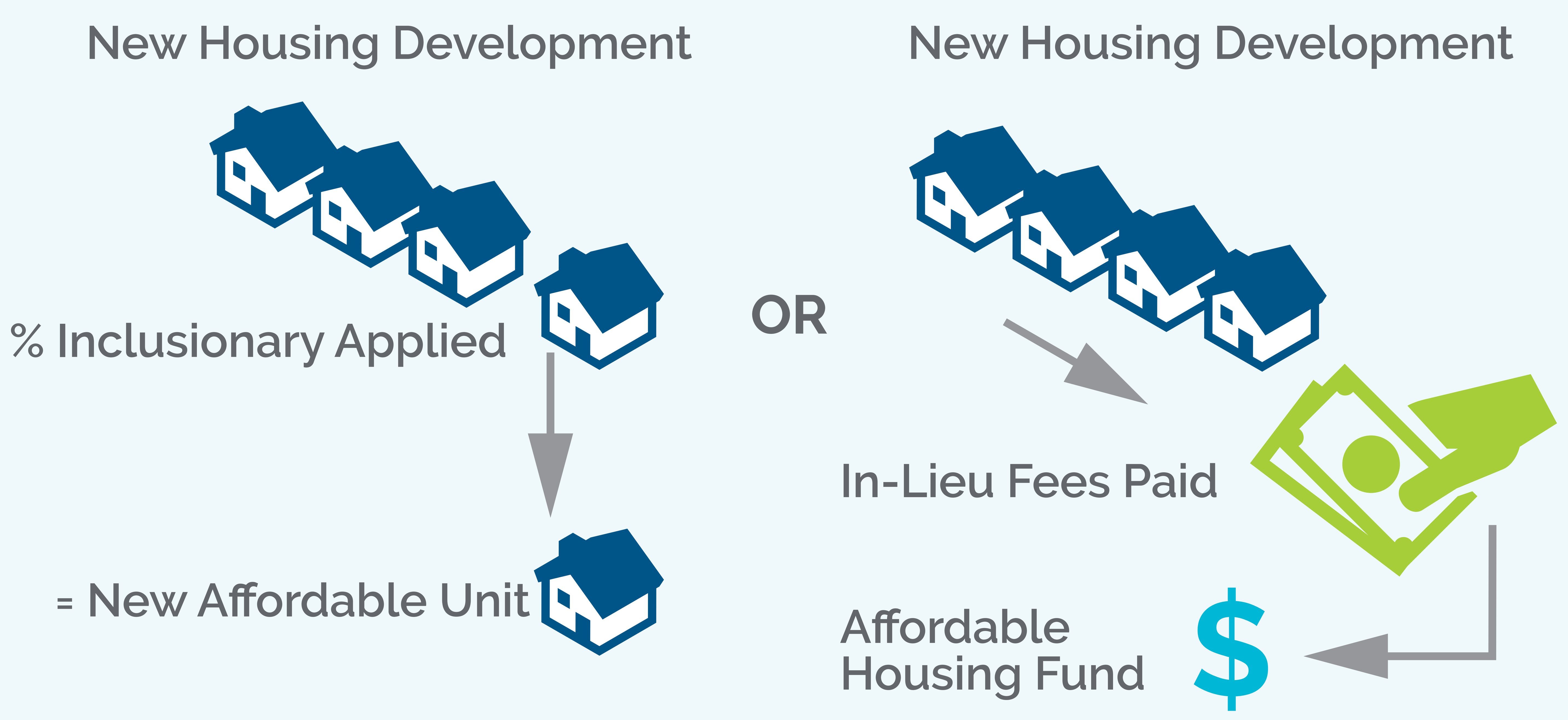
What is Inclusionary Housing?

INCLUSIONARY HOUSING requires that a certain percentage of new housing units be made affordable. Inclusionary housing also requires that affordable housing is included in new developments that otherwise would not include it.

- Opportunities for residents of all income levels to share in the benefits of growth and investment.
- Offers opportunities for economic inclusion and advance Fair Housing goals.
- Address a shortage of housing affordable to families with lower incomes.

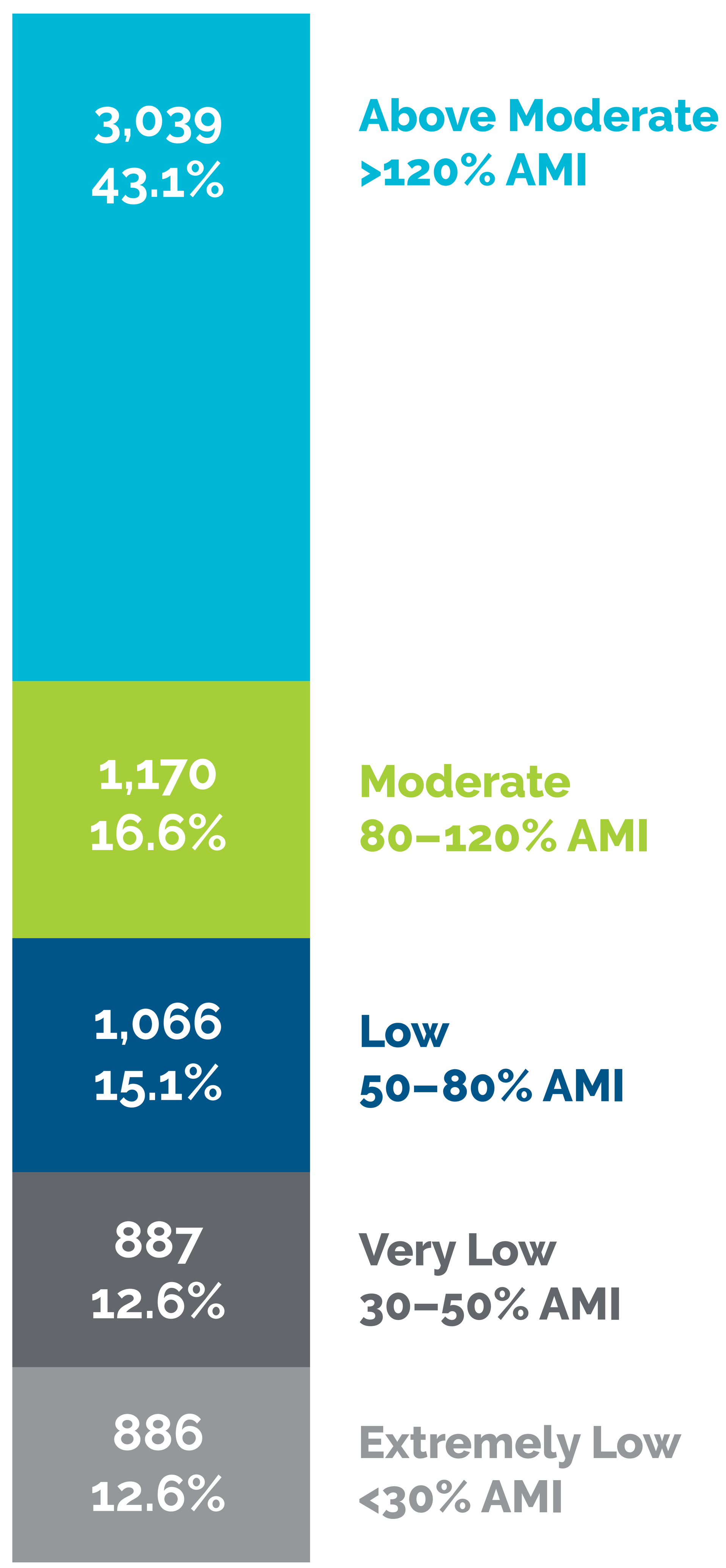
For example, if a development has 100 units and the inclusionary requirement is 15%, then of the 100 units, 15 units are required to be affordable, and 85 units would be market rate.

How it Works



Background and Data

Regional Housing Needs Assessment



Total: 7,048 2013-2021 RHNA (Units)

Percentage of Renters and Owners

Owner/Renter	1990	2000	2010
	Percentage	Percentage	Percentage
Owner Occupied	41%	41%	42%
Renter Occupied	59%	59%	58%

Source: Bureau of the Census, 1990, 2000, and 2010.

Background and Data (continued)

Overcrowding by Owner/Renter

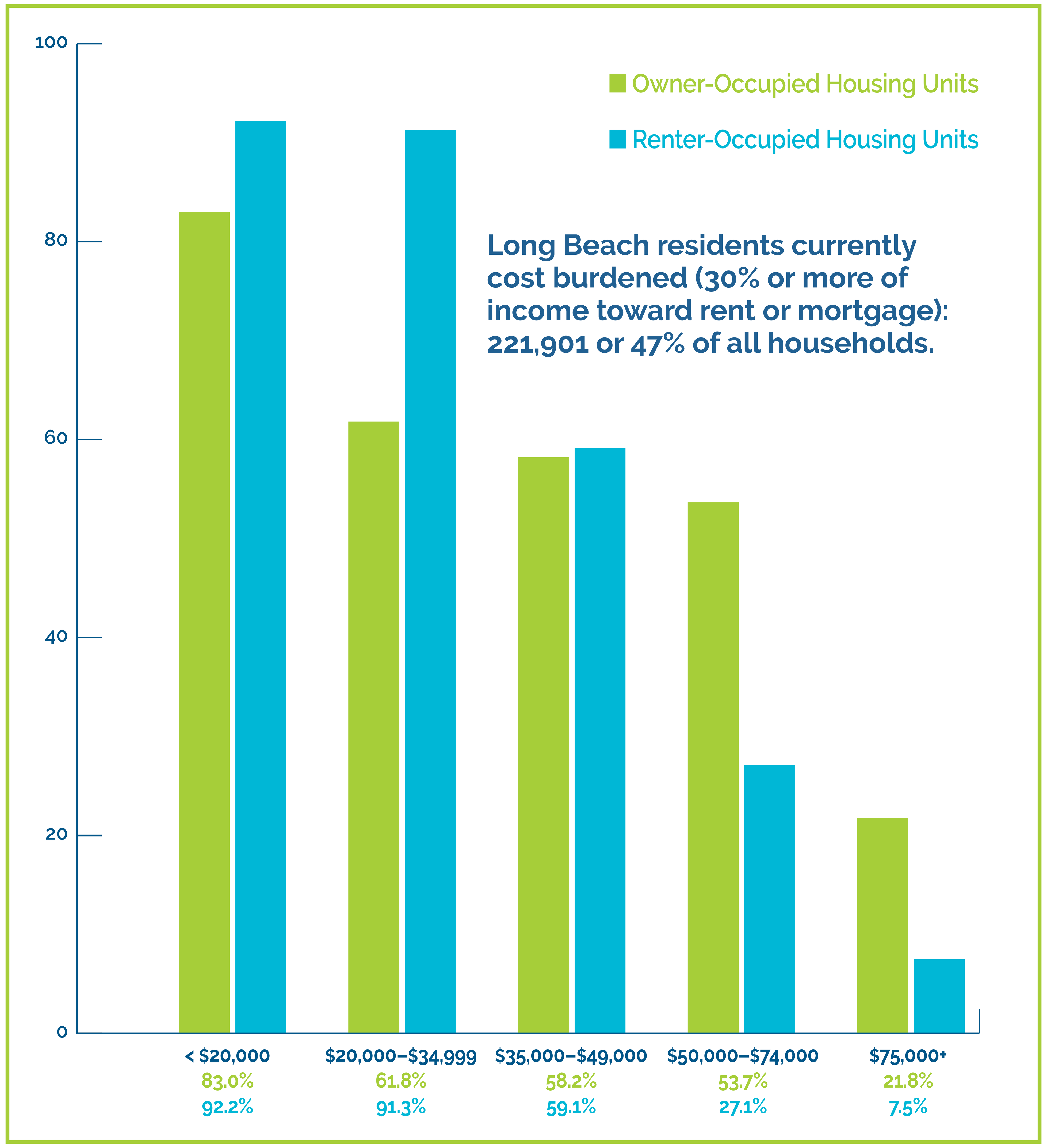
Jurisdiction	Overcrowded (1+ occupants per room)			Severely Overcrowded (1.5+ occupants per room)		
	Renter	Owner	Total	Renter	Owner	Total
Long Beach	16.2%	6.1%	12.2%*	6.9%	1.6%	4.8%
Los Angeles County	17.5%	6.0%	12.1%	7.8%	1.6%	4.9%

* 12.2% equates to 56,883 people experiencing overcrowding in Long Beach.

Note: American Community Survey Data are based on a sample and are subject to sampling variability.

Source: ACS 2010–2014

Housing Cost Burden by Income and Tenure



Inclusionary Housing Examples

City of Pasadena

FAIR OAKS COURT DEVELOPMENT: 33 low- and moderate-income housing units

- Inclusionary Housing Policy adopted in 2001.
- 15% of residential and mixed-use projects of 10 or more units dedicated as affordable to low- and moderate-income households. Developers may pay a fee in lieu of developing inclusionary units and fees are deposited into the Inclusionary Housing Trust Fund.

City of Oakland

LAKESIDE SENIOR APARTMENTS: 92-unit affordable senior housing development

- Inclusionary Housing Policy adopted in 2006.
- 15% of all new residential development to be set aside as affordable housing on-site or 20% affordable units to be set aside off-site. Developers may pay a fee in lieu of developing inclusionary units based on the 20% affordable units.

City of Irvine

PARC DERIAN: 80 units for working families, veterans and special-needs residents

- Inclusionary Housing Policy adopted in 2006.
- 15% of all new residential development to be set aside as housing for very low, low- and moderate-income households. Developers may pay a fee in lieu of developing inclusionary units and fees are deposited into an affordable housing trust fund.

Long Beach Inclusionary Housing Community Meeting

Long Beach Poly High School
Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Emilio Santacruz	CVC	esantacruz@centuryvillages.org	—	Flyer
Bill Sve	LBGP	Bill.Sve@Gmail	—	FB
Taylor Thomas	EYCEJ	taylort.eycej.@gmail.com	(562)612-1802	
Mo Mills	DLBA	morrism@dlba.org		walk
DIANA CORONADO	BUILDING INDUSTRY ASSOCIATION	DCORONADO@BIALAV.ORG	951 233 1506	Apartment Association
Deborah Hill	Rt LB Resident	~~deborahs~~ deborahslaney@yahoo		Neighborhood resource
sambdeTh				
ROTH PROM			562)591-4693	
Raman Vasishth	Resident.	~~Raman~~ RAMANV@ CHARTER.NET	(562) 429-3231	E-MAIL notices
Maria Lopez	Housing Long Beach	mlopez@housinglb.org	(562) 400 -3448	email

LONG BEACH
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LONGBEACH

Long Beach Inclusionary Housing Community Meeting

Long Beach Poly High School

Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
T Ponchak		tponchak@yahoo.com	562 490 9411	
Seray Kente				Councilman Andrews
Genevieve Vigil		buena.vida999@gmail.com	562 420 3034	facebook
Natalie Swit		natswit@gmail.com	562-805-6600	??
Clayton Heard	Cong. Lowenthal	Clayton.heard@mail.house.gov	562 436 3828	clerk email
Hayley Munguia		hmunguia@scng.com		
Chilynna Lo	KPA		(562) 304.3280	
KEATHA.KANG	KPA		(562) 726.5606	
Corliss Lee	Eastside Voice CARP	corlisslee@aol.com	~~[illegible]~~ 714 401 7063	
Sandra Kroll	ICO/HLB/MUCLB	sdkroll10@gmail.com		

LONG BEACH DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF LONGBEACH

Long Beach Inclusionary Housing Community Meeting

Long Beach Poly High School

Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF LONG BEACH

Long Beach Inclusionary Housing Community Meeting

Long Beach Poly High School

Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Barbara Walker	Long Beach Gray Panthers	enrg2teach@aol.com		LB Gray Panthers
Lois Webster	Lamare Realty	Loiswebster@hotmail.com	(310) 699-8002	Flyer
Cheryl Ryman	Farmers-Merchants Bank	Cheryl.Ryman@FMB.com	562 485-4385	Email
Rebecca Kauma	City of Long Beach		562-570-~~7~~441	
Nancy Risch		nrisch51@yahoo.com	562 426 5266	email
Suely Saro	office of Senator Ricardo Lara	Suely.Saro@sen.ca.gov		
Jorge Rivera	LiBRE	JORGE@WEARELIBRE.ORG	310-766-3246	EMAIL
Hattie Herring	City of LB	herringanekee@yahoo.com	562-728-4998	E-Mail City Councilman
Karen Reside	Long Beach Gray Panther	longbeachgraypanthers@gmail.com	562-336-7340	LB Gray Panther
Mary Casares		maryecasares@yahoo.com	562394-5993	email

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF LONGBEACH

Long Beach Inclusionary Housing Community Meeting

Long Beach Poly High School

Wednesday, December 5, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Gabriela Yates	CD3 - C.OLB	. –	–	CD3 - COLB
Melissa Bravo	Century Villages	Mbravo@centuryvillages.org		CVC Supervisor
Austin Metoyer	DLBA	AustinM@dlba.org		email
Nicholas Cabeza	Assemblymember O'Donnell	Nicholas.Cabeza@asm.ca.gov		email
Sonia Suresh	EAH Housing	Sonia.Suresh@eahhousing.org		email
JORDAN WYNNE	EVERYONE IN LA (UNITED WAY)	jordan@everyoneinla.org		SOCIAL MEDIA
Jewelle Kennedy	Ensemble RE	jkennedy@ensemble.net		email
Lauyang Lim	KPA			
Mark Hopson	KPA	misschan@khmerparent		
Joan Greenwood	WANA	wrigleyalliance@gmail.com		email

LONG BEACH DEVELOPMENT SERVICES

BUILDING A BETTER LONG BEACH

CITY OF LONG BEACH

Long Beach Inclusionary Housing Community Meeting

Long Beach Poly High School

Wednesday, December 5, 2018

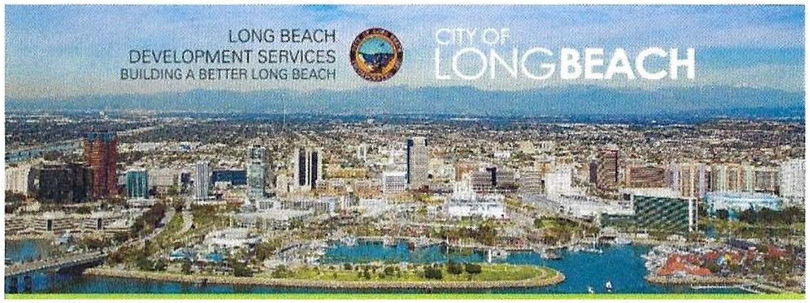
Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Karla Estupinian	CD2	karla.estupinian@longbeach.gov	570-2222	
Marvin DeRamus	HLB	marvinderamus50@yahoo.com	(562) 612-9820	email
Andrew Mandujano	Long Beach Forward	andrew@lbforward.org	310-490-9570	
Dima Galkin	Resident	dlgalkin@gmail.com	314-304-1448	Dev. Services e-mail & Councilmember's email
Christine Schaechter	PWR	christines@pwr.net		email
John Kindred				

LONG BEACH DEVELOPMENT SERVICES

BUILDING A BETTER LONG BEACH

CITY OF LONG BEACH

14



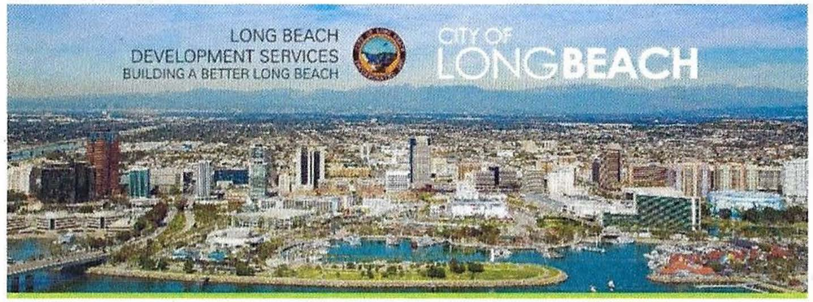
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	JORDAN WYNNE
Email / Contact Information	jordan@everyoneinla.org
Organization/Organizacion:	EVERYONE IN LA
Question/Pregunta:	HOW DO THESE POLICY PLANS COINCIDE WITH THOSE OF THE EVERYONE HOME TASK FORCE POLICY RECOMMENDATIONS.

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

1



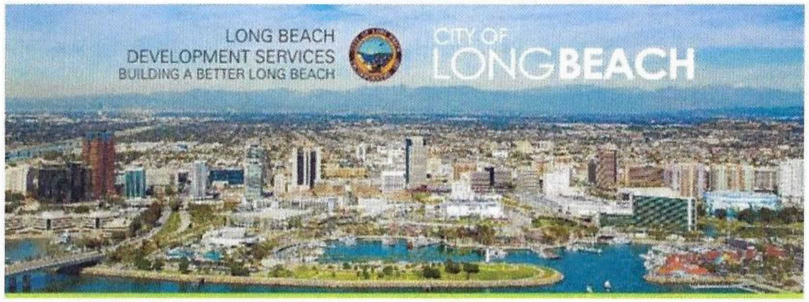
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Corliss Lee
Email / Contact Information	Corlisslee@aol.com
Organization/Organizacion:	Eastside Voice - CARP
Question/Pregunta:	Will the units being constructed downtown now - have these affordable units?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

2



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Corlizz Lee
Email / Contact Information	corlizzlee@aol.com
Organization/Organizacion:	Eastside Voice - CARP
Question/Pregunta:	Long Beach is already "built out" - Why don't people move to the suburbs and inland for new housing? - concern is traffic & parking

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

3

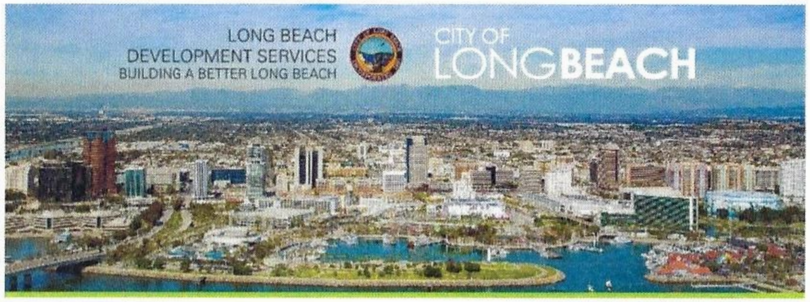
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Deborah Hill
Email / Contact Information	deborahslaney@yahoo.com
Organization/Organizacion:	
Question/Pregunta:	How many of the new development on L.B Blvd will have a inclusionary housing Policy and mixed-income housing

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

4



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta:	How does the city anticipate that an inclusionary housing policy will affect ~~housing~~ and provide more ~~for~~ Section 8 housing

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

5

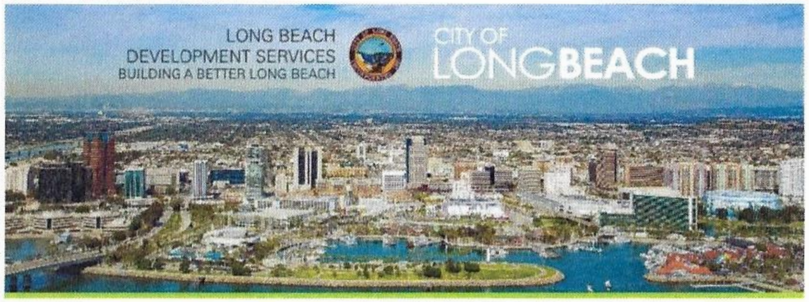
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta: Can the city put up a tutorial online that explains the basics of affordable housing	

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

7



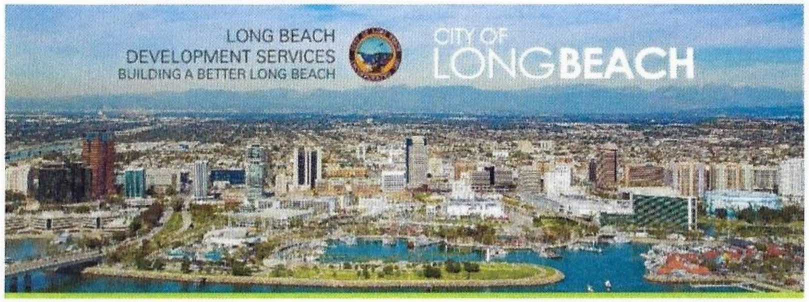
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta:	When will the economic study be completed and what will be the process for presenting the findings to residents and getting feedback?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

8



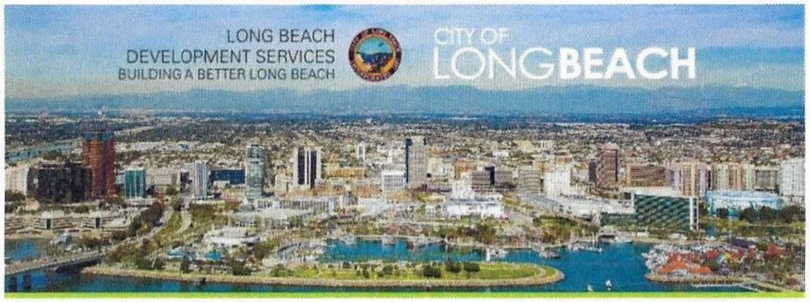
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta:	WITH THE FEE THAT GOES INTO THE FUND; WILL THOSE GO TOWARDS CITY PROJECTS? SIT THERE? WHERE DOES THAT FUNDING GO?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

9



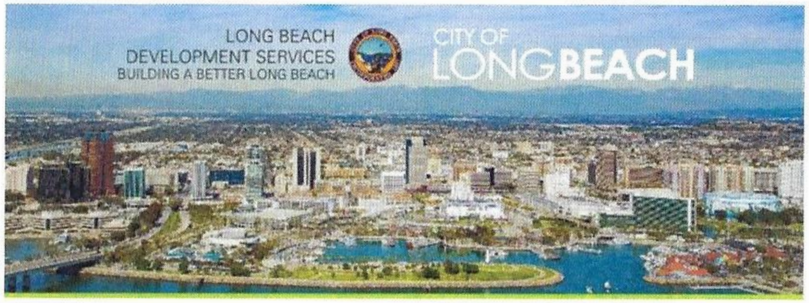
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Dima Galkin
Email / Contact Information	dlgalkin@gmail.com
Organization/Organizacion:	
Question/Pregunta:	Has the City looked at how the inclusionary housing requirement might deter residential development? Is the City considering alternative or complementary policies to support ~~af~~ housing affordability, like density bonuses?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

10



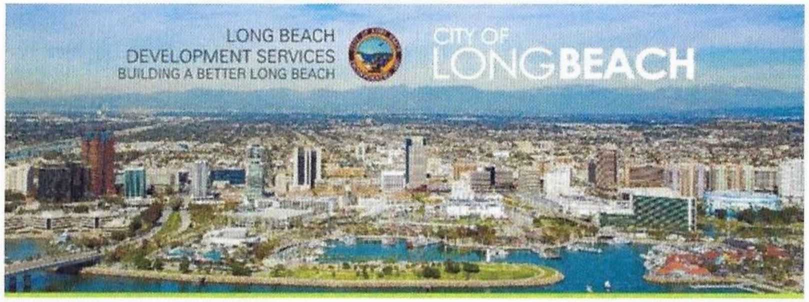
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta:	How will it impact 2-4 unit buildings?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

11



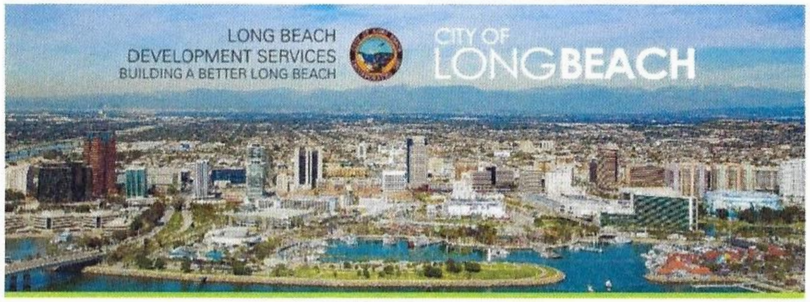
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:
Email / Contact Information
Organization/Organizacion:
Question/Pregunta: Are you involving people in housing industry when gathering your info?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

12



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:

Email / Contact Information

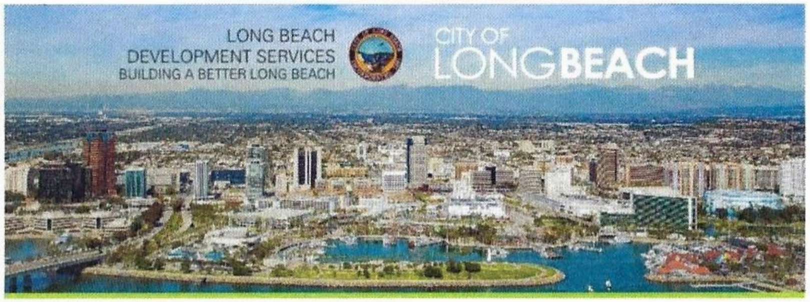
Organization/Organizacion:

Question/Pregunta:

how did the loss of the RDA & those properties affect the development of affordable housing in Long Beach

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

13



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	JORGE RIVERA
Email / Contact Information	JORGE@WEARELIBRE.ORG
Organization/Organizacion:	LIBRE
Question/Pregunta:	WHAT ARE THE CURRENT STATUS OF THE ~~RHNA~~ RECOMM. ~~REQS~~. UNITS FOR EACH INCOME CATEGORY?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Question 6

Would 2 responsible adults living together exceed the over crowding ~~of the a~~ data for 1 bedroom unit?

How are areas of construction selected?

We want to hear from you.

DATE: 12/5/2018 LOCATION: LB POLY H.S.

IF PEOPLE CANNOT AFFORD
HOUSING ~~HAS~~ CAN'T THE
CITY INCLUDE REDUCING
COSTS OF FIXED INCOME
RESIDENTS:
UTILITIES:
WATER:
ELECTRICITY
LOCAL TAX
FEES
TRANSPORTATION

RAMAN VASISHTH
NAME
(562) 4293231
PHONE
RAMANV@CHARTER.NET
EMAIL
3250 IROQUOIS AVE
MAILING ADDRESS
LB, CA 90808
CITY, STATE, ZIP

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

Queremos escuchar de ti.

FECHA 12/5/2018 UBICACIÓN LB Poly HS

WE PUSHED OUT THE ~~THE~~ PEOPLE ~~ON THE~~ THAT WERE LOW INCOME ON THE WEST SIDE BY ~~Pu~~ Putting in massive money to develop that AREA,

But now that those residents are displaced are we trying to redistribute development to increase density.

is that Correct.

NOMBRE Ramon V.

TELÉFONO (562) 429-3231

CORREO ELECTRÓNICO RamonV@Charter.net

DOMICILIO

CIUDAD, ESTADO, CÓDIGO POSTAL

Comunicase con nosotros

(562) 570-6710

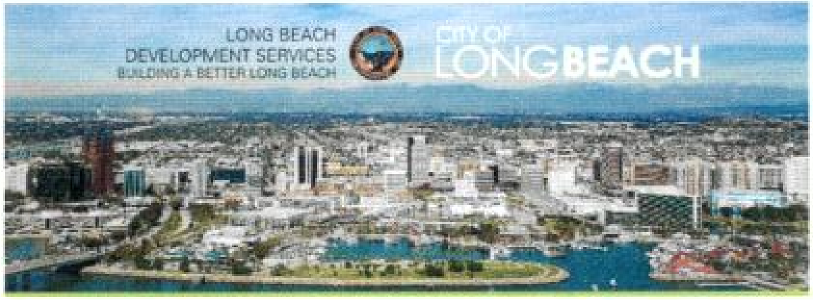
andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

Job skill program Programs
Training



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre: RAMAN VASISHTH

Email / Contact Information
RAMANV@CHARTER.NET

Organization/Organizacion: RESIDENT

Question/Pregunta:
CAN THIS EFFORT BE DONE BY CITY DISTRICT?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

We want to hear from you.

DATE: 12/05/18 LOCATION: POLY HIGH SCHOOL

PLEASE ADD MY E-MAIL TO MAILING LIST.

DIANA CORONADO
NAME

951 233 1506
PHONE

DCORONADO@BIALAN.ORG
EMAIL

350 S. BIXEL ~~STREET~~. #100
MAILING ADDRESS

LA, CA 90071
CITY, STATE, ZIP

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 12/5/2018 LOCATION: LONG BEACH INCLUSIONARY HOUSING LB POLY HS

PLEASE DON'T LISTEN TO THE NIMBYS! WE NEED AFFORDABLE HOUSING
→ THE REQUIRED RATE OF INCLUSIONARY HOUSING SHOULD BE AT LEAST 20%
→ UNITED WAY OF GREATER LA & THE EVERYONE IN LA COALITION WANTS TO HELP! MY EMAIL IS PROVIDED; I AM THE LONG BEACH COORDINATOR :)

NAME: JORDAN WYNNE

PHONE

EMAIL: jordan@everyoneinla.org

MAILING ADDRESS

CITY, STATE, ZIP

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 12/5/18

LOCATION: Poly Hi School

NAME: Corliss Lee

PHONE: 714 401 7063

EMAIL: corlisslee@aol.com

MAILING ADDRESS: 3072 Knoxville Ave

CITY, STATE, ZIP: Long Beach Ca 90808

Comment: the biggest issue will be adding density. The problem with density is parking and traffic. I would strongly advise adding CEQA into the policy so that parking and traffic studies are done and we are careful to follow CEQA guidelines to not make an impossible situation in a neighborhood.

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 12/05/18 LOCATION: Poly HS

Thank you For holding these meetings

Very much needed FOR feedback from Community —

Please keep me on your contact List & Mailing —

Good Meeting!!!

NAME Marvin K DeRamus

PHONE (562) 612-9820

EMAIL Marvinderamus50@yahoo.com

MAILING ADDRESS 1001 N Norman CT

CITY, STATE, ZIP LB, CA 90813

Contact Us

(562) 570-6710

andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

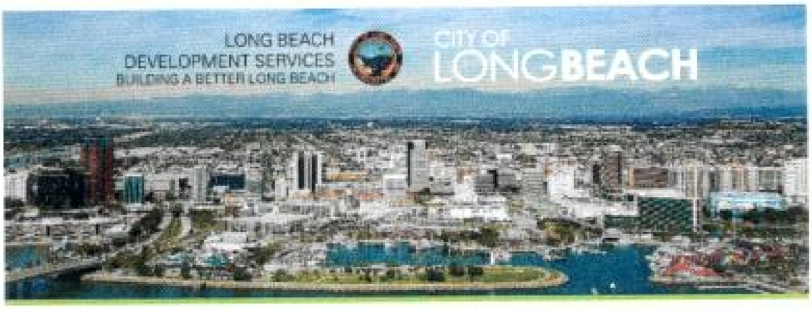
DATE: 12/5/2010 LOCATION: LB POLY HS.

I WOULD LIKE TO SEE
MITIGATING STREAMLINING
FOR DEVELOPERS FOR THE
PURPOSES OF HAVING PARKING
PROBLEMS OTHER AREAS
OF THE CITY EXPERIENCES
IS THERE A WAY TO PREVENT
OF ~~OVER~~ NOT HAVING ENOUGH
PARK
TRAFFIC REDUCTION
INFRASTRUCTURE SUPPORT
FIRE, POLICE PARKS

RAMAN VASISHTH
NAME
(562) 429-3231
PHONE
RAMANV@CHARTER.NET
EMAIL
3250 IROQUOIS AVE
MAILING ADDRESS
LB, CA 90808
CITY, STATE, ZIP

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb
@LongBeachBuilds
LongBeachBuilds

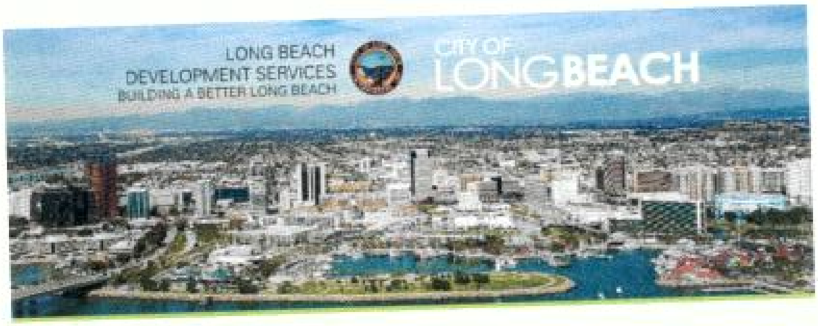


Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	RAMAN VASISHTH
Email / Contact Information	RamanV@Charter.net
Organization/Organizacion:	
Question/Pregunta:	THE STATE ALREADY HAS LAWS, WHY DO WE NEED TO CHANGE CITY LAWS RESIDENTS Now the city IS built out. why don't we stop building houses if we don't have room.

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	DIANA CORONADO
Email / Contact Information	DCORONADO@BIALAV.ORG
Organization/Organizacion:	BUILDING INDUSTRY ASSOCIATION
Question/Pregunta:	WILL THE FEASABILITY STUDY SHOW IMPACTS OF 12 POLICIES ON DEVELOPMENT? AT LEAST IF THEY ARE BEING USED AS EXAMPLES OR REFERANCED?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

* PLEASE ADD MY EMAIL TO MAILING LIST.

Long Beach Inclusionary Housing Community Meeting

Silverado Park Community Center

Saturday, December 8, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Valerie Osier	LB Post	valerie@lbpost.com		LB Post
Roman Rhoads	Gale St	roman.rhoads@gmail	(562) 209-9811	Friends
Regina Young	THE WIN Project	THEWINproject@aol.com	(323) 377-6501	City & LBC
Tony Mendoza	Resident	MendozaCRT@gmail.com ~~Tmendoza~~	(213) 281-0933	City email blast

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF
LONG BEACH

Long Beach Inclusionary Housing Community Meeting

Silverado Park Community Center

Saturday, December 8, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Joe Sopo	CONO	homes@joesopo.com	562-201-1026	
Humberto Fajardo	LB W Side Association	fajardohumberto@yahoo.com	~~56~~ 310 561 2149	
Henri Winters		henriwinterseyahwa	562-673-5781	
Gary Michovich		michovich@yahoo.com	562 477 1958	
Josh Butler	Housing Long Beach	jbutler@housinglb.org	562-754-6645	
Pat Kennedy	ICO	pat@gruberlaw,belliceos	562 984-2727	
Senay Kenfe	Local 397			
Jonathan Kraus	Councilmember Al Austin	jonathan.kraus@longbeach.gov	570-6685	
Andy Kerr	Measure H COAB/ Mayor's Task Force on Homelessness	akerr.ca@gmail.com	323-816-2408	
Jessie Childress		jessie.childress2481@gmail.com	562 537-7071	

LONG BEACH DEVELOPMENT SERVICES

BUILDING A BETTER LONG BEACH

CITY OF LONGBEACH

Long Beach Inclusionary Housing Community Meeting

Silverado Park Community Center

Saturday, December 8, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
MINEO MIYAGISHIMA				
Karl Eggers	Walk Bike LB	~~eggman88@alumni.mines.edu~~	(562) 843-4184	e-mail karl@walkbikelb.org
DAVID FREEMAN	HHROC	DCFREE22@GMAIL.COM		
Alanah Grant	City of Long Beach Dist. 9	alanah.grant@longbeach.gov	(562) 570-6137	
Kevin Shin	Walk Bike Long Beach	kevin@walkbikelb.org		e-mail
Alejandra Gutierrez	Resident of LB	gutie.ale@hotmail.com	562) 780-4188	email
Debra Marr-Leisy	Rebuilding Together Long Beach	dmarrleisy@rtlb.org		email
Elsa Tung	Long Beach Forward	elsa@lbforward.org	310-901-6338	email
Emily Quest	Westside Home Owner	emilyquestartist@gmail.com	562 682 9789	fb
Hakeem Parke-Davis	Home Owner	hakeemdavis@gmail.com	5622316885	

LONG BEACH DEVELOPMENT SERVICES

BUILDING A BETTER LONG BEACH

CITY OF LONGBEACH

Long Beach Inclusionary Housing Community Meeting

Silverado Park Community Center

Saturday, December 8, 2018

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Darrell Parker II	AYA Board Member	dpark2nd@gmail.com		Email
[illegible]	HOPE	[illegible]		

LONG BEACH
DEVELOPMENT SERVICES
BUILDING A BETTER LONG BEACH

CITY OF
LONG BEACH

We want to hear from you.

DATE: LOCATION:

WHY Did We Need
Food?
WHy Does The
Meeting Start
Late?

NAME

PHONE

EMAIL

MAILING ADDRESS

CITY, STATE, ZIP

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 12/8/18 LOCATION: 7th District

Please come up with incentives that encourage more development of affordable units, like parking, siting near transit.

Developers will come when there are cost savings to development

-How are you connecting people in need of housing with said production

NAME: Hakeem Parke-Davis

PHONE: 562-231-6885

EMAIL: hakeemdavis@gmail.com

MAILING ADDRESS: 1920 Henderson Ave

CITY, STATE, ZIP: Long Beach, CA 90806

Contact Us

(562) 570-6710

andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 12/8/18

LOCATION: Silverado Park

I support the city of LB looking at an inclusionary housing policy. The feasibility study needs to consider the balance between setting to high a %, ~~and~~ ~~the~~ that would shutdown new construction, and to low a % and thus Long Beach not getting the % of affordable housing it could get.

NAME: Karl Eggers

PHONE: 562) 843-4184

EMAIL: karl@walkbikelb.org

MAILING ADDRESS:

CITY, STATE, ZIP:

Contact Us

(562) 570-6710

andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: LOCATION:

12/8/2018 LB West Association

I want upgrade our LBW city forgoten for

40 more years

I wish we can build a brick fence for all lots

of west side with the help of planning of LB city

it will improve the neighborghood

Increase the value of our property

Increase the quality of our lives

embellis LB West Side

Attract Investors

Create more Jobs

LB city will increase its revenues by

creating new taxes

Humberto Fajardo

NAME

310 561 2149

PHONE

fajardohumberto77@yahoo.com

EMAIL

1800 W. Spring St, Long Beach, CA 90810

MAILING ADDRESS

Long Beach, CA 90810

CITY, STATE, ZIP

Contact Us

(562) 570-6710

andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 12-08-18

LOCATION: SILVERADO PARK

INFORMATIVE PRESENTATION.
THANK YOU.

MINEO MIYA
NAME

PHONE

minEom923@GMAIL.com
EMAIL

1536 SUMMIT ST
MAILING ADDRESS

LB 90810
CITY, STATE, ZIP

Contact Us

(562) 570-6710
andrew.chang@longbeach.gov
www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds
LongBeachBuilds

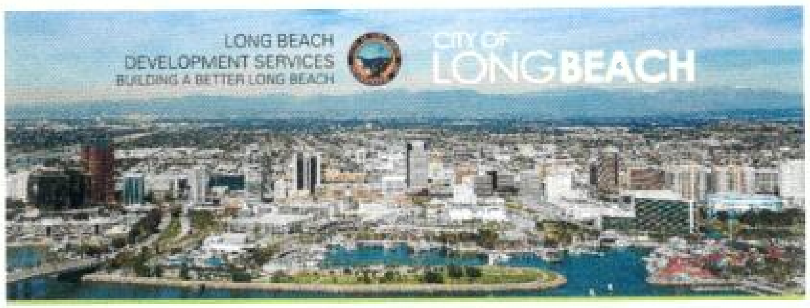
Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre:	Emily Guest
Email / Contact Information	emilyguestartist@gmail.com
Organization/Organizacion:	mom
Question/Pregunta:	When I input stuff on golb sometimes they say cannot be handled through golb please call code enforcement. Can you change that policy

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

and ~~[illegible]~~ also have golb forward the photo to code because a picture is worth a thousand words.

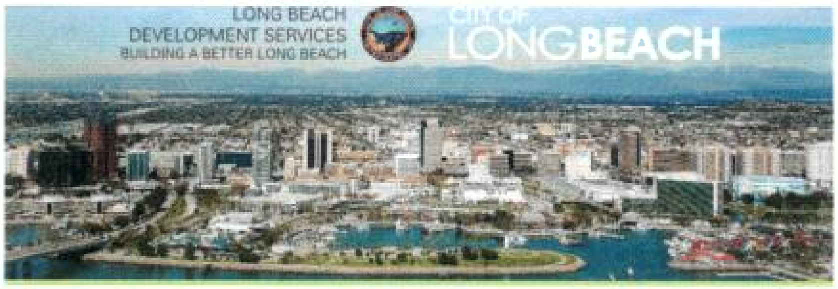


Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	THE WINPROJect@aol.com
Organization/Organizacion:	
Question/Pregunta:	AS A AFFORDABLE HOUSING DEVELOPER Why DO WE HAVE TO GO TO MANY SOURCES FOR Funding When there A Need TO PRODUCE housing.

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre:	ALANAH GRANT
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta:	THERE'S A HUGE BOOM OF CONSTRUCTION DOWNTOWN, WOULD THIS INCLUSIONARY HOUSING POLICY INCLUDE CURRENT DEVELOPMENTS UNDER CONSTRUCTION/ IN THE PIPELINE?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Queremos escuchar de ti.

FECHA UBICACIÓN

Are you reaching out to for profit developers? It is important that they are on board w/ an in live fee.

NOMBRE

TELÉFONO

CORREO ELECTRÓNICO

DOMICILIO

CIUDAD, ESTADO, CÓDIGO POSTAL

Comunicase con nosotros

(562) 570-6710

andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: LOCATION:

~~[illegible]~~ Inclusionary housing will increase dencity of ~~[illegible]~~ inhabitants but not more jobs. ?

It benefit Bigs developers ?

NAME

PHONE

EMAIL fajardohumberto77@yahoo.com

MAILING ADDRESS

CITY, STATE, ZIP

Contact Us

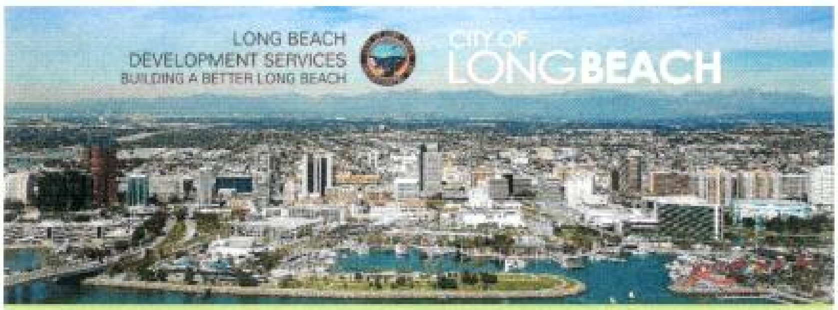
(562) 570-6710

andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre: Karl Eggers	
Email / Contact Information ~~eggmen84@alumni.mines.edu~~ karl@walkbikelb.org	
Organization/Organizacion: Walk Bike LB	
Question/Pregunta: 1) Have studies been done that demonstate if "In-Lieu-Fees" works better (i.e., results in more affordabl units built) then "inclusionary housing". 2) In ordonance - does it cover tenant responsibity (societal, community civility, rule compliance) or is it just income based rules?.	

Please limit your comments to two minutes. You can submit written comments.

Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre: Elsa Tung

Email / Contact Information

Organization/Organizacion:

Question/Pregunta:

What is the expected total # of new units expected to be built over the next 10 years?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Queremos escuchar de ti.

FECHA

UBICACIÓN

~~I~~

Is mandatory IZ

going to be consider at

all?

NOMBRE

TELÉFONO

CORREO ELECTRÓNICO

DOMICILIO

CIUDAD, ESTADO, CÓDIGO POSTAL

Comunicase con nosotros

(562) 570-6710

andrew.chang@longbeach.gov

www.lbds.info/inclusionaryhousinglb

@LongBeachBuilds

LongBeachBuilds

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre:	Elsa Tung
Email / Contact Information	elsa@LBForward.org
Organization/Organizacion:	LB Forward
Question/Pregunta:	One of your staff mentioned to me before the meeting that if the inclusionary percentage is above 15%,

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

the project goes through a state audit. Can you explain?

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre: MINEO MIYAGISHIMA	
Email / Contact Information MINEOM923@GMAIL.COM	
Organization/Organizacion:	
Question/Pregunta: WILL ILLEGAL ALIENS BE ELIGIBLE FOR FOR LOW INCOME HOUSING	

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:
Email / Contact Information
Organization/Organizacion:
Question/Pregunta: How can this Process be Speeded up? If the market cools off will this be dropped?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre: HENRI WINTERS

Email / Contact Information
HENRIWINTERS@yahoo.com

Organization/Organizacion: advocate for housing

Question/Pregunta:
- What is the role of non profit affordable housing developers
- How do you ensure that developers don't spend their money in other cities without these restrictions? tax incentives?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

- What is the size of a development before this takes effect?

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Jessie Childress
Email / Contact Information	jessie.childress2481@gmail.com
Organization/Organizacion:	—
Question/Pregunta:	Legal to convert garage into rental? $ avail for upgrade, maybe lower % rate

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre:	Elsa Tung
Email / Contact Information	elsa@LBforward.org
Organization/Organizacion:	Long Beach Forward
Question/Pregunta:	

Do most inclusionary housing policies in CA have an in-lieu fee structure? What is the approximate range of fees? This is important because fees are often lower than what is needed to build affordable housing.

Please limit your comments to two minutes. You can submit written comments.

Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre:	DAVID FREEMAN
Email / Contact Information	DCFREE22 @ GMAIL.COM
Organization/Organizacion:	HOUSING IS A HUMAN RIGHT
Question/Pregunta:	I AM SOMEBODY

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre: Kevin Shin

Email / Contact Information kevin@walkbikelb.org

Organization/Organizacion: Walk Bike Long Beach

Question/Pregunta:
What specifically is being done to ensure outreach to the most impacted in order to ensure their input is included in the process?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Josh Butler - Housing LB
Email / Contact Information	jbutler@housingLb.org
Organization/Organizacion:	
Question/Pregunta:	Given the length of time this process is taking, has City Hall considered a freeze on development?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas

Name/Nombre:	Kevin Shin
Email / Contact Information	kevin@walkbikelb.org
Organization/Organizacion:	Walk Bike Long Beach
Question/Pregunta:	Will the inclusionary policy apply to projects that are rehabilitations or redevelopments of existing multi-family properties?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	Hakeem The Planner
Email / Contact Information	hakeem~~park~~davis@gmail.com
Organization/Organizacion:	LA City Planning / Urban Land Solutions
Question/Pregunta:	- what incentives are enveloped in Inclusionary - Is this zoning or Specific Planning - Is there a Scale / incentive relationship - Is there funding Available to developers

- who would use the in lieu Fee

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:

Email / Contact Information

Organization/Organizacion:

Question/Pregunta:

If Inc. Zoning at 15% was in place for the last 2 years — How many affordable units would have been produced?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

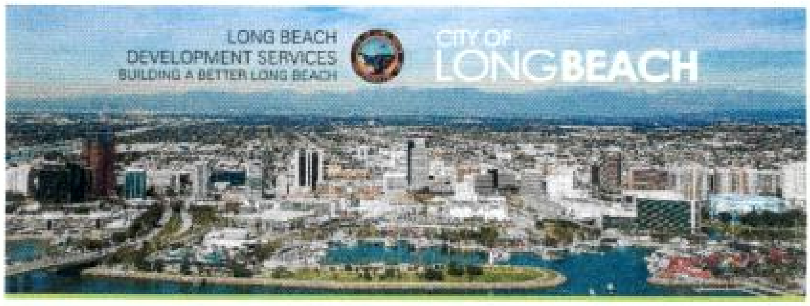
Name/Nombre: Senai Kenfe

Email / Contact Information

Organization/Organizacion:

Question/Pregunta:
1. How many former RDA properties that are now being developed have affordable housing connected to them?
2. In other cities around the world such as London, the money raised from a Inclusionary Housing Fund is used to build city owned housing, why aren't we doing this rather than gap financing?

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.



Long Beach Inclusionary Housing

Question or Comment Card/Tarjeta de Preguntas o Comentarios

Name/Nombre:	
Email / Contact Information	
Organization/Organizacion:	
Question/Pregunta: What else is city doing to encourage affordable housing besides enclusionary zoning? What is working to encourage affordable housing?	

Please limit your comments to two minutes. You can submit written comments.
Por favor limite sus comentarios a dos minutos. Puede enviar comentarios por escrito.

Inclusionary Housing Community Workshop

Long Beach Development Services is continuing to develop a proposed inclusionary housing policy to create housing options for residents at various income levels. A citywide inclusionary housing policy would require that all new housing developments include some percentage of affordable housing.

The project team has developed a study to determine how an inclusionary housing policy could help improve access to affordable housing in Long Beach. We want to hear your input on how the study can help further evaluate local housing needs and opportunities. **The City of Long Beach invites you to join us at the upcoming community workshop on June 29 to learn more about the outcome of the study, participate with interactive boards and provide your input.**

Workshop Information:

Saturday, June 29, 2019

10:00 a.m.– noon

Roosevelt Elementary School Auditorium

1574 Linden Ave.

Translation service in Spanish, Tagalog, and Khmer, as well as light refreshments will be provided.

Contact Us

For additional information, contact Andrew Chang, Administrative Analyst, Long Beach Development Services, at (562) 570-6710 or andrew.chang@longbeach.gov.

Stay informed! Sign up for updates and notices on this topic at: longbeach.gov/lbds/hn/inclusionary-housing-study.

@LongBeachBuilds

Long Beach Inclusionary Housing Community Meeting
Roosevelt Elementary School Auditorium
Saturday, June 29, 2019

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
DIANA CORONADO	BUILDING INDUSTRY ASSOC.	DCORONADO@BIALAV.ORG	951 233 1506	WEBPAGE / EMAIL LIST
B Murray	Press Telegram			PressTelegram.com
Tunua Thrash-Ntuk	LISC	tunua.thrash@gmail.com	3104998470	

LONGBEACH DEVELOPMENT SERVICES

CITY OF LONGBEACH

Long Beach Inclusionary Housing Community Meeting

Roosevelt Elementary School Auditorium

Saturday, June 29, 2019

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Hayley Munguia	Press-Telegram	hmunguia@scng.com	562-499-1203	
Sam Banuelos	Probation Dept.	sam.banuelos@probation.lacounty.gov	562-335-2643	
JORDAN WYNNE	UNITED WAY EVERYONE IN	jordan@everyonein.org	(562) 743-9987	CAME TO LAST ONE
Dorothy Kemeny	Resident	dlkemeny@gmail.com	562/242-4751	web
Christine Petit	LB Forward	christine@lbforward.org	562-221-4534	
Allison B Kripp	HSAC/CoC Board	Allison@personalonLB.com	310-498-5154	LBDS

LONGBEACH DEVELOPMENT SERVICES

CITY OF LONGBEACH

Long Beach Inclusionary Housing Community Meeting

Roosevelt Elementary School Auditorium

Saturday, June 29, 2019

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Regina Taylor	resident LB.	rnewoman1212@gmail.com	—	Thru the City.
Josh Butler	resident	jdbinc@gmail.com	562/754-6645	
Doy Morales	resident.		323 425 7435	worker
José Gonzalez			323-826-4239	
Elsa Tung	Long Beach Forward	elsa@LBForward.org	310-401-0338	email
Erin Murphy	LBCC	emurphy@lbcc.edu		email
Ian Nevarez	HOPE, Inc.	ian.nevarez@hope-homes.org	562 508 0234	email
Alicia Morales	LiBRE	alicia.lbre@gmail.com		email
Jacqueline Case	PREPA	JacquelineCase12@gmail.com		email
Kevin Shin	Walk Bike Long Beach	kevin@walkbikelb.org		email

LONGBEACH DEVELOPMENT SERVICES

CITY OF LONGBEACH

Long Beach Inclusionary Housing Community Meeting
Roosevelt Elementary School Auditorium
Saturday, June 29, 2019

Name/Nombre	Affiliation/ Afiliación	Email/Correo electrónico	Phone/Teléfono	How did you hear about this meeting? ¿Cómo se enteró de esta reunión?
Janet West	Resident	jayjay76511@verizon.net	(562) 290-9364	flyer
Lakisha Pisuy			(323) 947.3358	on line
Norma Hamilton	Resident	normahamilton2@yahoo.com	(562) 424-4195	online
Belinda Padias		D12B7H24@aol.	562) 429-9826	on line
Austin Metoyer	DLBA	Austinm@dlba.org		online
Amanda Paiz	The Childrens Clinic	apaiz@thechildrensclinic.org	562-264-3115	
Anita Mendoza	Resident	anitamendoza2007@gmail.com	657-253-1354	Husband
Dawkins Hodges	Resident/Habitat	dawkinshodges59@gmail.com	657-253-1581	Email at work
Hollis Stewart	NPNA North Pine Neig. Alliance	hollisstewart90042@gmail	—	Email & NPNA mtg-
Diana Medel	Habitat	dmedel@habitatla.org	310-237-3279	

LONGBEACH DEVELOPMENT SERVICES

CITY OF LONGBEACH

We want to hear from you.

DATE: 6/29/19 LOCATION: Roosevelt

- Build more on the East Side of LB since there has not been many new developments in the area + it is going to get very crowded in the DTLB area, after current Developments conclude.
- More Developments in Zone 2 Eastside LB. Safer area + Better Schools for children

NAME

PHONE

EMAIL

MAILING ADDRESS

CITY, STATE, ZIP

Contact Us

(562) 570-6710

andrew.chang@longbeach.gov

www.longbeach.gov/lbds/hn/inclusionary-housing-study/

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 6/29/19 LOCATION: Roosevelt Elementary School.

- Developments of 8+ units could have I.H. available
- Consider case-by-case income limits for the middle class who fall in between moderate L.I. to a bit higher bracket, considering other costs a family might be expenering (car payment, child care expenses, insurance, food etc) important to consider because often middle class families are the ones struggling & may not recieve benefits or gov. assistance for resources related to living.

NAME

PHONE

EMAIL

MAILING ADDRESS

CITY, STATE, ZIP

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andrew.chang@longbeach.gov

www.longbeach.gov/lbds/hn/inclusionary-housing-study/

@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 06/29/2019 LOCATION: ROOSEVELT ELEMENTARY SCHOOL

WE NEED MORE ROBUST POLICY OPTIONS FOR SUBMARKET #2. IT IS UNACCEPTABLE FOR RESPONSIBILITY FOR AFFORDABLE HOUSING DVMT TO BE RESTRICTED TO #1, AND WHAT HAS BEEN PROPOSED ISN'T ENOUGH. THEY SHOULD PAY INTO HOUSING TRUST FUND IN LIEU OF ANY DVMT.

JORDAN WYNNE
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@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: LOCATION:

6/29/19 Roosevelt Elementary

Re: student housing insecurity – Is there any opportunity to include consideration of special populations, such as LB students, in the criteria for inclusionary housing? OR stipulate a number of percentage of units available to VLI, LI, OR MOD income individuals/families who are enrolled at LBCC particularly?

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LongBeachBuilds

We want to hear from you.

DATE:

LOCATION:

I would love
to be more involved
as I am a
Local Realtor
& President of Pride
Real Estate Professionals
Association.

I want to be an
advocate to get
more of my Industry
involved as affordable
housing is a serious issue

NAME: Jacqueline Case

PHONE: 562-833-2523

EMAIL: JacquelineCase12@gmail.com

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We want to hear from you.

DATE: 6/29/19

LOCATION: Roosevelt Elementary

- Add community benefit to the analysis.
- Require all units to be of same quality so there is no segregation by income within rental projects.
- Consider the impact + requirements of AFFH on neighborhoods of opportunity.
- Allow developers to partner with nonprofits to meet requirements.
- Make it quick when accessing Trust Fund financing
- Add incentives or options to include all income levels in a project.

NAME: Dawkins Hodges

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We want to hear from you.

DATE:
LOCATION: Roosevelt Elementa

I would love to
see more of
the great work
that LBDS is
doing at more
of the community
meetings IN DTLB
~~and~~. No one understands
Thank you for this
today!

NAME: Allison B Kr[illegible]
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We want to hear from you.

DATE: [illegible]
LOCATION: Roosevelt Elem

- The meaning & understanding of inclusionary was presented very clearly.
- A lot of facts such as what parts of city will be most affected moving forward.
- Inclusionary Zoning is a good thing, primarily for moderate income levels based on who will live in developments paying market rate.

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LongBeachBuilds

We want to hear from you.

DATE: 6/29/19 LOCATION: Roosevelt

Allowing In-Lieu fees only in Submarket One (Downtown & Midtown) will contribute to gentrification

NAME: Janet West

PHONE: (562) 290-9364

EMAIL: jayjay76511@gmail.com

MAILING ADDRESS: 2051 Palo Verde Ave

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We want to hear from you.

DATE: 6/29/19 LOCATION: Roosevelt School

Inclusionary housing policies should not be finalized until after the 2019 CA Legislative Session has concluded. Bills such as SB 330 SB 592 AB 1763 etc will make many of these proposed developer requests into by right.

NAME: Janet West

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@LongBeachBuilds

LongBeachBuilds

We want to hear from you.

DATE: 6-29-2019 LOCATION: 1574 Linden Ave. Long Beach

Who requested this study to be done?

Good information

At this point & from my understanding, I believe I am favorable with this or even a greater % of affordable housing.

Belinda Padias
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LongBeachBuilds

We want to hear from you.

DATE: 6/29/19 LOCATION: Lonb BEACH

MORE information on AFFordable base on income, when and How to apply.

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LongBeachBuilds

We want to hear from you.

DATE: LOCATION:

- With limited available land how would an in-leu fee substantively help to generate more affordable housing, outside of a project?

- With the recent passage of the LUE areas of LB saw little increases in height, would a policy waive those height max, to allow for greater density in these areas.

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LongBeachBuilds

City of Long Beach - Inclusionary Housing Study
Board Comments

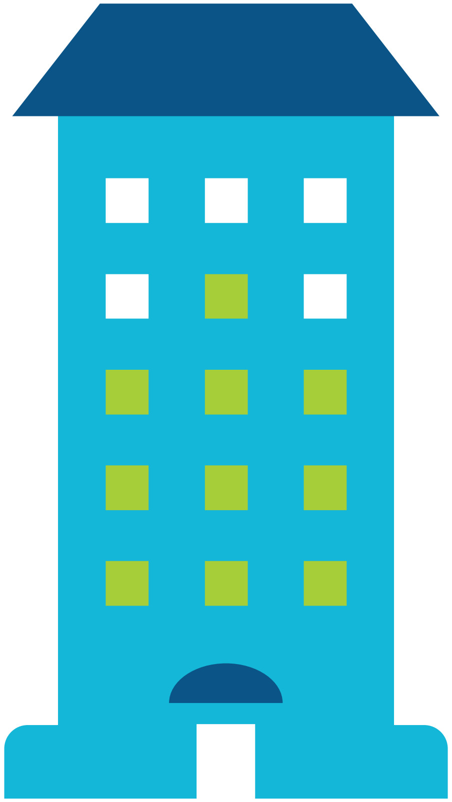
Board Title	# Votes	Comments
Threshold Applicability and Affordability Mix	0	Make it only 4 units or less, for less income segregation.
Threshold Applicability and Affordability Mix	0	Should apply to all new buildings
Threshold Applicability and Affordability Mix	5	Recommend including adjacent categories (e.g. VLI or LI or LI and MOD so that a family who moves from VLI to LI, for
Threshold Applicability and Affordability Mix	0	No option all three
Threshold Applicability and Affordability Mix	0	I would like to see a 50/50 VLI and LI alternative. Assess if it's feasible.
Threshold Applicability and Affordability Mix	1	Eliminate moderate income option. Keep it on LI and VLI
Threshold Applicability and Affordability Mix	2	*Board Text: Inclusionary requirements will apply to projects 10 units or larger*
In-Lieu Fees	0	In lieu fee should increase annually tracking housing costs (not CPI)
In-Lieu Fees	1	Residential units projects with more than 15 units or more
In-Lieu Fees	0	Allow developers to partner with affordable housing organizations to meet requirements
In-Lieu Fees	0	I believe inclusionary housing/affordable units should be created onsite (specific to rental residential projects).
In-Lieu Fees	0	Calibrate fee based on current cost of affordable housing.
In-Lieu Fees	1	*Board Text: Developers of ownership housing projects of any size could be allowed to pay an in-lieu fee by right*
In-Lieu Fees	2	*Board Text: Rental residential projects with more than 20 units should be required to produce the requisite number of inclusionary housing units. The City could allow in-lieu fees on projects with more than 20 units under demonstrated extreme hardship circumstances*
Production Options	0	On site where possible to encourage people of mixed incomes living together
Production Options	1	Consider ownership options for VLI/LI
Production Options	1	Consider requirement by sq. ft. minimums for on site
Production Options	9	*Board Text: On-site*
Incentive Based Inclusionary Program for Submarket #2	1	Require inclusionary requirements on ALL and ANY projects that receive zone change

Incentive Based Inclusionary Program for Submarket #2	0	Would like to see that where the 24-hr shelter is open that there is AH and TRRH so families and services are close to them during transition.
Incentive Based Inclusionary Program for Submarket #2	3	Break down subgroup #2 into smaller subgroups
Incentive Based Inclusionary Program for Submarket #2	0	Find a way for affordable housing to be in sub 2
Incentive Based Inclusionary Program for Submarket #2	3	*Board Text: Impose inclusionary housing requirements on proposed projects that request a zone change, density increase, a height increase and/or other development standards waivers*
Incentive Based Inclusionary Program for Submarket #3	1	*Board Text: Pilot program that provides increased density and building height standards in return for inclusionary housing obligations*
General Comments and Feedback	0	Consider development freeze until policy takes effect.
General Comments and Feedback	0	Another attendee disagrees with "freeze" on the basis of supporting all housing development. Market rate and affordable.
General Comments and Feedback	0	Resident of Wrigley area: submarket #2 divisible

General Comments and Feedback

Threshold Applicability and Affordability Mix

Inclusionary Requirements will apply to projects **10 units** or larger



Income and affordability standards must be set at levels that do not constrain residential development.

Inclusionary Housing Production Analysis
Financially Feasible Inclusionary Housing Percentages
Submarket #1: Rental Residential Development

Alternative	Financially Feasible Inclusionary %
Single-Income Category Inclusionary Alternatives	
All Moderate Income (MOD)	19%
All Low Income (LI)	12%
All Very Low Income (VLI)	11%
Mixed-Income Category Inclusionary Alternatives	
20% VLI and 80% LI	12%
80% VLI and 20% LI	11%
30% LI and 70% MOD	14%

Production Options

Proposed set of standards for production of inclusionary housing units: on-site vs. off-site

On-site:

- Affordable units dispersed throughout project
- Bedroom mix of affordable units proportional to bedroom mix of market-rate units, with City discretion of square footage
- Developed at the same quality as base models of market-rate units.

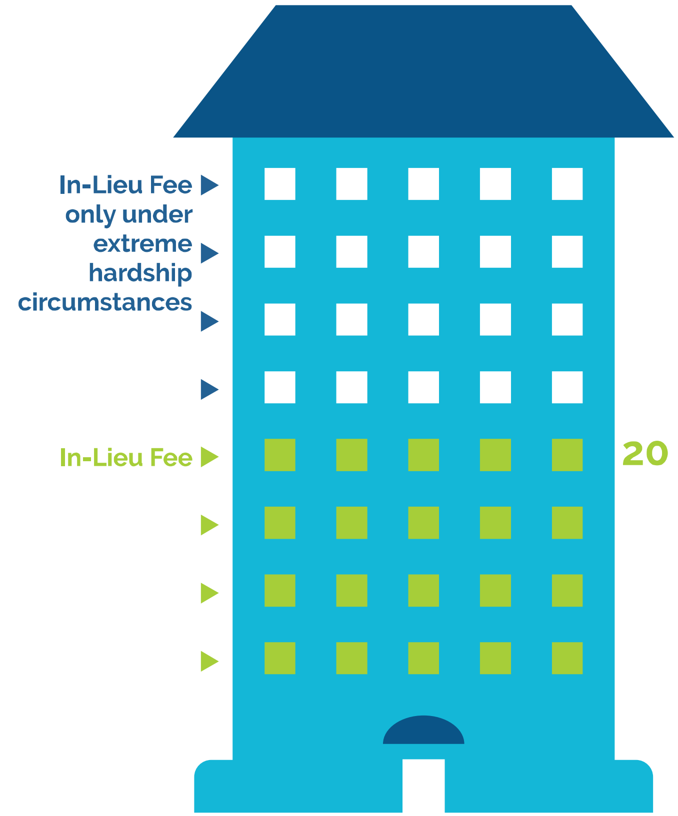
Off-site:

- Located in close proximity to market-rate project and City approval rights over off-site location
- Option to establish higher inclusionary housing percentage requirement
- Required to be comprised solely of rental residential units
- City to set scope, design, building quality and maintenance standards to fulfill the needs of the targeted population base

In-Lieu Fees

An in-lieu fee is an alternative to satisfy the inclusionary housing requirement by paying a fee in lieu of building affordable units. Generally, these are paid into a housing trust fund and used (along with other funding sources) to finance affordable housing developed off site.

- In-lieu fee payment should be allowed for any fractional inclusionary housing unit requirement
- Developers of ownership housing projects of any size **could** be allowed to pay an in-lieu fee by right
- In-lieu fee payment **could** be allowed by right for rental residential projects with up to 20 units
- Rental residential projects with more than **20 units** should be required to produce the requisite number of inclusionary housing units. The City **could** allow in-lieu fees on projects with more than 20 units under demonstrated extreme hardship circumstances.



In-Lieu Fees—Affordability Gap Approach
Submarket #1: Rental Residential Development

In-Lieu Fee	Moderate Income	Low Income	Very Low Income
Per Affordable Unit	$223,000	$356,000	$383,000
Per Square Foot of GBA	$37.90	$37.90	$38.50

Incentive Based Inclusionary Housing Program for Submarket #2

With no recent multifamily projects built in Submarket #2 and no development data, the City could not complete a feasibility analysis and will therefore develop an incentive-based policy for Submarket #2.

- **Impose inclusionary housing requirements on proposed projects that request a zone change, a density increase, a height increase and/or other development standards waivers**

Inclusionary Housing Production Analysis: Submarket #2 Potential Inclusionary Housing Production Requirements			
Income Level	Affordable Units as a Percentage of Base Zoning	Density Bonus Percentage	Number of Incentives or Concessions
Rental Residential Projects			
Very Low (VL)	11%	35%+	3+
Low (L)	12%	35%+	2+
Moderate (MOD)	19%	35%+	2+
Ownership Residential Projects			
Moderate (MOD)	19%	35%+	2+

- **Pilot program that provides increased density and building height standards in return for inclusionary housing obligations**
- **Develop a Transfer of Development Rights (TDR) program that requires inclusionary housing obligations as a program requirement**

INCLUSIONARY HOUSING COMMUNITY WORKSHOP

June 29, 2019

Roosevelt Elementary School

LONGBEACH DEVELOPMENT SERVICES | CITY OF LONGBEACH

AGENDA

- Overview: Affordable Housing in Long Beach
- Recap: What is Inclusionary Housing?
- Components of an Inclusionary Housing Program
- Inclusionary Housing Study Process
- Results from the Feasibility Study
- Submarket Feasibility Analyses
- Community Feedback

OVERVIEW: AFFORDABLE HOUSING IN LONG BEACH

Like many cities, Long Beach has policies and programs in place to help create and preserve affordable housing.

- Preservation of “at-risk” affordable housing units
- New production and acquisition/rehabilitation of affordable units
- Multi-family housing rehabilitation loans
- Density bonuses, reduced parking, and impact fee waivers to encourage new affordable development
- Rental assistance programs including Housing Choice Vouchers
- Supportive housing for seniors, veterans and other special needs residents

OVERVIEW: AFFORDABLE HOUSING IN LONG BEACH

- **Affordable Housing** is defined as housing in which occupants pay **no more than 30% of their income** on housing costs.
- Income categories are based on percentages of the Area Median Income (AMI).
- Extremely low income is 30% of AMI, very low income is 50% of AMI, and low income is 80% of AMI
- This chart shows 2019 income limits and affordable rents for a family of four in LA County as set by the State of California.

Family of Four Persons	Income Limit	Affordable Rent
Extremely Low-Income	$31,300	$783
Very Low Income	$52,200	$1,305
Low Income	$83,500	$2,088

WHAT IS INCLUSIONARY HOUSING?

- Requires that a certain percentage of **new** housing development must be made affordable.
- For example, if a development has 100 units and the inclusionary requirement is 10%, then of the total 100 units, 10 units would be affordable and 90 would be market rate. It does not increase the total number of units in the development.

New housing x % inclusionary applied = New affordable units

WHAT IS INCLUSIONARY HOUSING?

- Inclusionary housing is a widely-accepted policy throughout the State and much of the nation.
- In California, **more than 170 localities** have some form of inclusionary housing, including large and small jurisdictions.
- Inclusionary programs have existed for more than 30 years, and are **one tool among many** that localities use to increase the supply of affordable housing.

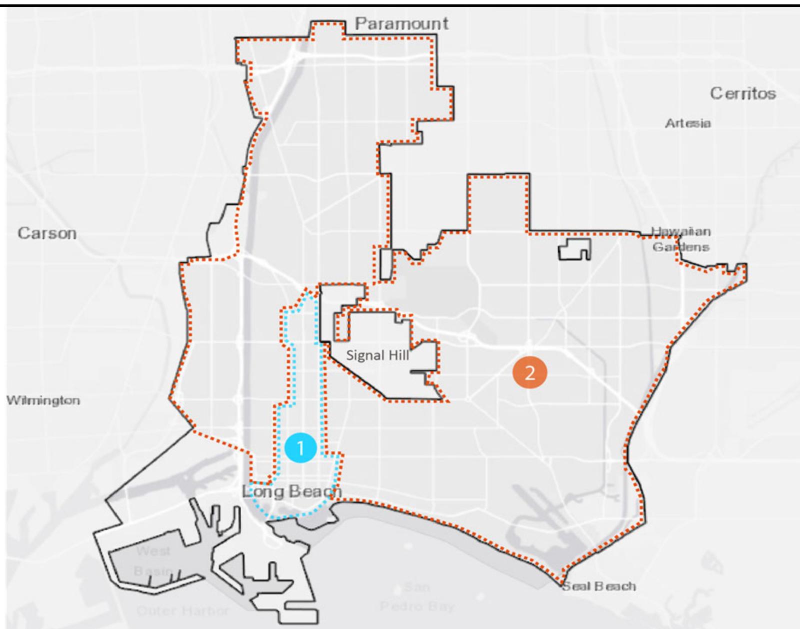
COMPONENTS OF AN INCLUSIONARY HOUSING POLICY

INCLUSIONARY HOUSING STUDY PROCESS

- Now that the feasibility study has been completed, the City is seeking input from the community and its stakeholders.
- Over the next few months, the City will provide a variety of opportunities for community members and stakeholders to provide feedback on an inclusionary program.
- Feedback opportunities include additional stakeholder meetings, public study sessions, and social media.

RESULTS FROM THE FEASIBILITY STUDY

- The economic feasibility study was conducted to ensure that the proposed requirements comply with applicable laws and court rulings
- Any City program must ensure inclusionary zoning is not “confiscatory” and that appropriate alternatives for development are allowed
- Analyzed submarkets within Long Beach since some areas have had more development than others
- Prepared separate evaluations for rental and ownership housing



RESULTS FROM THE FEASIBILITY STUDY

- Submarket #1 saw increased residential development activity after 2007 recession
- About 85% of new residential units built in the City over the past 10 years are in this area
- Nearly 90% of new units are in rental projects
- Over 4,000 units are in varying stages of development, with more than 85% proposed in high rise developments

RESULTS FROM THE FEASIBILITY STUDY

- The vast majority of developments outside Submarket #1 were built before 2000
- Only two recently constructed projects KMA could identify in Submarket #2 were:
  - The 40-unit Dorado ownership project in eastern Long Beach, with asking prices for units from $914,000 to $1.03 million
  - The 131-unit Riverdale ownership project near the east bank of the Los Angeles River, with asking prices between $664,000 to $707,000

SUBMARKET #1 FINANCIAL FEASIBILITY ANALYSIS

- Analyses should balance development costs against the public benefit of creating new affordable units
- Among other things, this report analyzed both the range of potential inclusionary production requirements and the range of in-lieu fees that can be supported
- Key component is the “affordability gap”

SUBMARKET #1 FINANCIAL FEASIBILITY ANALYSIS

- The “affordability gap” is the difference between market rate rents or house prices and what lower income households can actually afford. For example:

Affordability Gaps Unit Type by Income			
In-Lieu Fee	Moderate Income	Low Income	Very Low Income
Studios			
Market Rate	$2,569	$2,569	$2,569
Affordable	$1,373	$733	$605
Difference	***-$1,196***	***-$1,836***	***-$1,964***
One-Bedroom			
Market Rate	$2,620	$2,620	$2,620
Affordable	$1,569	$838	$691
Difference	***-$1,051***	***-$1,782***	***-$1,929***
Two-Bedroom			
Market Rate	$3,304	$3,304	$3,304
Affordable	$1,753	$930	$766
Difference	***-$1,551***	***-$2,374***	***-$2,538***

SUBMARKET #1 RENTAL ANALYSIS

- For rental developments, the feasibility of single income categories were tested (all Moderate income, all Low income, all Very Low income)
- Mixed income alternatives were also tested:
  - 20% the inclusionary units are restricted at VLI and 80% at LI
  - 80% of inclusionary units are restricted at VLI and 20% at LI
  - 30% of inclusionary units are restricted at LI and 70% at MOD

SUBMARKET #1 RENTAL ANALYSIS

- The analysis included testing a variety of housing prototypes based on market surveys and recently-constructed units
  - Density in terms of units per acre
  - Mix of units based on number of bedrooms
  - Parking requirements
- From these prototypes, likely market rate rents against which to determine the affordability gap were determined

SUBMARKET #1 RENTAL ANALYSIS

The following factors were used to determine affordable rents for the prototypes:

- Household income limits published by HUD and HCD
- Household sizes based on the State standard of number of bedrooms plus one
- Household income is set at 50% of area median income for VLI households, 60% for LI, and 110% for moderate income
- Households cannot spend more than 30% of income on housing cost

SUBMARKET #1 RENTAL ANALYSIS

Unit Size	Market Rate	Moderate Income	Low Income	Very Low Income
Studio	$2,569	$1,373	$733	$605
One Bedroom	$2,620	$1,569	$838	$691
Two Bedroom	$3,304	$1,753	$930	$766

SUBMARKET #1 RENTAL ANALYSIS

- Analyzed the impact of inclusionary requirements on development costs and returns to determine financial feasibility
- Calibrated inclusionary requirements against each alternative to generate an impact of equal to about 30% reduction in land cost
- The estimated stabilized developer return on total investment is estimated at 5.4%

SUBMARKET #1 RENTAL ANALYSIS

Inclusionary Housing Production Analysis
Financially Feasible Inclusionary Housing Percentages
Submarket#1: Rental Residential Development

Alternative	Financially Feasible Inclusionary %
Single Income Category Inclusionary Alternatives	
All Moderate Income	19%
All Low Income	12%
All Very Low Income	11%
Mixed Income Category Inclusionary Alternatives	
20% VLI and 80% LI	12%
80% VLI and 20% LI	11%
30% LI and 70% MOD	14%

SUBMARKET #1 RENTAL IN-LIEU FEE ANALYSIS

- The study established potential in-lieu fee amounts based on the affordability gaps – the difference between what a market rate renter can pay and what an affordable renter can pay
- The in-lieu fees are calculated both by unit and by square foot of gross building area:

In-Lieu Fees -- Affordability Gap Approach Submarket#1: Rental Residential Development			
In-Lieu Fee	Moderate Income	Low Income	Very Low Income
Per Affordable Unit	$223,000	$356,000	$383,000
Per Square Foot of GBA	$37.90	$37.90	$38.50

SUBMARKET #1 OWNERSHIP ANALYSIS

- Affordability requirements typically based on Moderate incomes for ownership housing, as higher-income households have more discretionary income for ongoing costs
- Data on sales of condos sold in submarket used to establish average sales prices per square foot
- Affordability sales price estimates based on household income, household size, household expenses, and down payment

Affordable Sales Price Estimates Submarket #1: Ownership Housing Development			
	Studio	One Bedroom Units	Two Bedroom Units
Moderate Income	$207,900	$231,300	$247,700

SUBMARKET #1 OWNERSHIP ANALYSIS

- As with rental analysis, the analyses tested to determine the financially feasible percentage of moderate-income units that can be supported
- Based on approximately 30% reduction in supportable land value
- The results show the financially feasible percentage requirement is 10% of units in ownership projects

SUBMARKET #1 OWNERSHIP IN-LIEU FEE ANALYSIS

- Study established proposed in-lieu fee amounts based on the affordability gaps – the difference between what a market rate buyer can pay and what the affordable buyer can pay
- The in-lieu fees are calculated both by unit and by square foot of gross building area

In-Lieu Fee Analysis
Affordability Gap Approach
Submarket#1: Rental Residential Development

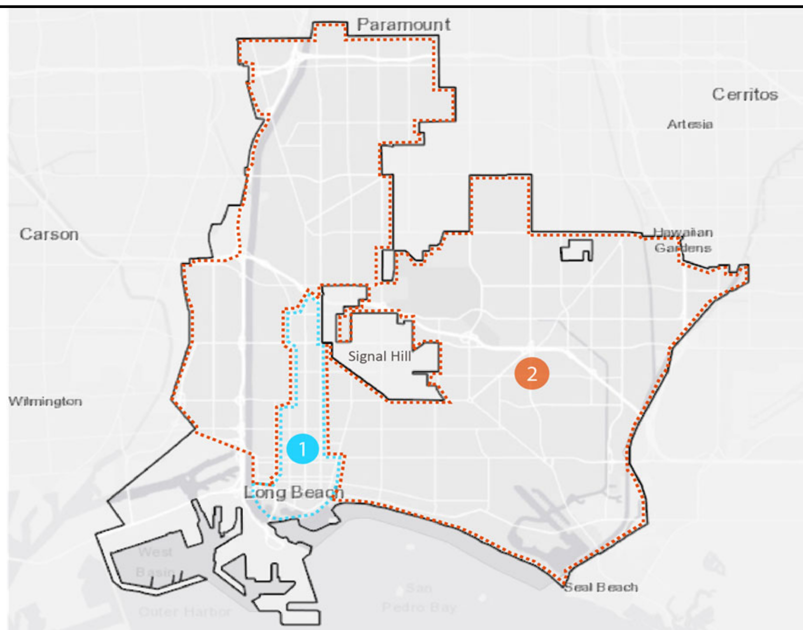
Affordability Gaps	Moderate Income
Per Income Restricted Unit	$270,400
Per Square Foot of GBA	$23.80

SUBMARKET #1 OWNERSHIP POLICY CONSIDERATIONS

- Should developers of premium priced homes be permitted to pay in-lieu by right?
- Should the City establish a calculation methodology applied on case by case?
- Should it apply per affordable unit, per unit in a market rate development, per square foot?

Inclusionary Housing Community Workshop

LONGBEACH DEVELOPMENT SERVICES | CITY OF LONGBEACH



Inclusionary Housing Community Workshop

LONGBEACH DEVELOPMENT SERVICES | CITY OF LONGBEACH

SUBMARKET #2 CHALLENGES AND OPPORTUNITIES

- There has been virtually no new residential development in Submarket #2 over multiple real estate cycles
- Law requires jurisdictions to ensure inclusionary zoning is not "confiscatory," or depriving owner of fair and reasonable return
- Adding inclusionary requirements would further constrain the opportunity to attract residential development
- The inclusionary requirements become a constraint

SUBMARKET #2 CHALLENGES AND OPPORTUNITIES

- However, the City can create an incentive program for Submarket #2 to encourage new residential development
- Can ensure that affordable housing is provided in projects that use those incentives
- State density bonus law can assist in creating more opportunities

SUBMARKET #2 CHALLENGES AND OPPORTUNITIES

- Density bonuses are provided on a sliding scale based on how much affordable housing each project produces.
- Incentives or concessions granted under State law to provide for affordable housing costs, including:
  - Setback and minimum square footage reductions
  - Increased height limits
  - Parking ratio reductions

SUBMARKET #2 CHALLENGES AND OPPORTUNITIES

Section 65915 Incentive or Concession Benefits

Number of Incentives or Concessions	Income Restricted Units as a Percentage of the Units Allowed by a Site's Base Zoning Standards		
	Very Low Income Units	Low Income Units	Moderate Income Units
1*	5%	10%	10%
2*	10%	20%	20%
3*	15%	30%	30%

* Incentives and concessions involving setback, square footage, building height, parking ratios and other factors, per State law.

SUBMARKET #2 PROGRAM CONSIDERATIONS

- On projects with zoning changes or other discretionary approval
- In locations that allow higher density development
- Commercially zoned properties, especially with underperforming retail or on transit-oriented development sites
- Enhanced density bonus considerations

SUBMARKET #2 PROGRAM CONSIDERATIONS

Inclusionary Housing Production Analysis
Submarket #2
Potential Inclusionary Housing Production Requirements

Income Level	Affordable Units as a % of Base Zoning	Density Bonus Percentage	Number of Incentives or Concessions
Rental Residential Projects			
Very Low (VL)	11%	35%+	3+
Low (L)	12%	35%+	2+
Moderate (MOD)	19%	35%+	2+
Ownership Residential Projects			
Moderate (MOD)	19%	35%+	2+

COMPONENTS OF AN INCLUSIONARY HOUSING POLICY

TOPICS FOR FEEDBACK

- Threshold – Developments of what size?
- On-site or off-site?
- Production options for ownership projects
- In-lieu fees
- Options for the affordability mix
- Submarket #2 program considerations

NEXT STEPS

- More opportunities to provide your comments and hear more information as it is released – through social media, additional community listening sessions, and the website:

  http://www.longbeach.gov/lbds/hn/inclusionary-housing-study/

- Next steps will include meetings with key stakeholders and public study sessions

We welcome your feedback!

Inclusionary Housing Community Workshop

LONGBEACH DEVELOPMENT SERVICES | CITY OF LONGBEACH

Thank you!

Contact Us

Andrew Chang
Administrative Analyst
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LONGBEACH DEVELOPMENT SERVICES | CITY OF LONGBEACH

Andrew Chang

From: City of Long Beach Inclusionary Housing <iford@therobertgroup.com>
Sent: Monday, August 05, 2019 12:59 PM
To: Andrew Chang
Subject: REMINDER: INCLUSIONARY HOUSING POLICY / KEY STAKEHOLDER MEETING ON TUESDAY, AUGUST 6, 2019

View this email in your browser

LONGBEACH DEVELOPMENT SERVICES CITY OF LONGBEACH

August 5, 2019

Reminder to please RSVP to join us at the Expo Arts Center for an invitation-only stakeholder focus group presentation and discussion of the Inclusionary Housing Policy proposed for the City of Long Beach at **2:00 PM on Tuesday, August 6, 2019**.

We value your perspective and input on various possible components of the proposed policy, which is one of many tools that the City is considering to ensure that Long Beach residents of every income level have access to safe and affordable housing.

Inclusionary Housing Stakeholder Focus Group Meeting
Tuesday, August 6, 2019
2:00 p.m.– 4:30 p.m.

Expo Arts Center
4321 Atlantic Avenue, Long Beach
Street parking, with limited parking on the premises also available on a first-come, first-served basis.

Please RSVP by visiting the link here to confirm your attendance.

Please note that this invitation is strictly limited to either you or a single representative of your organization, as this focus group meeting has been designed for you and a limited number of your peers.

For additional information and resources, please see longbeach.gov/lbds/hn/inclusionary-housing-study/ and register for Development Services updates via LinkLB.

We hope to see you at our stakeholder focus group meeting at 2:00 PM on Tuesday, August 6, 2019.

CITY OF LONG BEACH INCLUSIONARY HOUSING STUDY

Stakeholder Advocates Meeting

Date and Time: August 6, 2019; 10am – 12:30pm

Location: Expo Arts Center, 4321 Atlantic Ave, Long Beach, CA

Notes by: TRG

Approximate attendees: 7

On Tuesday, August 6, 2019 the City of Long Beach Inclusionary Housing Study (LBIHS) project team conducted a stakeholder meeting at the Expo Arts Center with key stakeholders from the housing advocates community to provide an update on the study and elicit feedback on the recommendations from the economic feasibility study. Key stakeholders from organizations such as Housing Long Beach, Long Beach Grey Panthers, United Cambodian Community, Long Beach Residents Empowered, Legal Aid Foundation of Los Angeles, Long Beach Forward, and Long Beach Community College were given a brief presentation on the project, then were invited to participate in interactive boards and discuss the policy recommendations with team members. Boards showing the study were placed throughout the room to facilitate an open house discussion and were designed for attendees to participate in and provide feedback on the various policy recommendations presented. The stations included information on threshold applicability and affordability mix, in-lieu fees, production options, incentive based inclusionary program for submarket two as well as general comments and feedback.

The comments placed on boards during the breakout sessions are categorized below:

1) Threshold Applicability and Affordability Mix
2) In-Lieu Fees
3) Production Options
4) Incentive Based Inclusionary Program for Submarket #2
5) General Comments and Feedback

Twelve comments and comment cards (12) were received during the meeting. The pages below illustrate the themes and input captured.

01

Threshold Applicability and Affordability Mix

- **Comments**

  Put the policy through an equity analysis in addition to economic lens / where are the biggest disparities in housing needs for AMI levels in the City of Long Beach? / what housing strategies are addressing these groups? / do all VLI for rentals / deepest income targeting

02

In-Lieu Fees

- **Comments**

  If in-lieu fees are permitted they must be at economic equivalent of providing the unit on site so there isn't an economic incentive to pay the fee / prefer funds generated from in-lieu fees be flexible in what AMI it is used to build / flexibility in the housing fund specifically for ELI and VLI

03

Production Options

- **Comments**

  No off-site incentives / high in-lieu fees / off-site doesn't work

04

Incentive Based Inclusionary Housing Program for Submarket #2

- **Comments**

  Concerned about worsening historical segregation / **don't exclude submarket #2** / inclusionary policy should be applied citywide / the economic feasibility analysis is backwards-looking but does not take into account future projected development, including submarket 2, areas like North Long Beach / it is reasonable to believe there will be future development in submarket 2 / splitting the city and splitting the imposition of inclusionary requirements actually perpetuates exclusionary, racist housing policies and potentially violates fair housing requirements / what role did the land us policy, which restricted the building height affect the affordability program in submarket 2?

CITY OF LONG BEACH INCLUSIONARY HOUSING STUDY

Stakeholder Developers Meeting

Date and Time: August 6, 2019; 2pm – 4:30pm

Location: Expo Arts Center, 4321 Atlantic Ave, Long Beach, CA

Notes by: TRG

Approximate attendees: 11

On Tuesday, August 6, 2019 the City of Long Beach Inclusionary Housing Study (LBIHS) project team conducted a stakeholder meeting at the Expo Arts Center with key stakeholders from the development industry to provide an update on the study and elicit feedback on the recommendations from the economic feasibility study. Key stakeholders from organizations such as The Olson Company, Studio T-SQ2, Business Industry Association, Raintree Partners, Pride Real Estate Professional Association (PREPA), among others, were given a brief presentation on the project, then were invited to participate in interactive boards and discuss the policy recommendations with team members. Boards showing the study were placed throughout the room to facilitate an open house discussion and were designed for attendees to participate in and provide feedback on the various policy recommendations presented. The stations included information on threshold applicability and affordability mix, in-lieu fees, production options, incentive based inclusionary program for submarket two as well as general comments and feedback.

The comments placed on boards during the breakout sessions are categorized below:

1) Threshold Applicability and Affordability Mix
2) In-Lieu Fees
3) Production Options
4) Incentive Based Inclusionary Program for Submarket #2
5) General Comments and Feedback

Nine comments and comment cards (9) were received during the meeting. The pages below illustrate the themes and input captured.

01

Threshold Applicability and Affordability Mix

- **Comments**

  Ownership is challenging to develop because multi-family incentives don't apply in the same way / what street and other specific parameters make up submarket 1 and 2? / would require more incentives to pencil out / developers need a robust grandfather clause for pipeline developments

02

In-Lieu Fees

- **Comments**

  How was the developer return calculated? / we would need to see a study

03

Production Options

- **Comments**

  Developers need as many flexible options as possible, in a voluntary incentive based approach

04

Incentive Based Inclusionary Housing Program for Submarket #2

- **Comments**

  Voluntary component is encouraging

05

Contact Us

- **Comments**

  To provide thoughtful comments, we need to review the full feasibility study. When will that be available?

City of Long Beach - Inclusionary Housing Project
Expo Arts Center - Tuesday, August 6, 2019
Board Comments

Board Title	Comments - Developers	Comments - Advocates
Production Options	Developers need as many flexible options as possible, in a voluntary incentive based approach	
Production Options		No off-site incentives, high in-lieu fees
Production Options		Do not allow off site; it doesn't work
Threshold Affordability And Affordability Mix	Ownership is challenging to develop because multi-family incentives don't apply in in the same way, making project unable	
Threshold Affordability And Affordability Mix	What street and other specific parameters make up Sub 1 and Sub 2?	
Threshold Affordability And Affordability Mix	Would require more incentives to pencil out.	
Threshold Affordability And Affordability Mix	Developers need a robust grandfather clause for pipeline developments.	
Threshold Affordability And Affordability Mix		Let's also put the policy through an equity analysis in addition to the economic lens
Threshold Affordability And Affordability Mix		Where are the biggest disparities in housing needs for AMI levels in the City of Long Beach? What housing strategies are addressing these groups?
Threshold Affordability And Affordability Mix		Do all VLI for rentals; deepest income targeting
In-Lieu Fees	How was the developer return calculated? We would need to see a study.	
In-Lieu Fees		If in-lieu fees are permitted they must be at economic equivalent of providing the unit on site so there isn't an economic incentive to pay the fee
In-Lieu Fees		Prefer funds generated from in-lieu fees be flexible in what AMI it is used to build. Flexibility in the housing fund, specifically for ELI and VLI
Incentive Based Inclusionary Housing Program for Submarket #2	Voluntary component is encouraging	

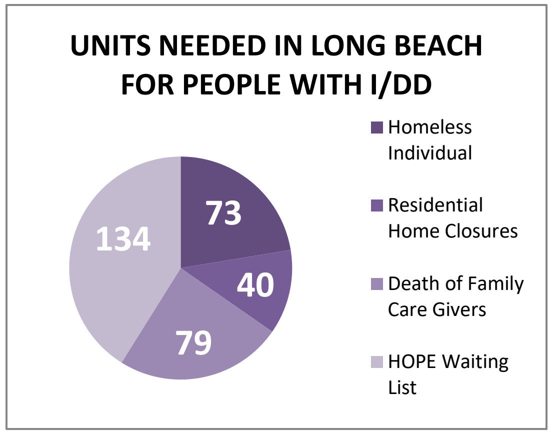
Incentive Based Inclusionary Housing Program for Submarket #2		Concerned about worsening historical segregation
Incentive Based Inclusionary Housing Program for Submarket #2		Don't Exclude Submarket #2
Incentive Based Inclusionary Housing Program for Submarket #2		Inclusionary policy should be applied citywide, not split int Submarkets #1 and #2. The economic feasibility analysis is backwards-looking but does not take into account future projected development, including "submarket 2" areas like North LB. It is reasonable to believe there will be future development in Submarket 2. Also, splitting the city and splitting the imposition of inclusionary requirements actually perpetuates exclusionary, racist housing policies and potentially violates fair housing requirements
Incentive Based Inclusionary Housing Program for Submarket #2		What role did the land use policy which restricted the building height effect affordability program in submarket 2?
Contact Us	To provide thoughtful comments, we need to review the full feasibility study. When will that be available?	

HOPE
Home Ownership for Personal Empowerment

City of Long Beach Housing Needs Assessment for People with Developmental Disabilities

The objective of this assessment is to provide baseline data of affordable housing units required to meet the *most urgent needs* of people with intellectual and developmental disabilities (I/DD) in the City of Long Beach, CA. Our calculation takes into consideration those individuals currently counted as homeless in the city, displaced due to historical residential group home closures, in need of housing due to death to both family caregivers, or requesting housing through HOPE and on our waiting list. As of April 2018, there were 4,919 Long Beach residents with developmental disabilities being served by the regional center system.

We find that approximately 326 people with I/DD (6.6% of the total I/DD population in Long Beach) need ***urgent*** affordable housing over the next five years. However, please note that additional housing needs based on more nuanced and speculative variables are not calculated into this assessment. These additional housing needs could be based on a myriad of factors not considered in our calculation, including overcrowding, unhealthy conditions, proximity to work/friends/family, abusive environments, or a simple desire to move out of a parent's home to live more independently. Data on these factors are not currently tracked through the State Department of Developmental Disabilities. If these factors were included, the units needed to meet demand could be greater than 1,000 in the city of Long Beach alone.



METHODOLOGY

We identified 73 units needed to provide housing for people with I/DD who are homelessness based on a percentage of the 1,483 homeless individuals with developmental disabilities tracked county-wide in the 2016 LAHSA homeless count. The percentage used in the calculation is based on the population of Long Beach in relation to Los Angeles County. We consider these housing units to be immediately needed in year one.

Our calculation of 40 people needing housing who are currently living in residential group homes scheduled for closure is based on a percentage of the annual average of 135 residential units lost each year serving 693 individuals statewide. This data was published in 2017 by Association of Regional Center Agencies. The percentage used in our analysis is based on the city of Long Beach being approximately 1.19% of the total population of California.

AT RISK HOUSING STATUS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Homeless	73					**73**
Residential home closures	8	8	8	8	8	**40**
Death of family caregivers	13	14	16	17	19	**79**
HOPE waiting list	134					**134**
TOTAL:	**228**	**22**	**24**	**25**	**27**	**326**

Regarding those 79 people who we argue need housing because their parent caregivers will die, this information is based on actuarial data of parents/caregivers life expectancy when applying their age to Social Security Administration data. Each year this number of housing units will be needed for those people with I/DD whose parents will pass away. We have included a 9% increase to account for the historical growth in the Regional Center client population.

Finally, we are using the exact number of people on the HOPE waiting list that have indicated that the City of Long Beach is their preferred city of residence.

August 9, 2019

Long Beach City Hall
Director Linda Tatum
Development Services Department
411 W. Ocean Blvd.
Long Beach, CA 90802

Re: Building Industry Association Comment Letter – Long Beach Inclusionary Policy Economic Feasibility Analysis Results

Dear Director Tatum,

The Los Angeles/Ventura Chapter of the Building Industry Association of Southern California, Inc. (BIA), is a non-profit trade association representing more than 1,000 companies employing over 100,000 people all affiliated with homebuilding. On behalf of our membership, we would like to submit a comment letter on the City's inclusionary zoning policy presentation.

Over the last year, BIA-LAV has been engaged in the City's housing affordability conversations and inclusionary policy planning. With this letter we are providing feedback on the direction of the City's inclusionary zoning feasibility study results that were presented at a Saturday, June 29th workshop meeting and at the Tuesday, August 6th developer stakeholder meeting (where BIA was present at both). We have listed some of our preliminary comments and concerns below, but we cannot fully weigh in on the results because we have not been provided the full study for which those results were based. This is particularly concerning because, since at least July 6th and several times thereafter, we have asked for the full study noting this point. This is highly unusual. As an example, in this year alone, we have reviewed three other jurisdictions' inclusionary zoning studies and have received the full report without issue. The material found in these studies allow us to see how the City has come to explain their determination and need for inclusionary methods within their communities.

A few examples that illustrate the importance in examining the full study include the following; In submarket one, the short 17-page feasibility *analysis* does not speak to how the study developed and took into account the feasibility threshold for market rate homebuilders to provide mandated inclusionary housing. The analysis speaks to the feasibility of the consumers to afford housing but does not explain the determinations that went into calculating what the builder would have to make as a feasible return on their investment and what would be feasibly accepted by financial lending institutions. That information would be helpful in determining inclusionary percentage thresholds. The ownership component in submarket one also leaves many questions related to the methodology used to justify this option. Again, much of the data speaks to the applicability thresholds that a consumer could withstand but does not justify the calculations determined for the homebuilder to produce housing at that level. Where is the background information that informed those, who developed the study to provide these results? To answer these questions and to better support our stakeholder feedback, we want to use this letter to formalize our many vocal and emailed requests for the entire feasibility study. The distribution of this information would help the City craft the most comprehensive ordinance with the most accurate feedback.

The remainder of our comments are provided throughout the following pages. These comments are based on the limited information we have been given, through second-hand assessments determined by the results of a study that we have yet to review:

Increased Cost to Housing

In California, housing is more expensive to produce today, than ever before. The costs of construction, materials, land acquisition, labor, and design have all increased. Other factors include federal, state, and local housing regulations and mandates; an increase in interest rates, mandated solar for all new housing construction, and the strictest environmental standards in the nation and regionally. This does not take into account the current developer impact fees, permits, regulatory costs, and even the push for some housing projects to voluntarily include subsidized housing. All of these expenses target home construction. Ironically, home construction is overwhelmingly the most important component in helping LA County out of its housing affordability crisis –through the increased production of housing. Sadly, the costs don't stop there. It's not just those market cost expenses.

In addition to adding costs to the production of housing, an inclusionary component will add administrative expenses and bureaucracy that didn't exist before, making housing more difficult to produce. The entitlement process is lengthy, expensive and challenging to maneuver. An inclusionary component will add another layer to that process. In order to house more low and middle-income households more quickly we need to reduce processing times, not add to them.

Also notable, the feasibility analysis makes no mention of an implementation timeline. If the City were to adopt a mandated inclusionary zoning policy and implement it immediately, this drastic change would negatively affect the market. Any policy that is adopted should be done so gradually, as a phased-in approach, over several years. This would ensure that there are no disruptions to the current building progress. A robust grandfather clause for projects in the pipeline should also be included in the policy recommendations. Homebuilders who have invested in the City before a serious change in land value occurred, through an unforeseen City imposed policy, should not be subject to an ordinance that would so drastically affect their ability to produce housing.

Missing Middle
Hundreds of thousands of hard-working families and individuals cannot afford to live where they work and are facing a housing cost burden, defined as paying more than 30% or more of their income on housing. As an example, most Los Angeles area teachers are faced with this cost burden, earning between \$50,000 - \$54,000 – above 80% Average Median Income (AMI) which is the highest threshold to qualify for below market-rate housing. They are then left to compete against other households with more financial resources for the scarce market-rate units that are still up for grabs. These middle-income families and individuals do not qualify for assistance, yet do not make enough money to live unburdened.

Any increase in housing construction costs, such as this inclusionary policy, pushes working families and individuals further from housing affordability and exacerbates the "missing middle" housing gap. Costs, like inclusionary zoning expenses, continue to rise making housing too expensive to build and still deliver a product that's affordable to middle-income earners. Homebuilders are now either building subsidized housing or luxury housing, resulting in the production of zero moderate income housing units. Applying a potentially unworkable inclusionary zoning ordinance to residential development will likely make the situation worse, not better.

Additionally, like what was found in submarket two of the feasibility analysis, applying inclusionary zoning policies to for-sale housing is not financially feasible for homebuilders. A 2016 Study by Capitol Matrix found that a potential 15% inclusionary zoning mandate on for-sale housing would require an average increase of \$67,000 thousand dollars per market priced unit. The costs to make for-sale housing financially feasible is added in to the market rate units in order for builders to get the return on their investment needed for the financing of the project. This perpetuates and adds to the missing middle housing gap for those making just above moderate income. To make matters more challenging, the suggested incentives that could be offered by governing bodies would also be difficult to accommodate for for-sale homes due to the lack of offsets that could make a substantial financial impact to this type of non-multifamily or non-infill project. Other States and jurisdictions have had to redraft their inclusionary ordinances to exclude for-sale housing due to the lack of production of single-family homes. This is a direct result of imposing inclusionary policies without considering the input from homebuilders.

Suggested Alternatives:
Below we have listed alternatives to the suggestions found in the feasibility analysis. The below suggestions would enhance the intent of an inclusionary policy and better serve the production of housing at all income levels within the City of Long Beach.

Voluntary, Incentive-Based Affordability Component

We were encouraged to see the incentive-based approach, when applied to inclusionary housing, in submarket two. A voluntary inclusionary component would provide developers the ability to incorporate moderate to low-income housing units within their projects through the provision of offsets to balance the additional costs needed. A good example of affordable housing production encouragement through a voluntary process exists in the City of Los Angeles through their voter approved "Transit Oriented Communities Plan". This Plan allows homebuilders a tiered incentive system in the form of super density bonuses to produce affordable units near transit rich corridors. The more affordable units and the lower the income affordability, the higher the tier and the more incentives for which a builder's project becomes eligible. This voluntary program, when compared to mandatory ordinances, has produced significantly more housing units because it helps the development process, instead of hindering it.

Meaningful Offsets & Applicability Threshold

If the City were to impose an inclusionary housing policy on residential development, there would need to be a cost reduction in another part of the City's building process. This would offset the cost of providing below market-rate housing by reducing overall costs in another part of the project approval process. Those offsets could be included through a menu of options that led to a commensurate cost reduction, including, but not limited to the following – based on individual project needs:

- Increased buildable area
- Higher density options
- Reduction of open space
- Reduction or elimination of City building fees
- Reduced outdoor or common space requirements
- Reduced setbacks
- Reduced or exempted parking requirements
- Expedited or by-right approval process
- Etc.

An offset program should have flexible incentives to negate the increase of providing inclusionary units. This would ensure that projects are financially feasible. The results analysis only sites the Density Bonus which builders can already utilize without an inclusionary policy. This is not enough to encourage development of affordable units in your community. In order to provide a menu of meaningful offsets, the applicability threshold for the number of units in this analysis starts at just five. Five units is unreasonable and stands to devastate small developers. Small and medium size projects, less than 50 units, have a much more difficult time taking advantage of economies of scale and possible incentives.

Conclusion
We urge the staff to release the full economic feasibility study to the public. This is the foundation of what will eventuate into a policy that could affect housing for decades to come and should be reviewed by all stakeholders. We encourage staff to consider how an inclusionary building component will actually affect the production of affordable units within your City. An inclusionary housing mandate could stifle homebuilding leading to not only less housing, but also less affordable housing – the opposite of what an inclusionary policy seeks to accomplish. For this reason, we request that any inclusionary housing component does not increase the cost of housing and be incorporated as a voluntary, incentive-based option. There is ample opportunity to make this policy a functional, meaningful tool to address affordable housing by implementing the input contributed by stakeholders who are providing and building housing.

Should you have any questions please contact, BIA-LAV Director of Government Affairs, Diana Coronado, at (213) 797-5965 or at dcoronado@bialav.org.

Sincerely,

Tim Piasky

Tim Piasky
Chief Executive Officer
BIA-Los Angeles/Ventura

CC:
Patrick Ure, Development Services Department
Andrew Chang, Development Services Department
Council Districts 1,2,3,4,5,6, and 7

September 13, 2019

Linda Tatum, Director of Development Services
Patrick Ure, Housing and Neighborhood Services Bureau Manager
411 W. Ocean Blvd.
Long Beach, CA 90802

RE: Comments and Questions Regarding the Inclusionary Housing Economic Analysis Undertaken by KMA for the City of Long Beach

Dear Ms. Tatum and Mr. Ure:

We appreciate your work on the development of an Inclusionary Housing (IH) policy for the City of Long Beach. IH is a critical policy tool, amongst many that are necessary, to address our housing affordability and homelessness crises in Long Beach.

We respectfully submit the following comments and questions to you regarding KMA's economic analysis of IH for Long Beach. We anticipate providing additional feedback once the draft IH ordinance is released.

1. <u>IH Requirements Should Apply Citywide, not just in Downtown and Midtown (submarket 1).</u>
   Long Beach needs a citywide IH policy. The KMA study proposes to exempt West, North, East, and parts of Central Long Beach from mandatory IH requirements (submarket 2). We do not support this approach; rather, we support an approach where new development in every corner of the City is required to contribute to the supply of affordable housing. Moreover, much of downtown Long Beach has been recently redeveloped or has received entitlements. Based on allowable densities, how many new units are expected in downtown and midtown (submarket 1)?

2. <u>The Incentives-Based Approach to Submarket 2 will Lead to Predatory Development.</u>
   The incentives-based approach to submarket 2 is extremely concerning, as it will lead to predatory development and displacement of long-term residents living in older housing

stock (through direct and indirect displacement), similar to what has occurred in the Downtown Plan area. An incentives-based approach must be coupled with mandatory affordable housing requirements, community benefits and tenant protections to prevent predatory development. This is particularly important if there is any kind of zone change or conditional approval.

3. <u>The City Should Prioritize the Deepest Affordability for Affordable Units in New Rental Projects.</u>
   Of the options included in the KMA analysis, we support 11% Very Low Income on-site affordable units for new apartment buildings. We prioritize the deepest affordability possible, as these are the residents who are most in need of affordable housing.

4. <u>The Building Size Trigger Should be 4 Units.</u>
   The IH policy should apply to all new rental and condominium developments with four or more units. The City has used the four-unit threshold for other policies, such as Tenant Relocation Assistance and Proactive Rental Housing Inspection. It should similarly be used for IH.

5. <u>In-Lieu Fees Must Not Create an Economic Incentive for Developers to Pay Fees.</u>
   If in-lieu fees are included as an option in the policy, they must be set at the economic equivalent (or higher) of providing the required number of affordable units on-site. This is critical because it ensures that developers do not have an economic incentive to pay the fees instead of including the affordable units on-site.

   Moreover, if in-lieu fees are included in the policy, the following additional parameters must be included to ensure that fees do not undermine the goals of the policy: (a) in-lieu fees must be collected before any approvals or permits are given for the originating market-rate project; (b) in-lieu fees must be spent within a certain amount of time from collection (i.e. 1-2 years); (c) in-lieu fees must be spent within the same neighborhood as the originating project; (d) in-lieu fees must be used to build housing for Very Low and Extremely Low Income households; and (e) in-lieu fees must be used for new construction to add net new units to our housing stock. In-lieu fees should not be spent on rehabilitation or subsidy of existing units, as this does not add to our housing stock.

   The KMA Study recommends allowing in-lieu fees by right for rental projects of 20 units or less (see KMA Study, p. 45). We strongly disagree with this recommendation, as a 20-unit development is large enough to provide affordable units on-site. We also disagree with the Study's recommendation that the City Council have discretion to allow in-lieu fees for rental projects with more than 20 units. (It is also puzzling that this recommendation from KMA only applies to rental projects).

At the Planning Commission's IH Study Session on August 22, 2019, City staff stated that in-lieu fees collected would be placed in the Housing Trust Fund. We would like to know the current income targeting for monies placed in the Housing Trust Fund as well as allowable uses for these funds.

6. No Net Loss & Net Gain Should be Required for all Submarkets.
   To prevent the loss of units *occupied by or affordable to* lower and moderate income households, the IH policy should include a no net loss and net gain requirement for all new developments in all submarkets. There was some confusion on this point during the Planning Commission Study Session, so we want to be clear on what "no net loss" means.

   No net loss is implemented per project and requires that new developments replace existing units that are *occupied by or affordable to* lower or moderate income households (both income-restricted units and unrestricted units). This replacement requirement would result in no net loss of affordable housing. No net loss is a proven best practice, as it is included in State density bonus law (CA Government Code 65915), the City of LA's Transit Oriented Communities (TOC) Policy (also known as Measure JJJ), the City of LA's Mello Act Policy and the County of LA's Mello Act Policy.

   If a unit is vacant, density bonus law and TOC have proven formulas for determining whether the unit should be replaced in order to prevent developers from emptying buildings to avoid compliance. No net loss protections should be coupled with relocation assistance and a right to return for displaced tenants. In order to obtain net gain, replacement units must be in addition to inclusionary units, so that there is a net gain of affordable units.

7. Off-site Compliance Should Not be Included in the Policy.
   In our experience, off-site options for developer compliance with IH requirements has been extremely problematic and unsuccessful. There are very real issues with the ability of developers to find available off-site land where a handful of affordable IH units can be built and financially feasible. This difficulty typically leads to developers pleading that they cannot build required affordable off-site units as promised. This, in turn, creates administrative and legal issues for local municipalities. Developers inevitably return to local jurisdictions to seek permission to fulfill their affordable inclusionary requirements by subsidizing rents in existing buildings, which is substantially cheaper than building new affordable units. This approach is also problematic because it does not add net new units to our housing stock.

8. Affordability Covenants Should be Maximized at 55 years, or the Life of the Project, whichever is Longer, for both Rental and Condominium Projects.
   For both rental and condominium developments, affordable units should be covenanted as affordable for *55 years or the life of the project, whichever is longer*. On p. 42, the KMA Study recommends 55 years for rental and 45 for ownership. We do not agree with this recommendation.

9. It is unclear whether the new Land Use Element (LUE) densities were considered in the KMA Analysis.
   We have heard conflicting information about whether the new LUE densities were considered in the KMA analysis, in particular for submarket 2. We would like clarity on this matter. On a related note, at the August 22 Planning Commission Study Session, City staff stated that submarket 2 was built out. We do not think this is an accurate statement and we would like clarification on this matter as well.

   Moreover, we request that KMA conduct additional analysis to look further back into older development cycles for submarket 2, so that the City can require mandatory IH for these areas. West, North and East Long Beach have many older apartment buildings that are ripe for redevelopment. *If we do not include these communities in the IH policy, the City will create an economic incentive for developers to redevelop in those areas*, because it will be more profitable without any IH requirements. This will lead to predatory development, as there will not be any IH requirements or no net loss protections in place.

10. We are Concerned with the Timing of the City Council's Adoption of this Policy.
    While we understand and agree with the pressing need to adopt IH, we are also very concerned that this policy might be considered by the City Council while Council District 1 (CD 1) is vacant. CD 1 has a very large renter population and, as currently proposed, the inclusionary requirements would only apply to Council Districts 1, 2 and 6 (submarket 1). We do not think the City Council should vote on this policy until CD 1 is filled, which will occur on December 17, 2019. We have been informed that the City plans to agendize IH for a City Council vote in December 2019. We request that the City wait until the new year to hold this critical City Council vote.

Thank you for your consideration of our comments.

Sincerely,

Peter Madsen, Long Beach Residents Empowered
Norberto Lopez, Greater Long Beach Interfaith Community Organization

Jordan Wynne, Everyone In LA
Taylor Thomas, East Yard Communities for Environmental Justice
Susanne Browne, Legal Aid Foundation of Los Angeles
Christine Petit, Long Beach Forward
Victor Sanchez, Long Beach Coalition for Good Jobs and a Healthy Community
Gretchen Swanson, DPT, MPH
Gary Hytrek, Ph.D., Professor of Geography, California State University Long Beach

CC: Andrew Chang, Long Beach Development Services
Christopher Koontz, Long Beach Development Services
Alejandro Sanchez-Lopez, Long Beach Development Services
Daniel Brezenoff, CD 1
Council Member Jeannine Pearce, CD 2
Council Member Suzie Price, CD 3
Council Member Daryl Supernaw, CD 4
Council Member Stacy Mungo, CD 5
Vice Mayor Dee Andrews, CD 6
Council Member Roberto Uranga, CD 7
Council Member Al Austin, CD 8
Council Member Rex Richardson, CD 9

From: Richard Price
To: Andrew Chang
Subject: Comments on the KMA Inclusionary Housing Study
Date: Monday, November 04, 2019 10:48:00 AM

Andrew,

Please see the following comments regarding the Kaiser Marston Inclusionary Housing Study released this fall.

- **Suggested Market Rent Levels are Overstated (Page 21)**: Based on the data collected from Costar, it appears the Projected Monthly Market Rate Rents are overstated. The weighted average rents and average unit size should be used as these are representative of what is being developed in Submarket #1 today. It appears the highest end of the range and largest unit size was used to calculate the projected monthly market rental rates, which would not be most representative of a newly built project. Even observing the newest product in the market, these rents, especially for studios is grossly overstated. Given that all the comparables used in the appendix were rated with 4 stars in Costar, they should be representative of class A apartments but seem to be more in line with condominium unit sizes. The unit sizes and rents among these 4-star rated comparables should indicate an appropriate size and rent for future purpose-built, for-rent projects (not condominiums). Appendix E, Exhibit I shows:
    - Studios (ave. size of 729 SF): $2,179
        - Note: Average size of 729 SF is overstated for what is being delivered in the market today with the exception of AMLI Park Broadway.
            - Average studio size:
                - 442 Residences: 535 SF
                - Edison: 549 SF
                - Oceanaire: 614 SF
                - AMLI Park Broadway: 719 SF
    - 1BR: (ave. size of 805 SF): $2,370
    - 2BR: (ave. size of 1,108 SF): $3,017

    Table from Page 21: No projected unit size was suggested to arrive at these rents. Please clarify. There should be a nexus between these rents and the Appendix data, including a realistic proposed unit mix and unit size.
-

Submarket #1: Projected Monthly Market Rate Rents	
Average Monthly Rent Per Unit	
Studio Units	$2,569
One-Bedroom Units	$2,620
Two-Bedroom Units	$3,304
Average Monthly Rent Per Sq. Ft. of GLA [10]	$3.16

- **Multifamily Project Returns Thresholds are Underestimated:** The estimated stabilized developer return was estimated at 5.4% for multifamily projects but this figure was unsubstantiated. Developer returns are highly sensitive to location. Long Beach, including Downtown Long Beach, is a "B" location relative to other markets in Los Angeles County and therefore, Long Beach requires higher returns (much higher than 5.4% return on cost) to attract institutional investment. Other higher-quality submarkets like Downtown Los Angeles, Culver City, Hollywood, Irvine, Costa Mesa, etc., where much of the new housing is currently being developed, are typically requiring returns in the *mid*-5.00% range (5.50% yield on cost), however Long Beach is perceived to carry higher risks and higher returns than these submarkets, specifically by the institutional investment community. It is not accurate to suggest current developer investment returns in these higher quality markets are a benchmark for Long Beach returns, including downtown Long Beach. The proposed multifamily return threshold of 5.4% should be adjusted higher to account for location and risk.

- **Page 13, Submarket #1**: Paragraph #5 states 85% of the new supply is in high-rise buildings. This is not accurate. The majority of the new supply is going to be in the 6-8 story range. The new supply should be reviewed again with Planning staff. An eight-story building is not classified as high-rise. Only one high-rise project is currently under construction (Shoreline Tower) and it has unobstructed ocean views. Also, while 4,000 units may be in some form of discussion or planning, the reality is 20-35% of these projects will either never be approved or never break ground. There should be a factor applied to expected new supply. The content on page 13 overstates the true investment occurring in Submarket #1 and the feasibility of high-rise projects.

- **Appendix A and Appendix B Pro Forma Analysis**:
    - Hard costs have risen substantially over the past five years and the directs costs shown in the project pro form do not accurately depict the reality of today's market. Specifically the Building Costs of $125/Sf of GBA are approximately $165/Sf of GBA (for Appendix A) and $185/Sf of GBA (for Appendix B).
    - Unit sizes should be shown on page 60 of the PDF and rents should be according to unit size. Studios and 2BRs seem especially overstated.

Thanks,

Rick

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September 19, 2019

Long Beach City Hall
Director Linda Tatum
Development Services Department
411 W. Ocean Blvd.
Long Beach, CA 90802

Re: Building Industry Association Comment Letter – Long Beach Inclusionary Policy Economic Feasibility Study Results

Dear Director Tatum,

The Los Angeles/Ventura Chapter of the Building Industry Association of Southern California, Inc. (BIA), is a non-profit trade association representing more than 1,100 companies employing over 100,000 people all affiliated with producing much needed housing. On behalf of our membership we would like to submit an updated comment letter on Keyser Marston Associates Inclusionary Housing: Financial Evaluation document ("Financial Evaluation") prepared for the City of Long Beach, now that the full study has been released.

Over the last year, BIA-LAV has been actively engaged in the City's housing affordability conversations and inclusionary policy planning processes. Different than our first comment letter, this letter seeks to provide feedback on the full feasibility study, not just the City's recommendations based on the study. We hope that the comments, questions and concerns, outlined below, help to supplement the dialogue around the City's decisions when considering an inclusionary housing policy:

1. Accuracy of Data

In the appendices of the study, "Attachment 1, Inclusionary Housing Survey, California Programs", provides a list of California cities who have adopted an inclusionary policy and the components included within those policies. In our first review of the list we immediately noticed that the County of Los Angeles was included. This is concerning because the County has yet to adopt an inclusionary zoning ordinance. Additionally, the City of Glendale is also listed, however the information accompanying it appears to be incorrect. Glendale's inclusionary zoning policy did not adopt an ownership component, yet it is listed as such. This misinformation is worrisome, because as city decision makers consider critical policies they are relying on the results of accurate data. Inaccurate data can substantially change the direction of their policy outcomes.

Also, there are five pages of the survey that are broken up into different categories (noted by roman numerals). Some of these are unclear and we are asking for more clarification for the difference in these designations, as it appears to be duplicative information in some cases. We would also like to find out the exact addresses/streets that differentiate submarkets one and two, or at least the precise borders. We were unable to determine that information based on the study, and that is important in considering the calculation in points two and three, below.

2. Program Foundation – Land Cost Depreciation & Return on Investment
The Financial Evaluation correctly states that courts have determined that Inclusionary Housing obligations cannot be confiscatory and cannot deprive a property owner of a fair and reasonable return on investment. Unfortunately, the Financial Evaluation goes on to incorrectly and rather shockingly make the assumption that a 30% loss in land value and a return on investment of 5.2% is fair and reasonable.

As a comparison, the City of Pasadena is currently going through an update to their inclusionary zoning requirements and their consultant determined and testified publicly that between a 10% and 12% return on cost is the industry standard for determining the feasibility of a market-rate housing project. They also used actual financially feasible projects to determine their baseline criteria. In addition, Pasadena's inclusionary zoning market and feasibility study states that, "This threshold range is within a typical range of returns a developer will consider in making a go/no-go project decision". To state that a 30% loss in land value and a 5.2% return on investment is the "industry standard" for a feasible project is highly inaccurate and voids the findings of feasibility for the inclusionary housing scenarios outlined in the Financial Evaluation. The Pasadena study also cites that, "increased inclusionary set-aside requirements can be supported through incentives such as fee waivers, concessions, and density bonuses that improve underlying project economics enough to "pay" for the incremental costs of additional affordable housing." Noted in the aforementioned statement, the need for incentives when constructing an inclusionary ordinance is a critical component for a policy to remain financially feasible.

3. Other Considerations
Based on the studies inputs we still remain concerned with the City's recommendations for an inclusionary ordinance in the Economic Analysis document that was distributed ahead of the full study. Listed below is a brief summary of the concerns we shared from our original letter (which can be read here):

a. Increased Cost to Housing & the "Missing Middle" - Any increase in housing construction costs, such as this inclusionary policy, pushes working families and individuals further from housing affordability and exacerbates the "missing middle" housing gap. Costs, like inclusionary zoning expenses, continue to rise making housing too expensive to build and still deliver a product that's affordable to middle-income earners. Homebuilders are now either building subsidized housing or luxury housing, resulting in the production of zero moderate income housing units. Applying a potentially unworkable inclusionary zoning ordinance to residential development will likely make the situation worse, not better.

b. Implementation Timeline & a Grandfather Clause - If the City were to adopt a mandated inclusionary zoning policy and implement it immediately, this drastic change would negatively affect the market. Any policy that is adopted should be done so gradually, as a phased-in approach, over several years. This would ensure that there are no disruptions to the current building progress. A robust grandfather clause for projects in the pipeline should also be included in the policy recommendations. Homebuilders who have invested in the City before a serious change in land value occurred, through an unforeseen City imposed policy, should not be subject to an ordinance that would so drastically affect their ability to produce housing.

c. Meaningful Offsets & Applicability Threshold **-** If the City were to impose an inclusionary housing policy on residential development, there would need to be a cost reduction in another part of the City's building process. This would offset the cost of providing below market-rate housing by reducing overall costs in another part of the project approval process. Those offsets could be included through a menu of options that led to a commensurate cost reduction based on individual project needs. Related to applicability, the incentives available for ownership projects are simply not financially feasible to offset the costs for the production of ownership units with an inclusionary component and should not be considered in a final policy.

d. A Voluntary, Incentive-Based Solution - We were encouraged to see the incentive-based approach, and exclusion on of inclusionary ownership requirements when applied to inclusionary housing in submarket two. A voluntary inclusionary component would provide developers the ability to incorporate moderate to low-income housing units within their projects through the provision of offsets to balance the additional costs needed. A good example of affordable housing production encouragement through a voluntary process exists in the City of Los Angeles through their voter approved "Transit Oriented Communities Plan". This voluntary program, when compared to mandatory ordinances, has produced significantly more housing units because it helps the development process, instead of hindering it.

Conclusion

We, again, encourage staff to consider how an inclusionary building component will actually affect the production of affordable units within your City. An inclusionary housing mandate could stifle housing production leading to not only less housing, but also less affordable housing – the opposite of what an inclusionary policy seeks to accomplish. For this reason, we request that any inclusionary housing component does not increase the cost of housing and be incorporated as a voluntary, incentive-based option that excludes for-sale homes. There is ample opportunity to make this policy a functional, meaningful tool to address affordable housing by implementing the input contributed by stakeholders who are providing and building housing.

Should you have any questions please contact, BIA-LAV Director of Government Affairs, Diana Coronado, at (213) 797-5965 or at dcoronado@bialav.org.

Sincerely,

Tim Piasky
Chief Executive Officer
BIA-Los Angeles/Ventura

CC:
Patrick Ure, Development Services Department
Andrew Chang, Development Services Department
Long Beach Planning Commissioners, Districts 1, 2, 3, 4, 5, 6, and 7
Council Districts 1, 2, 3, 4, 5, 6, and 7

City of Long Beach

Peer Review of Inclusionary Housing Policy – Economic Analysis by Keyser Marston Associates

Prepared for:
Downtown Long Beach Alliance

Prepared by:
Beacon Economics, LLC.

22 November, 2019

About Beacon Economics

Founded in 2007, Beacon Economics, an LLC and certified Small Business Enterprise in California, is an independent research and consulting firm dedicated to delivering accurate, insightful and objectively based economic analysis. Leveraging unique proprietary models, vast databases and sophisticated data processing, the company's specialized practice areas include sustainable growth and development, real estate market analysis, economic forecasting, industry analysis, economic policy analysis and economic impact studies. Beacon Economics equips its clients with the data and analysis required to understand the significance of on-the-ground realities and to make informed business and policy decisions.

Project Team

Adam J. Fowler, Director of Research
Hoyu Chong, Practice Lead, Sustainable Growth and Development

Project Advisor

Christopher Thornberg, PhD, Founding Partner

Special Thanks

D. Rocky Rockefeller, Rockefeller Kempel Architects; David Pintar, C.W. Driver Companies; Steven Nelson, C.W. Driver Companies; Steve Bram, George Smith Partners; David Pascale, George Smith Partners; Ryan A. Altoon, Anderson Pacific, LLC.

Table of Contents

Preface

The City of Long Beach (The City) is in the process of establishing inclusionary housing policies for the purpose of increasing the supply of low-income, affordable housing for its residents. The City commissioned a study from Keyser Marston Associates, Inc. (KMA) entitled “Inclusionary Housing: Financial Evaluation” (the KMA report) that was released in July 2019. The KMA study (1) examines the financial impact of affordable housing requirements; and (2) estimates the in-lieu fees that could be supported without rendering projects financially infeasible.

The KMA report divided the city into two distinct submarkets: Submarket 1 (which more or less covers Downtown and Midtown Area, immediately north of Downtown Long Beach); and Submarket 2 (the rest of Long Beach). The majority of the report is devoted to Submarket 1. **Within the purview of Submarket 1, the KMA report examined inclusionary housing requirements for both rental residential development and ownership housing developments**. The report considered different single income categories—**market rate**, **moderate income**, **low income** and **very low income** for rental residential and market rate and moderate income for ownership housing development. Furthermore, the report included three mixed-income category scenarios for rental residential development. Based on the results from these scenarios, **KMA derived in-lieu fees based on the affordability gap approach** (market rate unit price less affordable sales price per unit).

The Downtown Long Beach Alliance engaged Beacon Economics to perform a peer review of the KMA study, including an in-depth examination of the study’s working assumptions, data, analysis, and conclusions. Additionally, Beacon Economics was tasked with conducting a sensitivity analysis, to examine the impact of potential changes in key inputs utilized in the KMA report. The intention was to use the peer review exercise to inform policymakers and ground the ultimate inclusionary housing policy in real market conditions.

Key goals of the Downtown Long Beach Alliance in commissioning this report include (1) identifying the impact of updating the KMA analysis with assumptions driven by Long Beach-specific data to capture the regulatory and market conditions of residential development in the City, and to (2) provide recommendations on key elements for the design of an inclusionary housing policy based on the sensitivity of KMA’s financial feasibility analysis.

I. Introduction

In July 2019, Keyser Marston Associates, Inc. (hereinafter after “Keyser Marston” or “KMA”) submitted to the City of Long Beach a study of Inclusionary Housing Program Financial Evaluation titled “Inclusionary Housing: Financial Evaluation” (hereinafter “the KMA report”), with the focus of examining (1) The impacts created by the imposition of affordable housing requirements and (2) The estimates of the fee amounts that can be supported for projects that are permitted to pay a fee in lieu of producing affordable housing. The report’s intent is to inform the City of Long Beach the financial feasibility of imposing Inclusionary Housing requirements on residential development in Long Beach.

Amid the housing crisis, the KMA study serves a very important purpose—the scoping of a supportable Inclusionary Housing policy may help the City of Long Beach alleviate its unmet housing needs as defined in the Regional Housing Needs Assessment (RHNA). Since the release of the KMA report, the Department of Housing and Community Development has released new data on jurisdictions’ progress on RHNA in 2018. For the City of Long Beach, between 2017 (latest year reported at the time of the release of the KMA report) and 2018, its RHNA statistics are updated in the following table.

City of Long Beach RHNA Statistics as of December 2018

Income Category	Total RHNA Obligation (2013-2021)	Building Permits Issued as of Dec 2017	Building Permits Issued as of Dec 2018 (2017-2018 Change)	Remaining RHNA (Total)	Remaining RHNA (%)
Very Low (VLI)	1,773	269	306 (+37)	1,467	82.7%
Low (LI)	1,066	53	62 (+9)	1,004	94.2%
Moderate	1,170	0	0 (+0)	1,170	100.0%
Above Moderate	3,039	1,328	1,551 (+223)	1,488	49.0%
Total	7,048	1,650	1,919 (+269)	5,129	72.8%

The City has made little progress from 2017 to 2018. The current 5th Cycle of RHNA is more than half-way over but the City has failed to meet the pro-rated progress in every single income category, more so in the low-income categories. The vast majority of the permits issued are for above moderate income, highlighting the need of affordable housing in the City.

Beacon Economics, LLC (hereinafter “Beacon”) was engaged by the Downtown Long Beach Alliance (DLBA) to conduct a peer review of the KMA report, to critique its findings and recommendations and to explore alternatives to the findings and recommendations. One challenge in reviewing the KMA report is the lack of transparent information that permeates throughout the report. In the pro formas for the rental residential and ownership project prototypes, there are no building construction types[1], average unit size nor building efficiency stated, all of which greatly affect the cost of construction. In addition, Beacon finds that various of KMA's assumptions on the rental residential and ownership project prototypes as well as its affordability analyses are detached from the reality. Particularly, for the project prototypes, there is no evidence that KMA has taken open space requirements into consideration when proposing the projects' building efficiency. Also, there are no recent sales transactions that support KMA's assumed land acquisition costs.

There are many key assumptions missing in the KMA report:

- There are no recent sales transactions that support a land acquisition cost of $205/SF
  - In addition, land value varies considerably between Downtown area and Midtown area, even if KMA claim they are within the same broad submarket
- KMA did not specify the average unit size by number of bedrooms that form the basis of the pro formas
  - For rental projects, the only reasonable inference Beacon can make is that KMA used the weighted average results on its rent survey in Attachment 2 Appendix E Exhibit I of the KMA report.
  - But for ownership projects, KMA did not use the weighted average results in its condominium sales survey in Attachment 3 Appendix C Exhibit I.
- There is no building efficiency ratio (net rentable area/gross building area) assumed nor consideration for open space requirements
  - Again, Beacon can make a reasonable inference using the weighted average results on its rent survey in Attachment 2 Appendix E Exhibit I; and
  - Beacon will demonstrate that the imputed building efficiency ratios that KMA implicitly assumed based on its data are unrealistic.
- There is no indication whether on-site improvement/landscaping cost includes demolition cost
  - Given that Downtown and Midtown Long Beach are built out, a development project is likely to be an infill project where any existing structure on top of the parcel need to be demolished before any construction work can be done.
- There are no cost estimates for off-site improvements, which are required by the City
  - See Title 20.24.040 of the City's municipal code

[1] Building construction types refer to the materials used in the building and the extent to which building elements such as building frame, roof, wall and floor can resist fire. These building construction types are established by the International Code Council and each project must follow the guidelines set forth. For a multi-family residential building, these are typically Type I (concrete), Type III, or Type VA. Factors such as building height and number of stories determine the type of construction material used. For more information, please visit the ICC's 2018 International Building Code: Chapter 6: Types of Construction.

- There are no considerations on water-table and methane issues. The KMA report is assuming conventional foundations but in Long Beach there is likely going to be some issues with water table and methane, given that the area was subject to oil pumping in the past.
- There are no cost estimates for bicycle parking, which is essential given the submarket location.

In addition, there also exist many key assumptions that are questionable in the KMA report:

- Consolidation of Downtown Long Beach and Midtown into one aggregate submarket
- Land parcel sizes: 32,870 sq. ft. for rental projects and 43,560 sq. ft. for ownership project
  - Most parcels in the submarket are much smaller than these specified areas and are of an elongated shape
  - No discussion of reverse subdivision and the additional fees associated
- Assumption of a 30% reduction in the land cost caused by Inclusionary Housing requirements (see Sections IIB and IIIE of the report)
- Assumption of 85-92 parking spaces can fit in per subterranean level on a ¾ acre of land.
- Uniform assumption of $20,000 per unit of permit fees, when in fact many of the largest permit fee items are proportional to size
- A construction loan period is too short and incompatible with lender's perspective.
- Construction loan interest rates deviate between rental and ownership projects without justification.
- As for ownership units, KMA assumes a 5.31% interest rate for a 30-year fully amortized mortgage loan.
  - The 30-year fixed mortgage rate averaged has stayed below 5.31% since July 2009.
  - The current 30-year fixed mortgage rate is 3.57% as of October 10, 2019.
- In addition, KMA assumes a 5% down payment of the ownership unit sales price, yet not taking private mortgage insurance (PMI) into account
- Discrepancy between the market rate unit rent assumed in pro formas versus the weighted average market rate unit rent results from its submarket rent survey (Attachment 2 Appendix E Exhibit I).
  - The market rate unit rents assumed in the pro formas are higher than those in the rent survey
  - The discrepancies lead to higher Net Operating Income and overstates Return on Total Investment
  - The discrepancies also lead to **significantly higher affordability gaps** in the affordable rental calculations in Attachment 2: Appendix D in the KMA report

The peer review is organized into two main sections: Non-Cost Assumptions (Section II) and Cost Assumptions (Section III). Based on the discussions of Section II and Section III, Section IV will display the revised pro formas results of each project prototypes. Since the pro formas feed into the affordability analyses, Section V will show the revised affordability analyses based on the findings from Section IV that are alternatives to the KMA analyses.

II. Critique of KMA's Non-Cost Assumptions

No two cities are the same. In order to design an Inclusionary Housing Program suitable for the City of Long Beach, it is important to understand the landscape unique to the City and the current financial landscape that feed into the mortgage rates and affordability calculations. For example, each City has different ordinance that governs building standards such as minimum parking requirements, minimum required parking space dimensions, open space requirements, etc. The non-construction cost related considerations provide parameters for project prototypes that are likely to be built in the City and affect the costs of development directly. It is therefore essential for a study to consult these elements at the bare minimum in crafting the pro formas for the project prototypes.

In reviewing the KMA report, Beacon has identified eight main non-cost assumptions that merit discussions:

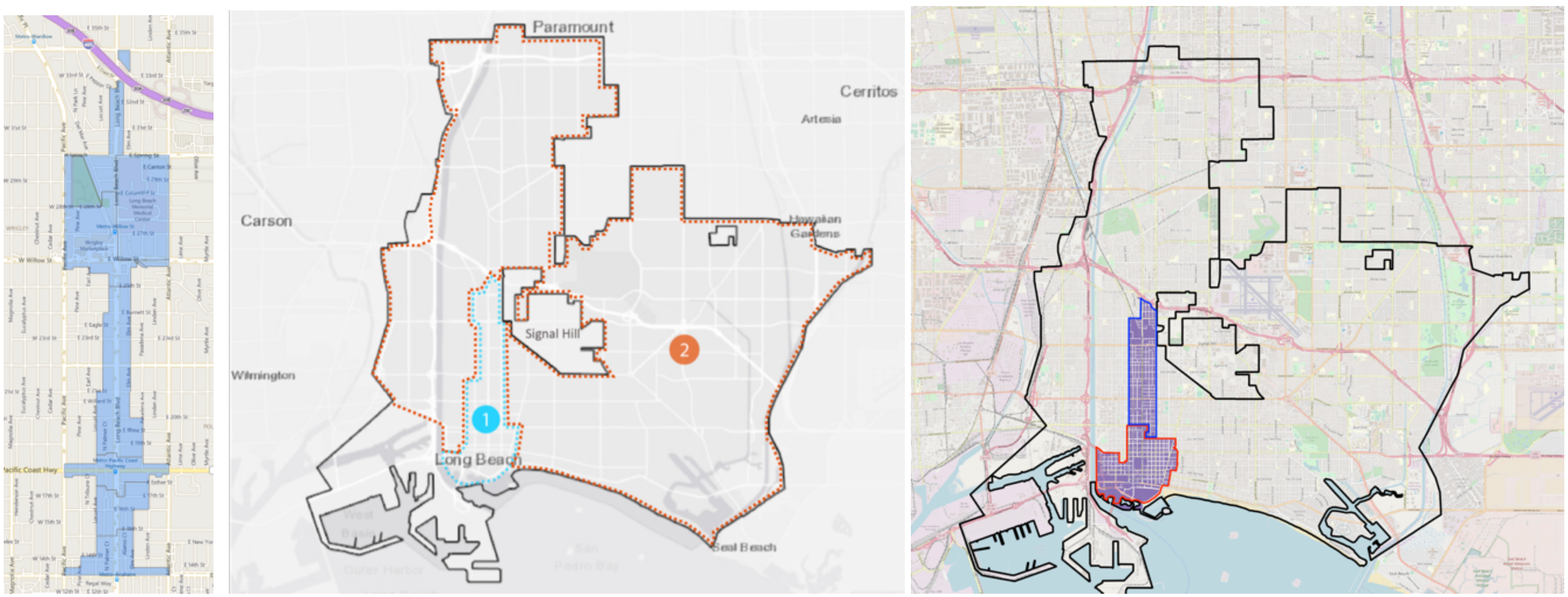
a. Land Parcel Sizes
b. Car Parking Spaces
c. Unit Sizes and Unit Mix
d. Building Efficiency
e. Open Space Requirements
f. Bicycle Parking Spaces
g. Mortgage Interest Rate
h. 5% Mortgage Down Payment in Ownership Units

Each of these assumptions is discussed individually in this Section.

A. Land Parcel Sizes

Within the purview of the KMA report, Submarket 1 consists of the Downtown (PD 30), the Downtown Shore (PD 6) and the Midtown area. It is true that there is a clear differentiation in the development activity between Submarkets #1 and #2 per KMA. Yet there are some fundamentally different attributes—such as land parcel sizes and dimensions, open space requirements, and land value—between Downtown and Midtown. For this reason, it may be unsuitable to consolidate Downtown and Midtown into one aggregate submarket. For the purpose of this peer review, Beacon has elected to keep Downtown and Midtown as one submarket in analyzing the pro formas.

Note that the boundaries for Midtown in both the KMA report and this report are different from the boundary of the Midtown Specific Plan. Based on the Submarket Map in Section II.C. of the KMA report, it is not possible to work out the exact boundaries of Midtown in the KMA report. Therefore, the Midtown boundary presented in this report is a close approximation of those in the KMA report.



Left: Midtown Specific Plan GIS Boundary
Middle: Submarket 1 as presented in the KMA report (page 12)
Right: Submarket 1 broken down into Downtown & Downtown Shore areas (red outline) and Midtown area (blue outline)

Beacon uses the County of Los Angeles Open Data Portal's 2018 Assessors Parcels Data[2] to analyze the land parcel sizes in Submarket 1. The Downtown (PD 30) and Downtown Shore (PD6) boundaries are obtained from the City's GIS data catalog and combined together. Although the overall submarket boundary differs slight from that of KMA but the main arguments still hold true.

Summary Statistics of Submarket 1 Parcels, Downtown and Midtown

	Downtown	Midtown	Submarket 1
No. of parcels	7,301	2,857	10,158
Avg. parcel size (SF)	31,041	12,001	27,167
Square footage of the parcel at the following percentiles:			
10th percentile	4,746	3,680	4,129
25th percentile	7,509	5,195	6,487
50th percentile	19,946	6,406	13,235
75th percentile	33,498	8,912	33,206
90th percentile	62,235	29,234	54,306
Percent of parcels **smaller** than the land sizes in the prototype pro formas			
32,870 SF	66%	92%	74%
43,560 SF	81%	95%	85%

GIS Data Source: City of Long Beach GIS Data Catalog; County of Los Angeles GIS Open Data Portal. Calculations by Beacon Economics

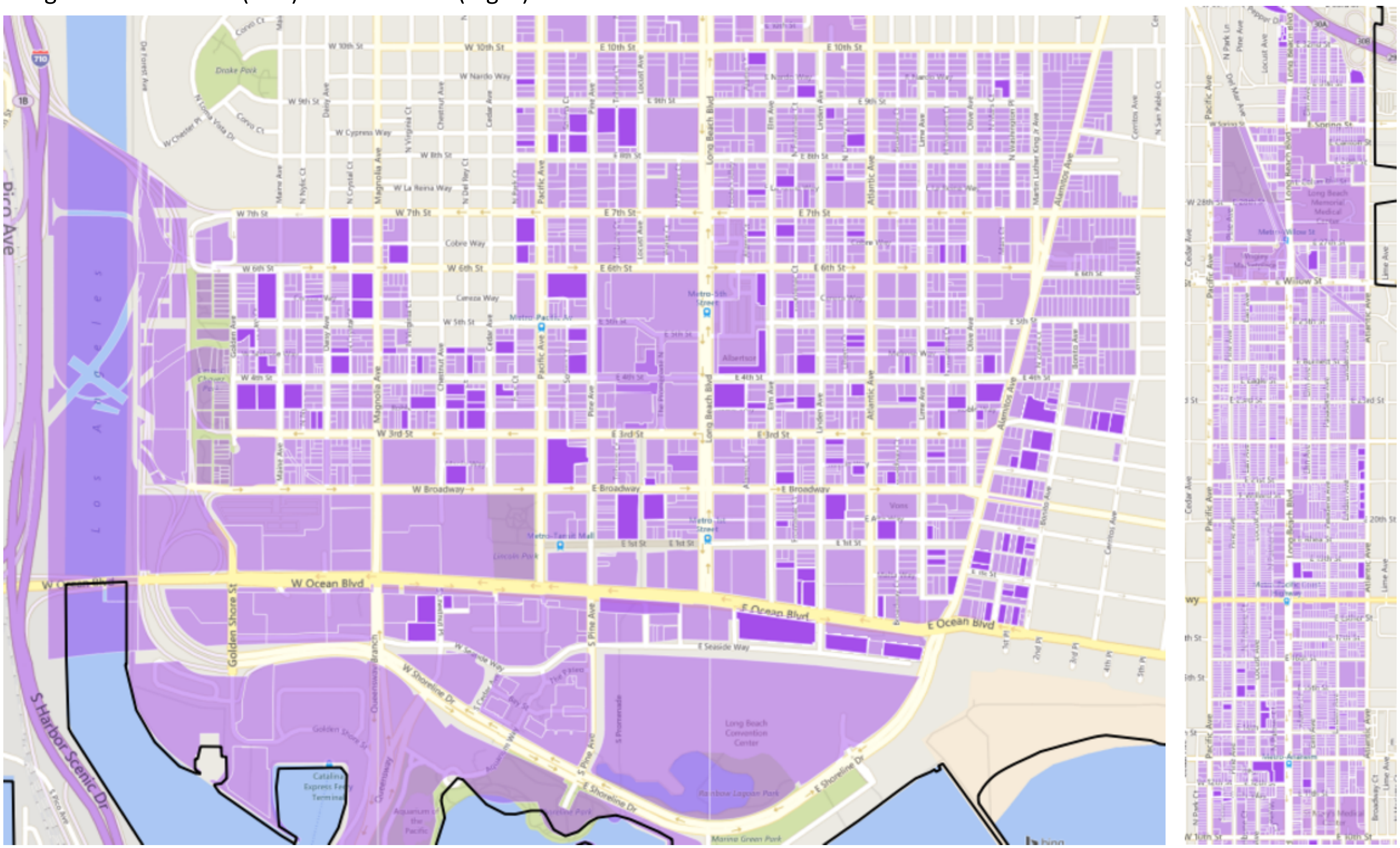
The average parcel size (of all land regardless of land use) in Downtown and Midtown are significantly smaller than the land sizes in the pro formas: 32,870 square feet for the rental project prototypes and 43,560 for the ownership prototypes. The average (mean) parcel is larger in Downtown (31,041 square feet) than Midtown (12,001 square feet). The median parcel measures just 19,946 square feet in Downtown and 6,406 in Midtown—far smaller than those in the pro formas—which are about 3/5 and 1/5, respectively, of the 32,870 square feet parcel size in the rental prototype.

In fact, 74% and 85% of the parcels in Submarket 1 are smaller than the dimensions specified in KMA's pro formas. Over 92% and 95% of the parcels in Midtown are smaller than the dimensions specified in KMA's rental and ownership pro formas, respectively. This means KMA's

[2] The data can be retrieved from: https://data.lacounty.gov/browse?q=parcels%202016%20tax%20roll&sortBy=relevance

prototypes are either not representative of the actual landscape or the land would need to be reverse-subdivided. These prototypes are less suitable for Midtown development than Downtown since a higher portion of Midtown parcels are too small to be suitable.

Images of Downtown (Left) and Midtown (Right) Parcels

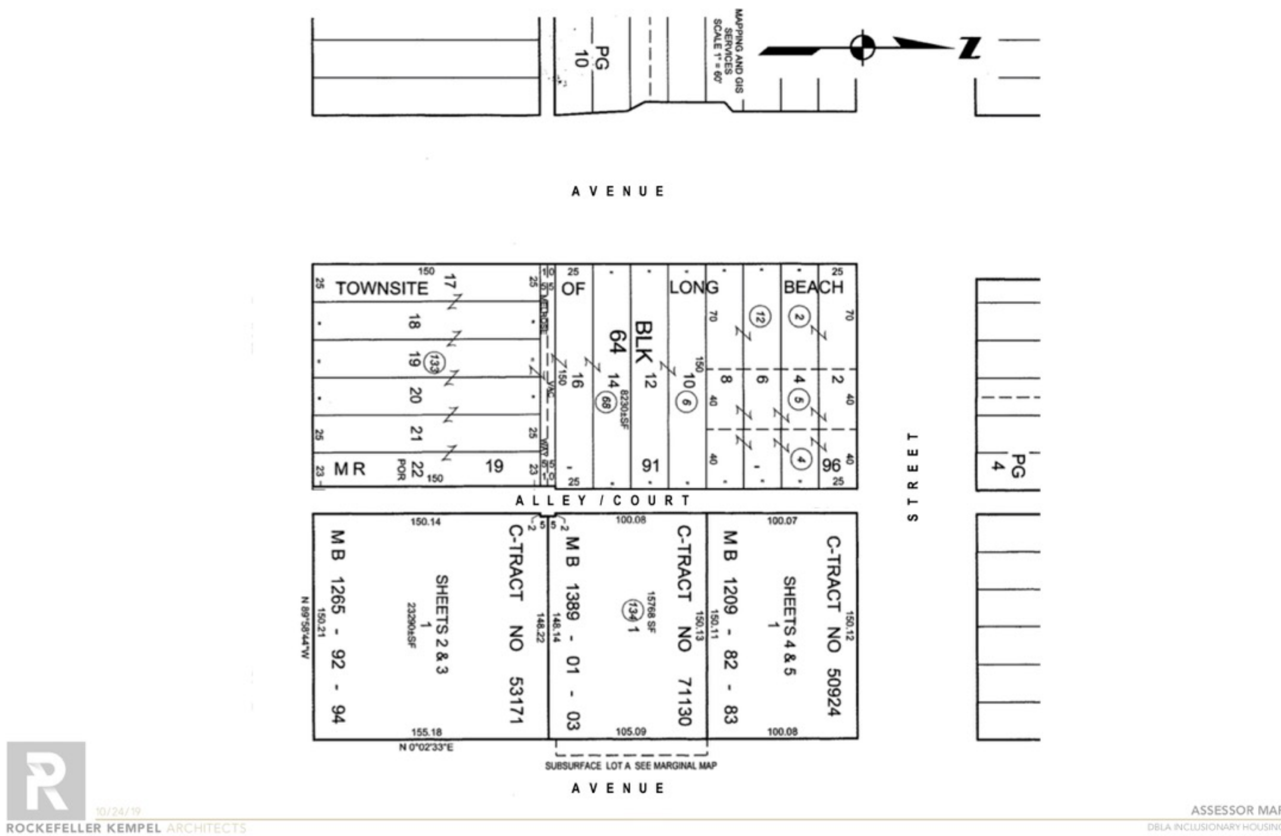


The majority of these parcels are elongated rectangles

In addition to the small parcel sizes, many parcels in the submarket have an elongated rectangular shape, rendering development inefficient at best or simply impractical. In Submarket 1, some of the most common parcel sizes and shapes are:

- 20,000 SF (600 feet by 33.33 feet)
- 15,000 SF (500 feet by 30 feet)
- 7,400 SF to 7,600 SF (400 feet by 18.5 feet to 19 feet)
- 6,500 SF (360 feet by 18 feet or 380 feet by 17 feet)
- 5,000 SF (300 feet by 16.67 feet)
- 2,500 SF (200 feet by 12.5 feet or 250 feet by 10 feet)

The individually small and elongated land parcels imply development is not even remotely possible unless reverse subdivision occurs, where it is common for a developer to purchase several adjacent lots and combine them into one developable larger lot.



Source: D. Rocky Rockefeller, AIA, Consulting Architect, Rockefeller Kempel Architects

This is a sample reverse subdivision where several parcels of land are amalgamated into one aggregate plot near Melrose Way. For example, eight 25 feet by 150 feet parcels measuring 3,750 square feet each are joined together to form a new parcel measuring 30,000 square feet.

Below are examples of current development projects that are made possible as a result of reverse subdivision.

A mixed used project on 1101-1157 Long Beach Blvd.

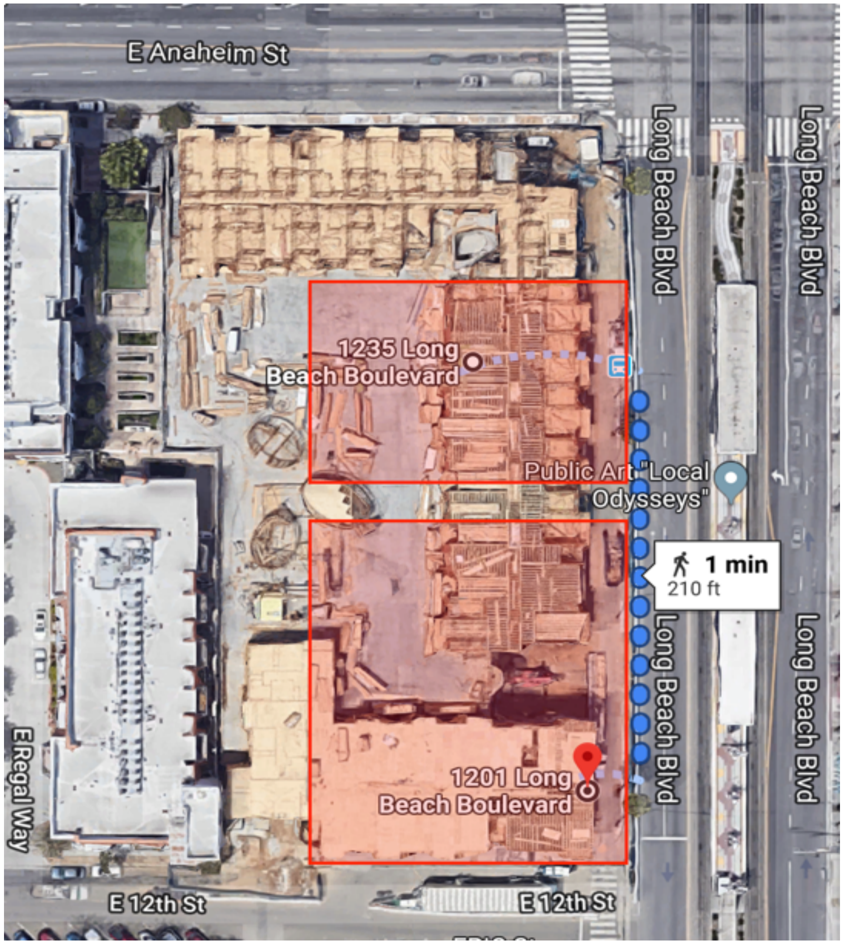
Google Map Satellite Image of Site Area (2019)

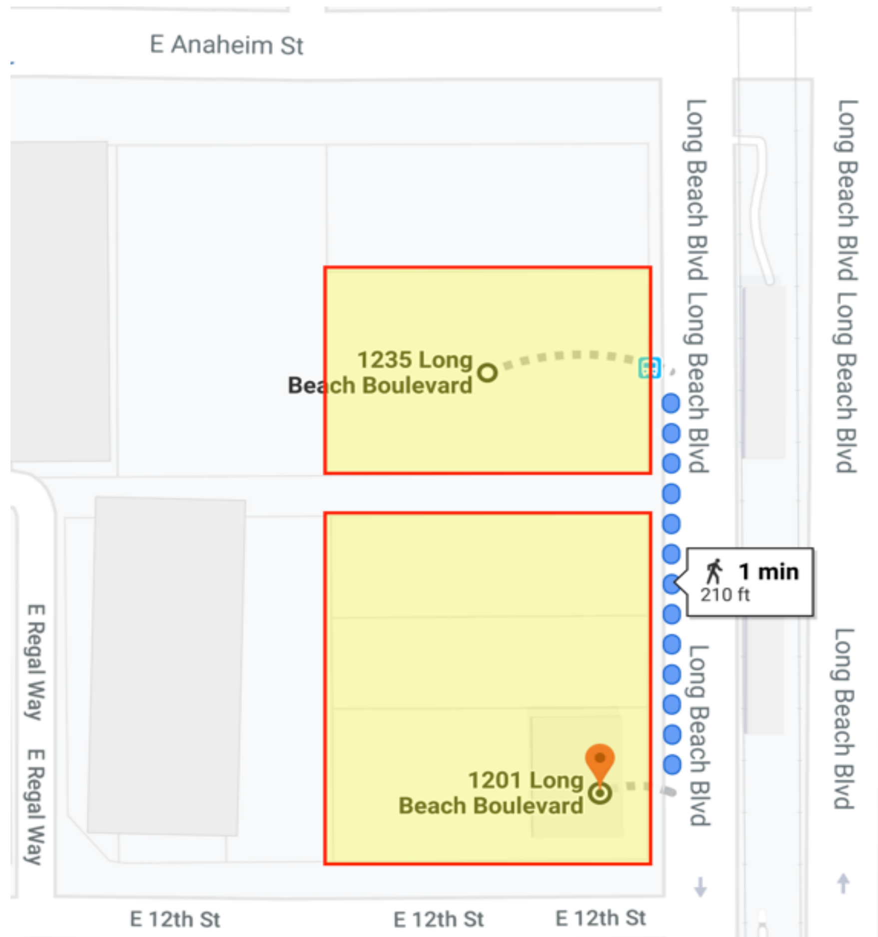
Parcel Map of the Site Area (2018)

Source: Google Map and County of Los Angeles GIS Open Data Portal

The above images show the most recent state of a mixed-use project that is being developed currently on 1101-1157 Long Beach Boulevard at the southwest corner of 12th Street and Long Beach Boulevard. According to the Los Angeles County Assessors Parcels Data, the site consisted of three separate parcels prior. These individual parcels were also of an elongated rectangular shape but had combined together to form a larger and a more squared parcel that is more suited for development.

The Beacon on 1201-1235 Long Beach Blvd.





Google Map Satellite Image of Site Area (2019)

Parcel Map of the Site Area (2018)

Source: Google Map and County of Los Angeles GIS Open Data Portal

Similarly, the Beacon on 1201-1235 Long Beach Boulevard used to be smaller parcels combined together.

B. Car Parking Spaces

In the rental residential project prototypes, KMA assumes 85 to 92 parking spaces can fit into each subterranean level underneath a lot measuring 32,870 square feet. Attachment 2, Appendix A, Table 1 of the KMA report is reproduced below to show the parking space specifications of the market rate rental residential prototype project:

II. Direct Costs [2]						
On-Site Improvements/Landscaping	32,870	Sf of Land	$20	/Sf of Land	$657,000
Parking [3]					
At-Grade Spaces	0	Spaces	$5,000	/Space	0
Above-Ground Podium Spaces	0	Spaces	$25,000	/Space	0
1st Level Subterranean	90	Spaces	$35,000	/Space	3,150,000
2nd Level Subterranean	92	Spaces	$45,000	/Space	4,140,000
Building Costs	106,312	Sf of GBA	$125	/Sf of GBA	13,289,000
Contractor/DC Contingency Allow	20%	Other Direct Costs			4,247,000
Total Direct Costs	106,312	Sf of GBA	$240	/Sf of GBA	

Source: Keyser Marston Associates, Inc.

In the Market Rate Rental Project prototype, KMA assumed 90 to 92 spaces per subterranean level of parking. Assuming the underground parking is built to the line, such that a maximum of 32,870 square feet of land (ignoring all other issues) is used, this yields 357.28 to 365.22 square feet per space. For a less than one acre lot, these are very efficient and lean parking spaces, which are very difficult to achieve on land parcels less than two acres and less feasible for below-grade (subterranean) parking structures than for above ground parking lots.

Many below-grade or mixed-use garages can have parking efficiencies of 400 to 500 square feet per space (Penny, 2016).[3] In the United States, off-street parking spaces average 513 square feet (Marshall, 2014).[4] The number of parking spaces that can fit into an underground level of parking shrinks further if the structure takes setbacks into account.

[3] Penny, H. D. (2016). “How Much Does a Structure Cost.” International Parking & Mobility Institute. Retrieved on October 22, 2019. Retrieved from: https://www.parking-mobility.org/2016/01/19/tpp-2013-09-how-much-does-a-structure-cost/

[4] Marshall, W. (2014). “On-Street Parking.” *Parking Issues and Policies*, Transport and Sustainability, p. 367. Retrieved from: http://bit.ly/2EhgsFM

Parking Square Footage per Space and Cost per Space Summary, Assuming "Built-to-Line"

	Unit	Market Rate Rental Project	Inclusionary Rental Project	Ownership Project
Land	Square Feet	32,870	32,870	43,560
Parking				
First Level Subterranean	Spaces	90	90	
	SF per space	365.22	365.22	
	Cost per space	$35,000	$35,000	
Second Level Subterranean	Spaces	92	85	
	SF per space	357.28	386.71	
	Cost per space	$45,000	$45,000	
Above-Ground Podium Spaces	Spaces			142
	SF per space			306.76
	Cost per space			$25,000

When taking the City's parking development standards into account, Beacon demonstrates that it is not feasible to include that many parking spaces per level. The following tables summarize the City of Long Beach's off-street parking and loading requirements under Section 21.41 of the City's Municipal Code.

Table 41-2: Minimum Parking Space Sizes

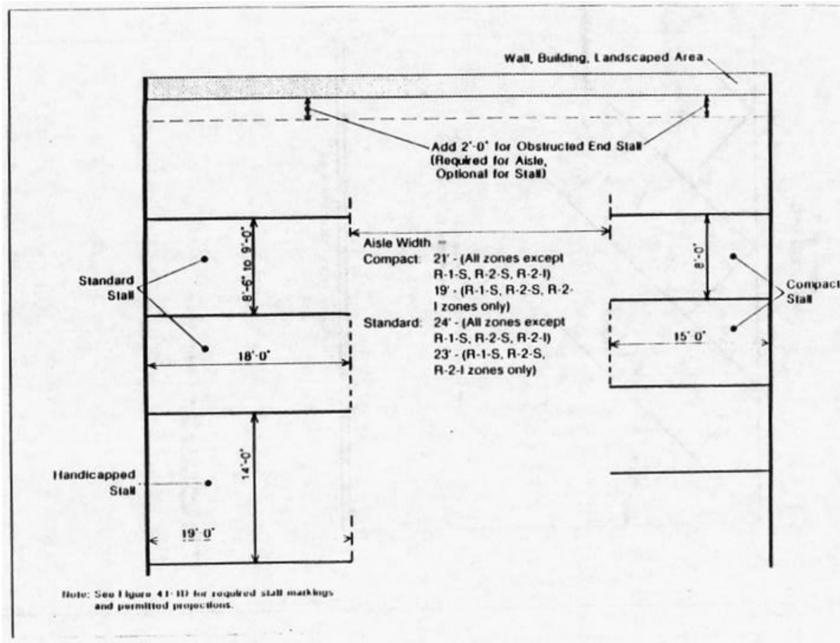
All Uses	Size	Aisle Width	Proportion
Compact	8 feet by 15 feet	21 feet (all zones except R-1-S, R-2-S, R-2-I zones)	Residential—not more than 50 percent Nonresidential—none
Standard	8 feet 6 inches by 18 feet	24 feet (all zones except R-1-S, R-2-S, R-2-I zones) 23 feet (R-1-S, R-2-S, R-2-I zones)	
Handicapped	14 feet by 18 feet	24 feet	See State requirements (title 24, part 2, Ch. 2-71 of the California Administrative Code)

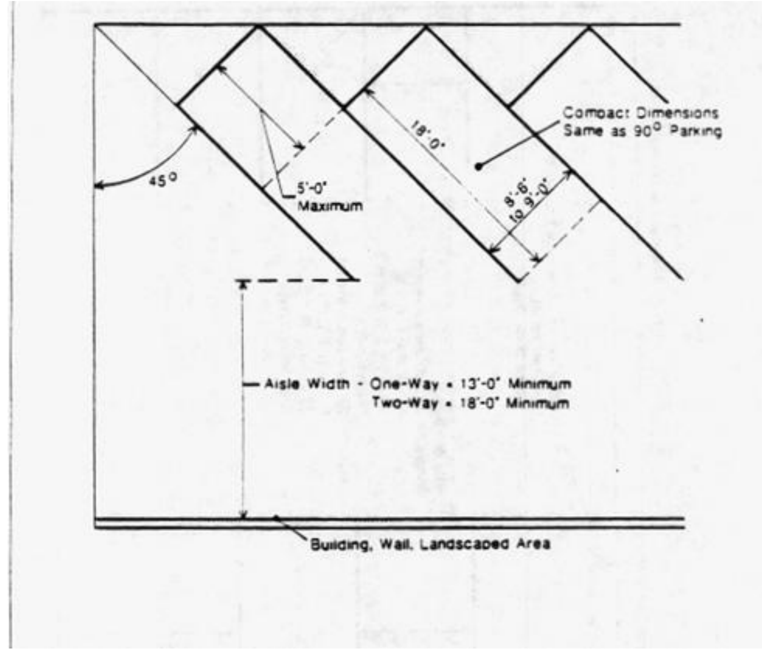
Table 41-3: Minimum Required Turning Radii

Type of Parking Space	90 Degree Parking	All Other Parking
1. Standard and handicapped	24 feet (all zones except R-1-S, R-2-S, R-2-I zones) 23 feet (R-1-S, R-2-S, R-2-I zones only)	24 feet or less, as indicated in figures 41-1A, 41-1B and 41-1C
2. Compact	21 feet (all zones except R-1-S, R-2-S,R-2-I) 19 feet (R-1-S, R-2-S, R-2-I zones only)	21 feet or less, as indicated in figures 41-1A, 41 1B and 41 1C

Source: City of Long Beach Municipal Code

Below are illustrations of the City of Long Beach's parking development standards for a 90-degree parking design and a 45-degree parking design



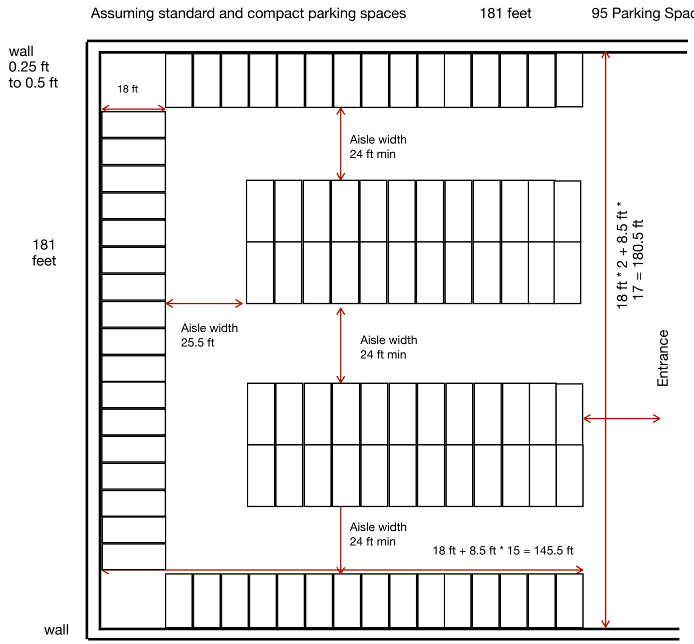


90-Degree Parking Illustration
Source: City of Long Beach Municipal Code

45-Degree Parking Illustration

A 90-degree parking lot design is more efficient than a 45-degree design (i.e., can fit more parking spaces per level), Beacon assumes that the 90-degree design is used in the KMA report. Taking the above parking development standards into account, the only way a 32,870 square feet underground parking level can fit 90 parking spaces or more is under the absolute ideal condition: an almost perfectly square lot. The following illustration demonstrates the number of parking spaces that can be fitted into one underground level under such conditions.

90-degree parking illustration 1 (181 ft * 181 ft = 32,761 sq. ft)



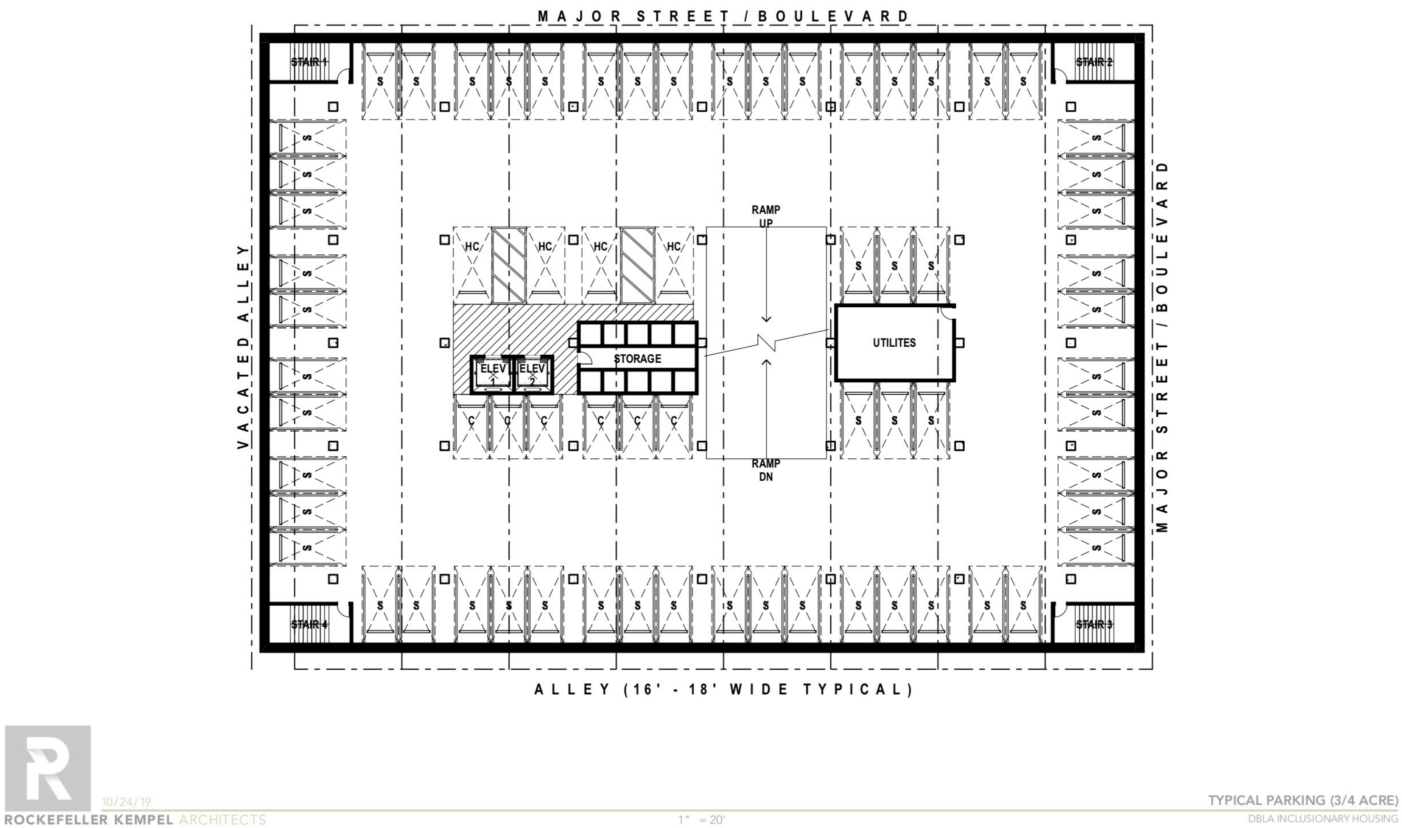
This is a highly unrealistic subterranean parking lot layout using KMA's assumptions:

1. For infill projects in Downtown Long Beach, land parcels are seldom ¾ of an acre or larger as discussed in Part A above. The only plausible way is to consolidate a few parcels into one.
2. This is only possible under an almost square parcel. For more rectangular or irregularly shaped parcels, parking efficiency is drastically reduced.
3. This bare bone parking structure is missing several amenities and features mandated by the City.
   a. Speed ramps
   b. EV charging stations—EV parking spaces typically measure 20 feet long each, which is longer than the standard 18 feet
   c. Columns and pillars to support the underground structure
   d. Handicapped parking spaces, which are considerably more spacious than the standard 8.5 feet by 18 feet parking space.
   e. Elevators and stairs
   f. Storage space

Note that this is for a 90-degree parking design, which is already more efficient (fits more parking spaces) than a 60-degree or a 45-degree parking design. In addition, this also assumes "zero-foot build-to line" scenario; it is not possible to fit 90 spaces per level in scenarios where it requires a 6-foot setback or a 10-foot setback.

Beacon consulted with Rockefeller Kempel Architects (RKA), a Los Angeles architecture firm that specializes in multi-family projects and has decades of experience working with developers on multi-family projects in Long Beach. Below are illustrations of parking lot layouts for both rental residential (land size of 32,870 square feet) and ownership projects (land size of 43,560 square feet) by RKA based on the information in the KMA report. These designs take the City's parking development standards into account.

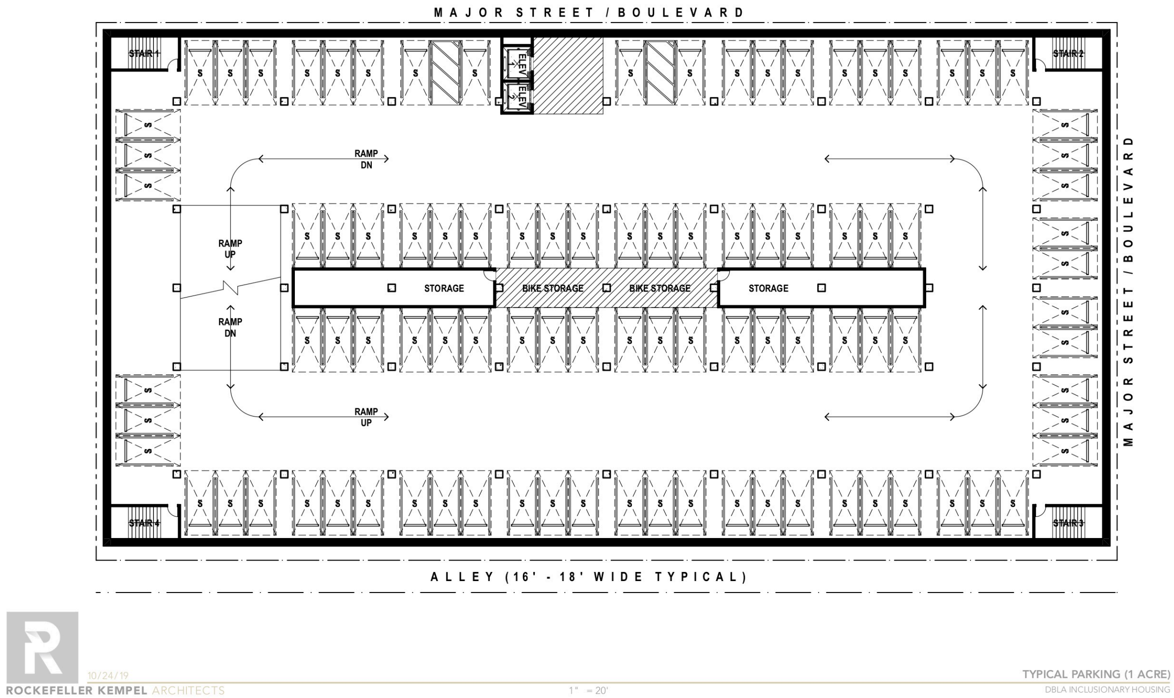
Subterranean Parking Design for Residential Rental Project Prototype, Based on 32,870 SF of Land



Source: D. Rocky Rockefeller, AIA, Consulting Architect, Rockefeller Kempel Architects

Based on a land area of 32,870 square feet, City parking development standards, and including the aforementioned amenities and features required by the City, a standard subterranean level can accommodate 66 parking spaces per level. This means a third level of subterranean parking will be required. Furthermore, deeper levels are more expensive as it requires additional excavation costs and more structure support.

Subterranean Parking Design for Ownership Project Prototype, Based on 43,560 SF of Land



Source: D. Rocky Rockefeller, AIA, Consulting Architect, Rockefeller Kempel Architects

Based on a land area of 43,560 square feet, City parking development standards, and including the aforementioned amenities and features required by the City, a standard above ground level can accommodate 95 parking spaces. Since the ownership prototypes require 140 parking spaces each, a second above ground level will need to be constructed.

The size, height, and turning radius of current automobiles as well as past and future trends of automobile size and statistical quantity must be taken into account these are called parking geometries. There are many ramp design configurations and different ones are appropriate for the primary purpose of the facility to ensure that the intended use is compatible with ramp design. The streets surrounding the facility and their traffic flow must be taken into consideration when planning entrances and exits and deciding on ramp designs. The entrances and exits are very important to the smooth functioning of the facility, with the type of use again determining the length from the opening and placement of the entry booths, as well as the quantity of entrances and exits.

C. Unit Sizes and Unit Mix

There is no mention of the unit size assumed for each of the unit type (studios, 1-bedroom, 2-bedroom, and 3-bedroom) in its pro formas (Attachment 2 Appendix A Tables 1 and 2 shown here as an example). The term "unit size" first appears on page 93 in Attachment 2 Appendix E Exhibit I: Rent Survey for Submarket 1, after all the rental residential development pro formas are presented in Attachment 2 Appendices A-D.

APPENDIX A - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SUBMARKET #1: RENTAL RESIDENTIAL DEVELOPMENT
MARKET RATE ALTERNATIVE
BASE ZONING: 125 UNITS PER ACRE SCENARIO
INCLUSIONARY HOUSING FEASIBILITY ANALYSIS
LONG BEACH, CALIFORNIA

I.	**Property Acquisition Costs**	1	32,870	Sf of Land	$205	/Sf of Land		$6,738,000
II.	**Direct Costs**	2						
	On-Site Improvements/Landscaping		32,870	Sf of Land	$20	/Sf of Land	$657,000	
	Parking	3						
	At-Grade Spaces		0	Spaces	$5,000	/Space	0	
	Above-Ground Podium Spaces		0	Spaces	$25,000	/Space	0	
	1st Level Subterranean		90	Spaces	$35,000	/Space	3,150,000	
	2nd Level Subterranean		92	Spaces	$45,000	/Space	4,140,000	
	Building Costs		106,312	Sf of GBA	$125	/Sf of GBA	13,289,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			4,247,000	
	Total Direct Costs		106,312	Sf of GBA	$240	/Sf of GBA		$25,483,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		8%	Direct Costs			$2,039,000	
	Public Permits & Fees	4	94	Units	$20,000	/Unit	1,880,000	
	Taxes, Insurance, Legal & Accounting		3%	Direct Costs			764,000	
	Marketing		94	Units	$5,000	/Unit	470,000	
	Developer Fee		5%	Direct Costs			1,274,000	
	Soft Cost Contingency Allowance		5%	Other Indirect Costs			321,000	
	Total Indirect Costs							$6,748,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	5	$6,738,000	Cost	3.6%	Avg Rate	$364,000	
	Construction	6	$34,194,000	Cost	3.6%	Avg Rate	1,108,000	
	Loan Origination Fees		60%	Loan to Cost	2.0	Points	491,000	
	Total Financing Costs							$1,963,000
V.	**Total Construction Cost**		94	Units	$364,000	/Unit		$34,194,000
	Total Development Cost		94	Units	$435,000	/Unit		$40,932,000

1 Estimated based on a survey of the sales of residentially zoned land in the SUBMARKET between 2016 and 2018.
2 Based on the estimated costs for similar uses.
3 Based on 1.5 spaces for Studio Units; 1.5 spaces for One-Bedroom Units; 2.0 spaces for Two-Bedroom Units; 2.0 spaces for Three-Bedroom Units; and 0.25 spaces per unit for guest parking.
4 Based on estimates prepared for other projects within Long Beach.
5 Based on an 18 month construction period and a 60% average outstanding loan balance.
6 Based on an 18 month construction period and a 60% average outstanding loan balance.

Prepared by: Keyser Marston Associates, Inc.
File name: LB Rent Incl 7 21 19; #1_Base Mkt
Page 3 of 52

APPENDIX A - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
SUBMARKET #1: RENTAL RESIDENTIAL DEVELOPMENT
MARKET RATE ALTERNATIVE
BASE ZONING: 125 UNITS PER ACRE SCENARIO
INCLUSIONARY HOUSING FEASIBILITY ANALYSIS
LONG BEACH, CALIFORNIA

I.	**Gross Income**							
	A. Market Rate Units	1						
	Studio Units		12	Units @	$2,569	/Unit/Month	$370,000	
	One-Bedroom Units		48	Units @	$2,620	/Unit/Month	1,509,000	
	Two-Bedroom Units		34	Units @	$3,304	/Unit/Month	1,348,000	
	Three-Bedroom Units		0	Units @	$0	/Unit/Month	0	
	B. Laundry & Miscellaneous Income		94	Units @	$25	/Unit/Month	28,000	
	Total Gross Income							$3,255,000
	Vacancy & Collection Allowance		5%	Gross Income				(163,000)
II.	**Effective Gross Income**							$3,092,000
III.	**Operating Expenses**							
	General Operating Expenses		94	Units @	$4,500	/Unit	$423,000	
	Property Taxes		94	Units @	$4,700	/Unit	443,000	
	Replacement Reserve Deposits		94	Units @	$150	/Unit	14,000	
	Total Operating Expenses							($880,000)
IV.	**Stabilized Net Operating Income**							$2,212,000

1 Based on the rent survey presented in APPENDIX E - EXHIBIT I. The weighted average monthly rent equates to $3.16 per square foot of leasable area.

Prepared by: Keyser Marston Associates, Inc.
File name: LB Rent Incl 7 21 19; #1_Base Mkt
Page 4 of 52

Above: Tables 1 and 2 of the market rate rental residential project prototype. There is no information on unit sizes.

It is important to have information on the unit size dimensions because this information is used to derive net rentable area as well as market rate and affordable rental rates; all of which are needed in order to construct a defensible pro forma. The following table summarizes the minimum, maximum, and weighted average rents by unit type (studio, 1-bedroom, and 2-bedroom) in Submarket 1 that appears in the Rent Survey in Attachment 2, Appendix E, Exhibit I.

Rent Survey (Attachment 2 Appendix E Exhibit I) Summary for Submarket 1

	Studio Units	One-Bedroom Units	Two-Bedroom Units	Total
Minimum Rent	$1,616	$1,876	$1,675	$1,616
Maximum Rent	$2,952	$2,876	$4,194	$4,194
Weighted Average Rent	$2,179	$2,370	$3,017	$2,584
No. of Units	320	1,303	941	2,564
No. of Units (%)	12.5%	50.8%	36.7%	100%
Weighted Average Unit Size (sq. ft.)	729	805	1,108	907

But the weighted average rents DO NOT form the basis of rental income in KMA's pro formas

Submarket #1: Projected Monthly Market Rate Rents	
Average Monthly Rent Per Unit	
Studio Units	$2,569
One-Bedroom Units	$2,620
Two-Bedroom Units	$3,304
Average Monthly Rent Per Sq. Ft. of GLA [10]	$3.16

The unit percentage mix forms the basis of unit mix in KMA's pro formas

The weighted average unit size is assumed to form the basis of net rentable area

Note that in KMA's rent survey, nearly all comps are located in the Downtown area and not in the Midtown area. This implies a model pro forma should more resemble the reality of Downtown than the Midtown. As previously mentioned, land value and parcel characteristic differ between Downtown and Midtown, implying that **land/property acquisition costs in KMA's pro formas may be underestimated**, and thus **development costs are underestimated** and **return on investments are overstated**. The unit mix and unit size are used to inform KMA's feasibility analysis of rental residential development prototypes, but the rental rates differ from the average rents stated in its rent survey.

For the weighted average unit sizes in the KMA's Rent Survey, the results are based on data from CoStar Group. At first glance, it appears that the average unit size of studio apartments (729 square feet) is slightly larger than the typical studio apartment unit.

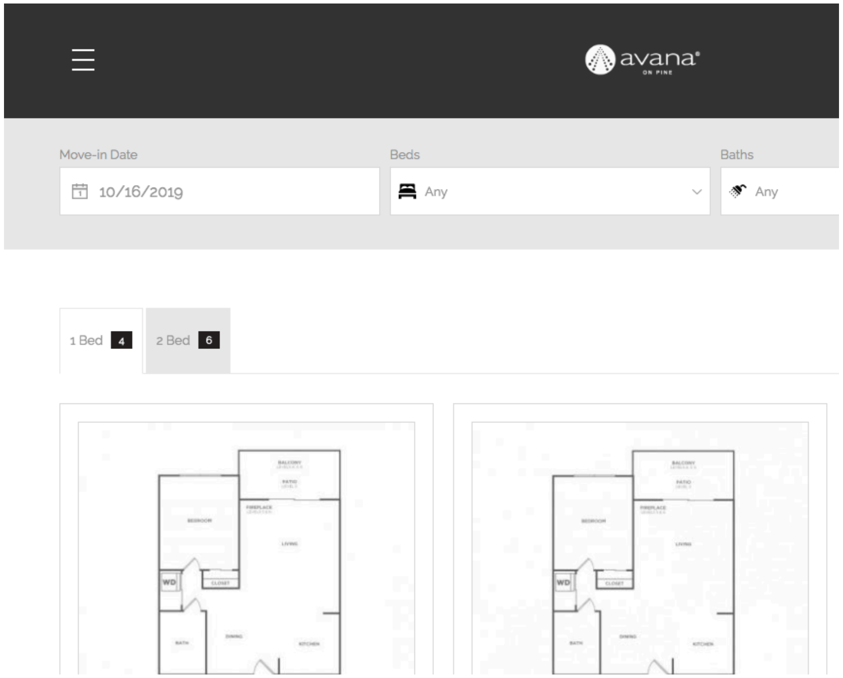
APPENDIX E - EXHIBIT I

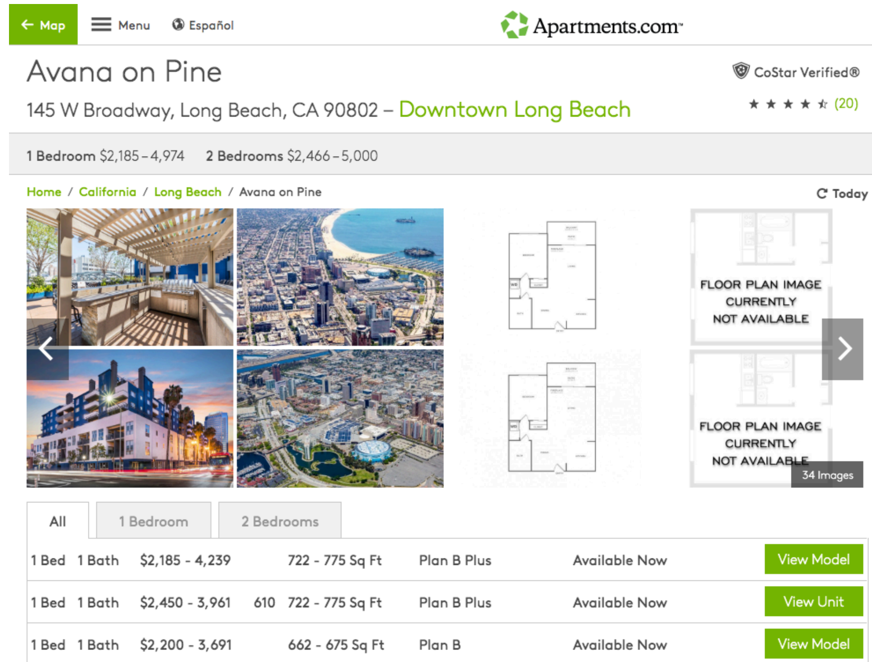
RENT SURVEY
SUBMARKET #1
RENTAL RESIDENTIAL DEVELOPMENT
INCLUSIONARY HOUSING FEASIBILITY ANALYSIS
LONG BEACH, CALIFORNIA

Name	Address	# of Units	Unit Size (SF)	Average Rent Total	Average Rent Per SF	Parking Spaces Provided Per Unit	Year Built
		Studio Units					
Bella Mare 6th Street Lofts	431 E 6th Street	9	605	$1,653	$2.73	1.4	2015
AMLI Park Broadway	245 West Broadway	40	767	$2,952	$3.85		2019
442 Residences	442 W Ocean Blvd	43	536	$2,115	$3.95	1.6	2019
The Current	707 E Ocean Blvd	30	685	$2,584	$3.77	2.0	2016
The Edison	100 Long Beach	48	602	$2,091	$3.47	3.2	2016
Urban Village	1081 Long Beach Blvd	19	565	$1,827	$3.23	1.4	2015
Avana on Pine	145 Pine Ave	69	1,163	$2,176	$1.87	1.9	1992/2016
Griffis Pine Avenue	404 Pine Avenue	15	578	$1,616	$2.80	1.5	2003
Sofi at Third	225 W 3rd Street	32	484	$1,814	$3.75	1.9	1990
Pine at Sixth	595 Pine Ave	15	628	$1,891	$3.01	1.9	1987
	Minimum		484	$1,616	$1.87		
	Maximum		1,163	$2,952	$3.95		
	Weighted Average		729	$2,179	$3.21		

Above shows a snippet of the KMA Rent Survey for studio apartment units. An entry that stands out is that the average studio unit size of Avana on Pine (1,163 square feet) is considerably larger than the other entries—almost 400 square feet larger than the next largest entry, AMLI Park Broadway! 1,163 square feet average for studio units is exceptionally large and is describes the square footage of a 2-bedroom unit more closely. While Costar is an acceptable source, it is important to spot for unusual data and verify the data's accuracy if possible.

A search on both Avana on Pine's own website[5] and Apartments.com[6] reveal that the building does not list any studio units in the inventory. The studio units classified in Costar are actually 1-bedroom or even 2-bedroom units.





Left: Avana on Pine's Website, which only has listings for 1-bedroom or 2-bedroom units
Right: Search results for Avana on Pine on Apartments.com website, which only has listings for 1-bedroom or 2-bedroom units

Using comp data from Axiometrics/RealPage, Beacon is able to determine the actual average unit size for studios units, 1-bedroom units, and 2-bedroom units for Avana on Pine. The table below compares CoStar's data vs. that of Axiometrics/RealPage.

[5] Avana on Pine website: https://www.avanaonpine.com/long-beach/avana-on-pine/
[6] Avana on Pine's listings on Apartments.com: https://www.apartments.com/avana-on-pine-long-beach-ca/egz78np/

Summary Statistics of Avana on Pine, CoStar and Axiometrics/RealPage

	Costar		Axiometrics/RealPage	
	Units	Size (SF)	Units	Size (SF)
Studio Units	69	1,163	--	--
1-Bedroom Units	71	761	112	922
2-Bedroom Units	71	1,017	99	1,058
Total	211	979	211	986

Data Source: Axiometrics/RealPage (September 2019)

The overall number of units (211) is the same and the average unit size of all units are almost the same (979 square feet vs. 986 square feet). However, in Costar's data, the average unit size for studio units (1,163 square feet) are larger than both 1-bedroom units' average size and 2-bedroom units' average size, which is a bizarre result and casts doubt on the CoStar data's accuracy.

Suppose the studio units are reclassified as 1-bedroom units (41 units) and as 2-bedroom units (28 units) based on Axiometrics/RealPage's data, the average unit sizes for KMA's rent survey samples would be revised as the following table shows.

Revised Rent Survey Results (pages 93 to 95)

	KMA Original Rent Survey		Revised	
	Units	Size (SF)	Units	Size (SF)
Studio Units	320	729	251	609
1-Bedroom Units	1,303	805	1,344	816
2-Bedroom Units	941	1,108	969	1,110
Total	2,564	907	2,564	907

The average unit size for 1-bedroom units (+11 square feet) and 2-bedroom units (+2 square feet) increased very modestly. However, the average unit size for studio units decreased by 120 square feet (-16%). This demonstrates how a slight data inaccuracy, while overall still very accurate, could lead to material difference in the average unit size for a unit type (studio units in this situation). Furthermore, the revised average unit size for studio units (609 square feet) is very close to the average unit size sampled using Axiometrics/RealPage data (597 square feet). Using the results from rent survey samples is a good justification for modeling the unit sizes in the pro formas, but the data user should double check and verify data accuracy.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D. Building Efficiency Not Explicitly Stated

Throughout the pro formas, KMA does not explicitly state the net rentable area to gross building area ratio (building efficiency ratio) in each pro forma. Therefore, it is uncertain what are the average unit size by number of bedrooms in its prototype pro formas. Knowing the building efficiency ratio is important for two reasons: (1) It affects construction costs and (2) It affects the calculation of Inclusionary Housing in-lieu fee.

One clue to estimate KMA's assumptions on average unit size (and thus building efficiency ratio) is the weighted average unit size in its rent survey for Submarket #1 in Appendix E, Exhibit I. Recall that in Part C above, Beacon imputes that the average unit sizes for 0-bedrooms/studios, 1-bedroom, and 2-bedrooms are 729 square feet, 805 square feet, and 1,108 square feet, respectively.

Pages 60 & 61, Attachment 2 Appendix A Table 1 of the KMA Report

II. Direct Costs [2]					
On-Site Improvements/Landscaping	32,870	Sf of Land	$20	/Sf of Land	$657,000
Parking [3]					
At-Grade Spaces	0	Spaces	$5,000	/Space	0
Above-Ground Podium Spaces	0	Spaces	$25,000	/Space	0
1st Level Subterranean	90	Spaces	$35,000	/Space	3,150,000
2nd Level Subterranean	92	Spaces	$45,000	/Space	4,140,000
Building Costs	106,312	Sf of GBA	$125	/Sf of GBA	13,289,000
Contractor/DC Contingency Allow	20%	Other Direct Costs			4,247,000
Total Direct Costs	106,312	Sf of GBA	$240	/Sf of GBA	

I. Gross Income					
A. Market Rate Units [1]					
Studio Units	12	Units @	$2,569	/Unit/Month	$370,000
One-Bedroom Units	48	Units @	$2,620	/Unit/Month	1,509,000
Two-Bedroom Units	34	Units @	$3,304	/Unit/Month	1,348,000
Three-Bedroom Units	0	Units @	$0	/Unit/Month	0

Imputed net rentable areas and building efficiency ratios for each pro forma scenario

	Scenario	Market rate rental project	Inclusionary rental project	Ownership project
Land area	Square Feet	32,870	32,870	43,560
Gross building area	Square Feet	106,312	158,936	80,625
0 bedrooms/studio	units	12	17	4
1 bedroom	units	48	71	32
2 bedrooms	units	34	52	35
Total Units		94	140	71
Weighted Average Unit Size (Rental: from KMA Rent Survey; Ownership: from KMA Condominium Sales Survey)				
0 bedrooms/studio	729 SF (renter) 500 SF (owner)	8,748	12,393	2,000
1 bedroom	805 SF (renter) 750 SF (owner)	38,640	57,155	24,000
2 bedrooms	1,108 SF (renter) 1,100 SF (owner)	37,672	57,616	38,500
Total Net Rentable Area	Square Feet	85,060	127,164	64,500
Gross building area	Square Feet	106,312	158,936	80,625
Building efficiency ratio		85,060/106,312 = **80%**	127,164/158,936 = **80%**	64,500/80,625 = **80%**
Weight avg. per unit size		905	908	908

Source: Beacon Economics calculation based on figures provided in KMA's report

Based on the numbers listed in KMA's pro formas and the results of its rent survey: The imputed building efficiency ratios are 80% for rental projects. Then based on the 80% efficiency ratio, KMA used it to derive prototype unit sizes for ownership projects (see Section IV, Part A of the KMA report). **This method, however, results in different unit sizes between rental and ownership projects**. For studio units in particular, the average unit size for rental projects (729 SF) is 46% larger than that for ownership projects (500 SF).

Most importantly, the 80% building efficiency ratio is unrealistic and incompatible with the City's development standards. An 80% building efficiency ratio for a purely residential development project implies:

- Elimination of corridors
- Little to no open space (which the City mandates)

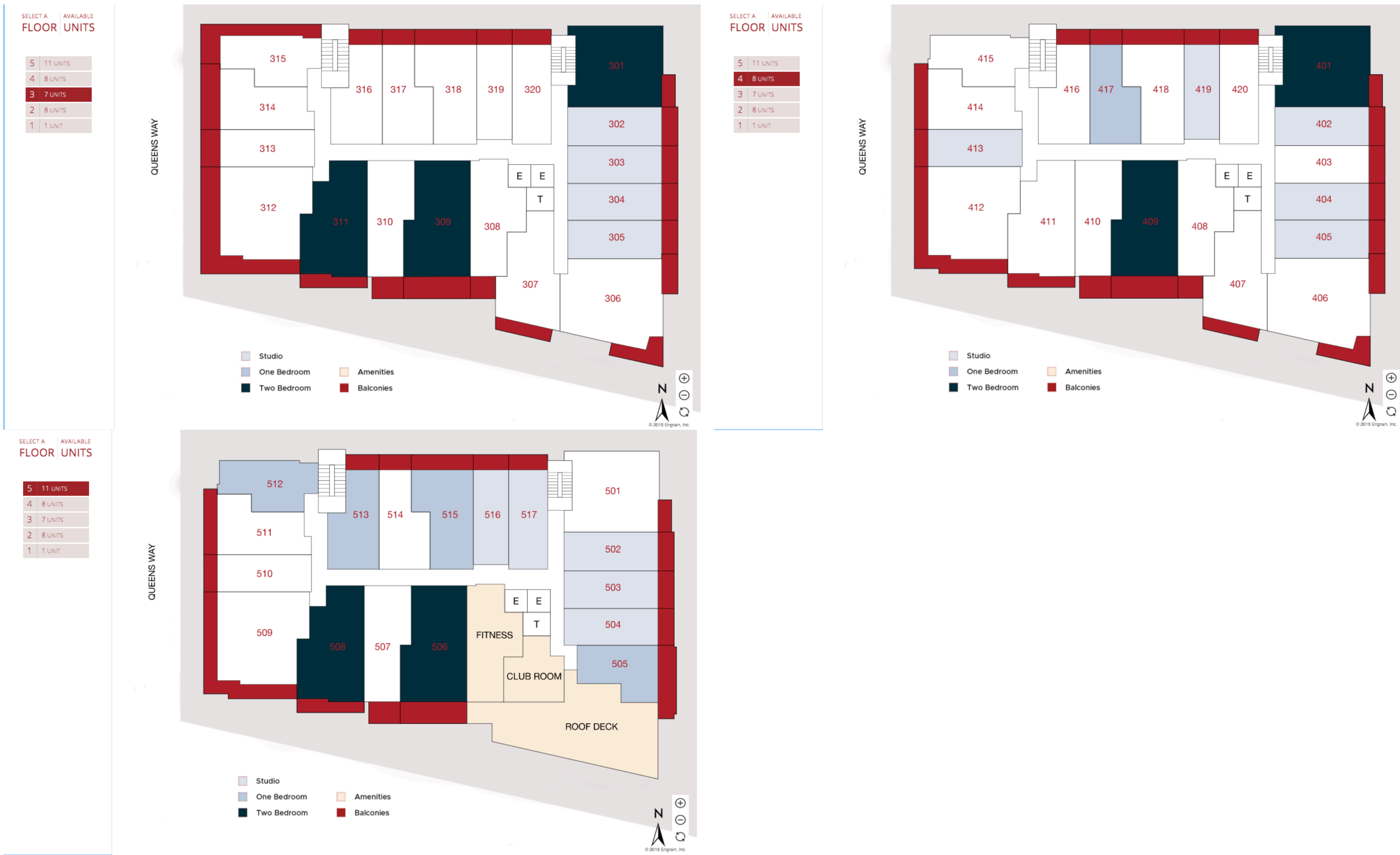
- Lack of amenities and facilities such as gym/fitness room, laundry rooms, balconies, etc.

Although a commercial building can usually achieve above 80% efficiency, but for apartment buildings, the efficiency is much lower. An efficient multi-family project typically has an efficiency ratio of 70% to 75% (Meeks, Multifamily Executive, 2005).[7]

The following images show the floor plans of 442 Residences (442 W. Ocean Blvd, Long Beach, CA 90802), a 94-unit multi-family building that finished construction in 2019. The building has the following attributes:

- 5 Floors
- 94 units in total: 20 rooms on floors 2-4 each and 17 rooms on floors 1 and 5 each
- Amenities include: Lounge, mail room, conference room, fitness room, club room and roof deck
- Brand new (completed in 2019) with modern development standards that are the closest to the pro formas

[7] Meeks, D. (2005). "Cost Cutters: Here's How to Design Class A Projects on a Budget." Multifamily Executive. Hanley Wood Media, Inc. Retrieved October 19, 2019. Retrieved from: https://www.multifamilyexecutive.com/design-development/design/cost-cutters_o



Source: 442 Residences <https://live442.com/floor-plans/>

These publicly available floor plans enable Beacon to estimate the net rentable area and the gross area of each floor using ImageJ, an image processing program developed at the National Institute of Health and the Laboratory for Optical and Computational Instrumentation in the University of Wisconsin.[8] There are two approaches to estimating the building efficiency ratio of each floor:

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[8] For more information, visit the NIH's official website at: https://imagej.nih.gov/ij/

(1) Measure the total area of the rentable units, measure the total building area of each floor, then divide the former by the latter;
(2) Measure the stairs, corridors, elevators, balconies, and other features and amenities separately, obtain the subtotal area of all of these items, divide the subtotal by the total building area on each floor, and subtract it from one.

Both approaches yielded the same results for each floor with a deviation of with +/- 0.5%. The measured building efficiency for the entire building is presented in the following table:

Building efficiency ratio example: 442 Residences (completed in 2019)

	Floor 1	Floor 2	Floor 3	Floor 4	Floor 5	Total
Building Area	100%	100%	100%	100%	100%	100%
Stairs, Corridors and Elevators	9%	11%	10%	10%	10%	10%
Balcony and Wall	21%	8%	15%	13%	11%	14%
Lounge Room, Mail Room, Conference Room, Leasing Office and Lobby	10%	0%	0%	0%	0%	2%
Fitness, Club Room and Roof Deck	0%	0%	0%	0%	16%	3%
Net Rentable Areas (Building Efficiency Ratio)	**60%**	**81%**	**75%**	**77%**	**63%**	**71%**

E. Open Space Requirements

Note that there is no mention of open space (required by the City) in the KMA report. When constructing pro formas for the project prototypes, it is important to take open space requirements into consideration. In Long Beach, Section 21 of the City's Municipal Code establishes the open space requirements in the City except for the Downtown area, which is governed by the Downtown Plan. The differences in open space requirements—in addition to the differences in land parcel sizes and land value per square foot—imply the aggregation of Midtown and Downtown into one submarket may lead to overly generalized results in the KMA report.

Section 21.31.230 – Usable Open Space[9] states that In R-3 and R-4 zones, each dwelling unit shall provide fifty percent (50%) of the open space as common open space and fifty percent (50%) as private open space. Common open space refers to a portion of a development permanently set aside to preserve elements of the natural landscape for public or private use. Examples include rooftop or podium garden on the building. Private open space refers to a usable outdoor area such as balconies, terraces, or decks. As for the Downtown area, the following table summarizes the open space standards.

[9] Retrieved from: https://library.municode.com/ca/long_beach/codes/municipal_code?nodeId=TIT21ZO_CH21.31REDI_DIVIIDEST_21.31.230USOPSP

Open Space Standards, Downtown Plan

TABLE 3-10 OPEN SPACE STANDARDS

Type of Open Space	Requirements			Notes
Common Outdoor Open Space – as a percentage of the lot area	Lot Size	% Common Outdoor Open Space		1. Each project shall provide common outdoor space at grade, podium, or roof level. 2. Public open spaces directly accessible and visible from the public right-of-way are encouraged. 3. Minimum area for common outdoor open space is 1,000 sf for projects of 21 or more new residential units and 500 feet for all other projects. Minimum dimensions of at least one portion of the open space shall measure 40 feet x 12 feet or greater. 4. All common outdoor open space areas shall be well designed. Common open space may include rooftop decks, court game areas, tot lots, swimming pools, landscaped areas, community gardens, and courtyards. At least 10% of the open space area shall be planting.
		Projects with 21+ residential units	All other development projects	
	≤10,000 sf	10	Exempt	
	10,001 - 30,000 sf	15	5	
	>30,000 sf	20	10	
Additional Standards for Projects of 21 or More New Residential Units (1)				
Common Indoor Open Space	Each project shall provide at least one community room of at least 500 sf.			1. The area shall be located adjacent to, and accessible from the common outdoor open space. 2. Area may contain active or passive recreational facilities, meeting space, exercise rooms, computer terminals or other activity space but must be accessible through a common corridor.
Private Open Space	At least 50% of all residential dwelling units shall provide private open space on a balcony, patio, or roof terrace.			1. Minimum area of private open space is 36 sf with a minimum width of 6 feet.

(1) Refer also to Tower Spacing requirements in Section 4, Standards by Building Types - Towers

Submarket 1 consists of the Downtown area and non-Downtown area. For the KMA prototypes presented in Submarket 1:

- If not built in the Downtown portion of the submarket, then these projects likely take place on land zoned for R-4 uses, which require 150 square feet of open space per dwelling unit as specified in Table 31-2A of the Municipal Code.
- If built in the Downtown portion of the submarket, then these projects will be subject to another set of open space requirements that govern Downtown specifically. see Section 3, Part 2, Table 3-10 of the City's Downtown Plan.[10]

The 442 Residences example shown previously have both common open space (rooftop deck) and private open space (balconies for each dwelling unit). The discussion of open space requirements is important as it directly affects a development project's building efficiency ratio,

[10] Retrieved from: http://www.longbeach.gov/globalassets/lbds/media-library/documents/planning/advance/downtown/downtownplan_section-3-part-2-reduced

which affects the building cost. Outside of Downtown, for a standard 600 square feet studio unit, the unit itself actually requires 750 square feet of space (dwelling unit plus 150 square feet of open space). In other words, the open space required takes up 20% of the space (150/750). **Even without taking all other building amenities (stairs, elevators, lobby, storage, utilities, corridors) into account, the efficiency ratio is no more than 80%**.

All of the development prototypes in the KMA report are built on lots exceeding 30,000 square feet, which means all will require open space area totaling 20% of the lot size. The tabulations are as follows:

- Rental prototypes (32,870 SF land area): 6,574 SF of open space.
- Ownership prototypes (43,560 SF land area): 8,712 SF of open space.

Under the Downtown scheme, the open space per unit is inversely related to the floor-area-ratio and the open space per unit resulted is typically less than the open space required on land zoned for R-4 use outside of Downtown:

- Rental market rate prototype (FAR = 3.23): 70 SF of open space per unit
- Rental inclusionary prototypes (FAR = 4.84): 47 SF of open space per unit
- Ownership prototypes (FAR = 1.85): 123 SF of open space per unit

Building Efficiency Ratios and Open Space Requirements: Non-Downtown Area

	Market rate rental project	Inclusionary rental project	Ownership project
Total Net Rentable Area	85,060	127,164	64,500
Total Dwelling Units	94	140	71
Open Space Area (150 SF/unit)	14,100	21,000	10,650
Net Rentable Area + Open Space Area	99,160	148,164	75,150
Gross Building Area (KMA)	106,312	158,936	80,625
Remainder allocated for elevators, stairs, corridors, leasing office, mail room, etc.	**7,152**	**10,772**	**5,475**
Remainder as percentage of Gross Building Area (KMA)	**6.7%**	**6.8%**	**6.8%**
Open Space Area as Percentage of Gross Building Area (KMA)	13.3%	13.2%	13.2%

Yet, despite the overall lower open space required per unit, it is still unlikely that any of these prototypes will attain an 80% building efficiency ratio. The following exercises estimate the open space as a percentage of the gross building area (and thus deriving building efficiency) for the KMA project prototypes in (1) Midtown and (2) Downtown.

Recall from the KMA's specifications (gross building area, number of dwelling unit by number of bedrooms, unit mix), Beacon has imputed that the building efficiency ratio is 80% for each prototype. After taking the open space requirements into account, which comprised 13.2% to 13.3% of the gross building areas. The prototypes leave 6.7% to 6.8% allocated for elevators, stairs, corridors, leasing office, mail room, and other sub-areas. In fact, just the corridors will take up most of or more than the remainder allocated in the KMA report.

This implies the prototype projects presented in the KMA report likely did not allot for sufficient open space area. Therefore, **the gross building areas should be higher than the ones specified in the KMA report**, as the building efficiency ratio in the KMA report are too high.

Building Efficiency Ratios and Open Space Requirements: Downtown Area

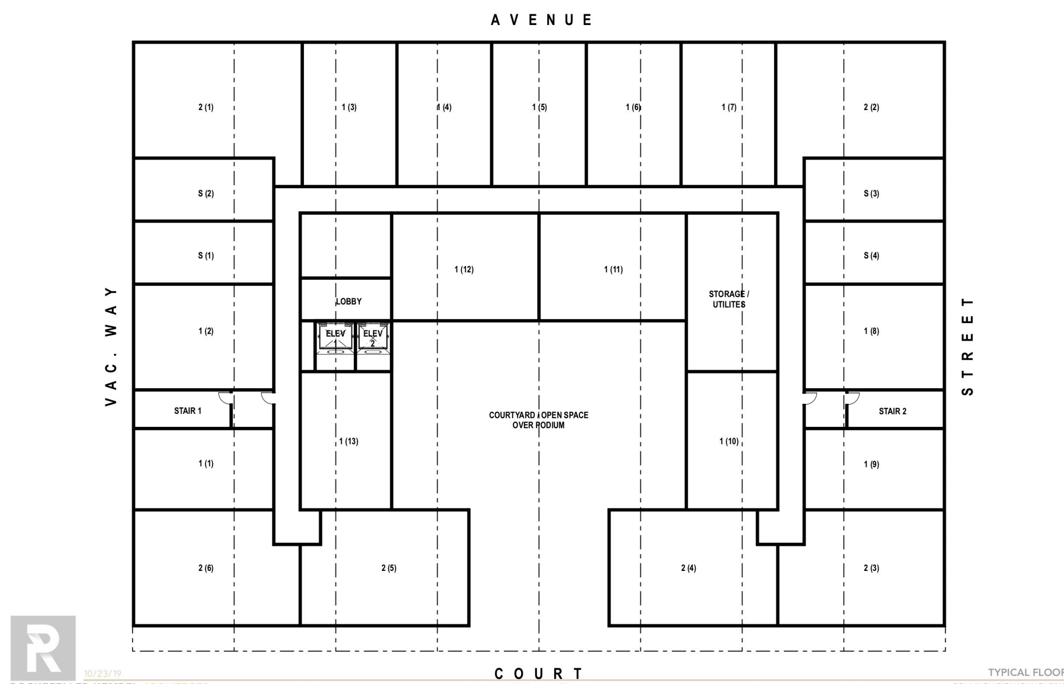
	Market rate rental project	Inclusionary rental project	Ownership project
Total Net Rentable Area	85,060	127,164	64,500
Total Dwelling Units	94	140	71
Open Space Area (20% of land area)	6,574	6,574	8,712
Net Rentable Area + Open Space Area	91,634	133,738	73,212
Gross Building Area (KMA)	106,312	158,936	80,625
Remainder allocated for elevators, stairs, corridors, leasing office, mail room, etc.	**14,678**	**25,198**	**7,413**
Remainder as percentage of Gross Building Area (KMA)	**13.8%**	**15.9%**	**9.2%**
Open Space Area as Percentage of Gross Building Area (KMA)	6.2%	4.1%	10.8%

Recall from the KMA's specifications (gross building area, number of dwelling unit by number of bedrooms, unit mix), Beacon has imputed that the building efficiency ratio is 80% for each prototype. After taking the open space requirements into account, which comprised 6.2% to 10.8% of the gross building areas. The prototypes leave 9.2% to 15.9% allocated for elevators, stairs, corridors, leasing office, mail room, and other sub-areas.

Although the open space required are lower in Downtown than otherwise similar projects on land outside of Downtown, note that these are minimum requirements and actual development projects typically contain more open space than the minimum. In the 442 Residences example, open space areas—balconies, fitness room, club room, and rooftop deck—totaled 17% of the building's gross area, much higher than the minimums illustrated here. Therefore, **the gross building areas should be higher than the ones specified in the KMA report**, as the building efficiency ratio in the KMA report are too high.

Again, Beacon consulted with Rockefeller Kempel Architects (RKA) to draw up sample floor plans based on the available data in the KMA report. These drawings take Long Beach's development standards into full account.

Sample floor plan #1 for residential rental project prototype



Source: D. Rocky Rockefeller, AIA, Consulting Architect, Rockefeller Kempel Architects

The drawing is for the **rental** prototypes in which land area measured 32,870 square feet, with the following parameters:

- The unit measurements are based on data presented in the KMA report for all areas of Long Beach: 525 SF (studio units), 800 SF (1-bedroom units), and 1,100 SF (2-bedroom units).
- There are 23 units in the example.
- The unit mix is as follows: Studio units (4 units), 1-bedroom units (13 units), 2-bedroom units (6 units).
- In addition to the dwelling units and the common open space area, the following features are present: Stairs (2), elevators (2), lobby, storage/utilities, and corridor.

Building Efficiency Ratio Calculation: Rental Residential Project #1

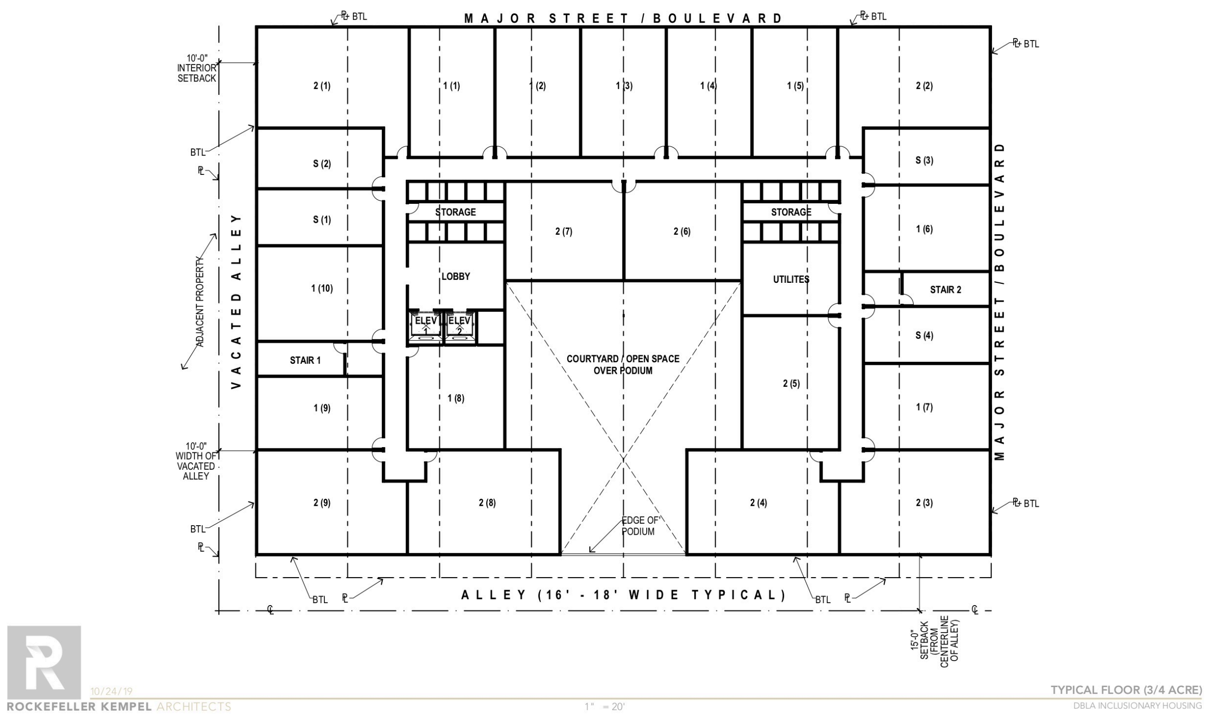
	Percent of Gross Floor Area	Dwelling Units
GBA	100%	
Net Area 1	37%	2(1), 2(2), S(1), S(2), S(3), S(4), 1(2), 1(3), 1(4), 1(5), 1(6), 1(7), 1(8)
Net Area 2	13%	1(9), 1(10), 2(3), 2(4)
Net Area 3	13%	1(1), 1(13), 2(5), 2(6)
Net Area 4	7%	1(11), 1(12)
Net Rentable Area	**70%**	
Storage/Utilities	3%	
Stairs	2%	
Lobby	2%	
Elevators	1%	
Open Space	15%	
Corridors	7%	

Source: D. Rocky Rockefeller, AIA, Consulting Architect, Rockefeller Kempel Architects; Calculations by Beacon Economics

The percentage of gross floor area of each of the amenities as well as the building efficiency ratio (net rentable area) is presented in the accompanying table. Note that the net rentable area (building efficiency ratio) of 70% is consistent with previous literature and the 442 Residences example. Open space comprises 15% of the gross building area, which is slightly higher than the 13.2% to 13.3% calculation above since the dwelling unit sizes in this example are slightly smaller than the ones that KMA uses in the rental prototype. Recall in the

KMA prototypes that if open space requirements are followed, the prototypes would leave less than 7% for corridors and other amenities and features. Corridors alone comprise 7% of the gross building area, leaving no room for other amenities and features assuming KMA's building efficiency ratio of 80%. These other amenities and features make up 8% of the gross building area.

Sample floor plan #2 for residential rental project prototype



Source: D. Rocky Rockefeller, AIA, Consulting Architect, Rockefeller Kempel Architects

The drawing is for the **rental** prototypes in which land area measured 32,870 square feet.

- The unit measurements are based on data presented in the KMA report for all areas of Long Beach: 525 SF (studio units), 800 SF (1-bedroom units), and 1,100 SF (2-bedroom units).
- There are 23 units in the example.
- The unit mix is different from the previous example, as follows: Studio units (4 units), 1-bedroom units (10 units), 2-bedroom units (9 units).

- In addition to the dwelling units and the common open space area, the following features are present: Stairs (2), elevators (2), lobby, storage rooms (2), utilities, and corridor.

Building Efficiency Ratio Calculation: Rental Residential Project #2

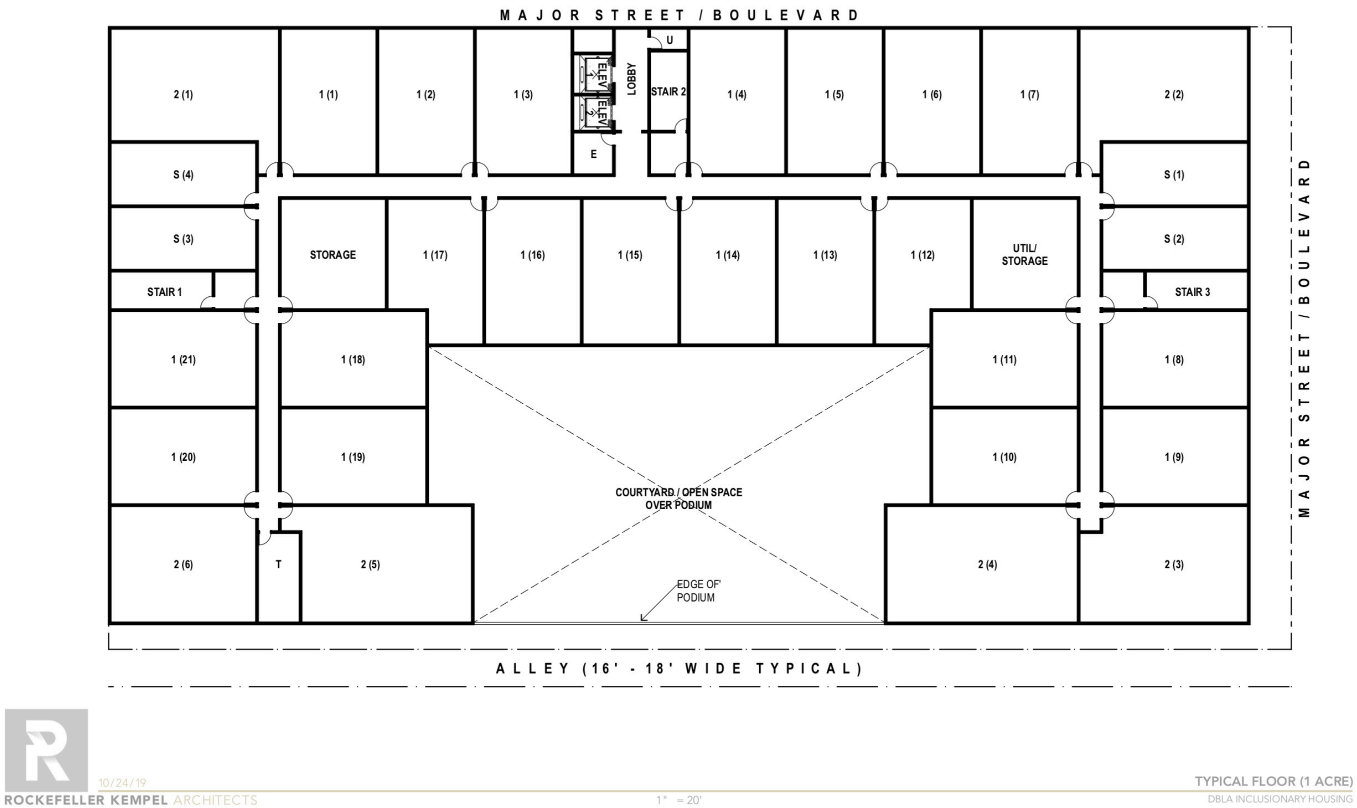
	Percent of Gross Floor Area	Dwelling Units
GBA	100%	
Net Area 1	35%	1(10), S(1), S(2), 2(1), 1(1), 1(2), 1(3), 1(4), 1(5), 2(2), S(3), 1(6)
Net Area 2	16%	S(4), 1(7), 2(3), 2(5), 2(4)
Net Area 3	13%	1(9), 2(9), 2(8), 1(8)
Net Area 4	6%	2(6), 2(7)
Net Rentable Area	**69%**	
Storage	3%	
Stairs	2%	
Lobby	2%	
Elevators	1%	
Utilities	2%	
Open Space	14%	
Corridors	7%	

Source: D. Rocky Rockefeller, AIA, Consulting Architect, Rockefeller Kempel Architects; Calculations by Beacon Economics

The percentage of gross floor area of each of the amenities as well as the building efficiency ratio (net rentable area) is presented in the accompanying table. Note that the net rentable area (building efficiency ratio) of 69% is consistent with previous literature and the 442 Residences example.

Open space comprises 14% of the gross building area, which is slightly higher than the 13.2% to 13.3% calculation above since the dwelling unit sizes in this example are slightly smaller than the ones that KMA uses in the rental prototype. Recall in the KMA prototypes that if open space requirements are followed, the prototypes would leave less than 7% for corridors and other amenities and features. Corridors alone comprise 7% of the gross building area, leaving no room for other amenities and features assuming KMA’s building efficiency ratio of 80%. These other amenities and features make up 10% of the gross building area.

Sample floor plan for residential ownership project prototype



Source: D. Rocky Rockefeller, AIA, Consulting Architect, Rockefeller Kempel Architects

The drawing is for the **ownership** prototypes in which land area measured 43,560 square feet.

- The unit measurements are based on data presented in the KMA report for all areas of Long Beach: 525 SF (studio units), 800 SF (1-bedroom units), and 1,100 SF (2-bedroom units).
- There are 31 units in the example.
- The unit mix is as follows: Studio units (4 units), 1-bedroom units (21 units), 2-bedroom units (6 units).

- In addition to the dwelling units and the common open space area, the following features are present: Stairs (3), elevators (3), lobby (1), storage/utilities (1), storage room (1), and corridor.

Building Efficiency Ratio Calculation: Ownership Residential Project

	Percent of Gross Floor Area	Dwelling Units
Gross Building Area	100%	
Net Area 1	12%	S(3), S(4), 2(1), 1(1), 1(2), 1(3)
Net Area 2	14%	1(4), 1(5), 1(6), 1(7), 2(2), S(1), S(2)
Net Area 3	7%	2(6), 1(20), 1(21)
Net Area 4	7%	1(8), 1(9), 1(10)
Net Area 5	27%	2(4), 1(10), 1(11), 1(12), 1(13), 1(14), 1(15), 1(16), 1(17), 1(18), 1(19), 2(5)
Net Rentable Area	**68%**	
Storage/Utilities	2%	
Stairs	2%	
Lobby	1%	
Elevators	1%	
Storage	2%	
Open Space	19%	
Corridors	5%	

Source: D. Rocky Rockefeller, AIA, Consulting Architect, Rockefeller Kempel Architects; Calculations by Beacon Economics

The percentage of gross floor area of each of the amenities as well as the building efficiency ratio (net rentable area) is presented in the accompanying table. Note that the net rentable area (building efficiency ratio) of 68% is consistent with previous literature and the 442 Residences example. Open space comprises 19% of the gross building area, which is higher than the 13.2% to 13.3% calculation above since the dwelling unit sizes in this example are slightly smaller than the ones that KMA uses in the rental prototype.

Due to the more elongated shape of the parcel and therefore the floor plan as well (compared to the previous examples), it is more difficult to design a floor in a more efficient manner. As a result, the open space area is larger percentage wise. Recall in the KMA prototypes that if open space requirements are followed, the prototypes would leave less than 7% for corridors and other amenities and features. Corridors alone comprise 7% of the gross building area, leaving no room for other amenities and features assuming KMA's building efficiency ratio of 80%. These other amenities and features make up 8% of the gross building area.

F. Bicycle Parking Spaces

Similar to open space, there is no mention of bicycle parking spaces (required by the City) in the KMA report. Below is an excerpt from the Long Beach Bicycle Master Plan:[11]

"The updated Bicycle Master Plan ('Plan') continues to build upon a long-standing effort to make Long Beach a city known for its bicycle-friendliness and as an active, healthy, and prosperous place to live, work, and play."

Given that the prototypes take place primarily in Downtown, the most urban and dense part of the City, the lack of cost estimates for bicycle parking is an issue. In addition, it is reasonable to assume that these prototypes are modern and efficient buildings, designed in an ecological and resource-efficient manner. Therefore, inclusion of bicycle parking spaces is expected. Indeed, Table 3.7 of Section 3, Part 2 of Long Beach's Downtown Plan states that there should be a minimum of 1 bicycle parking space for every five (5) dwelling units (rounded up). See also City of Long Beach Municipal Code 21.45.400 Section C.[12]

For the prototype projects specified in the KMA report, this means the prototypes should include the following minimum bicycle parking spaces:

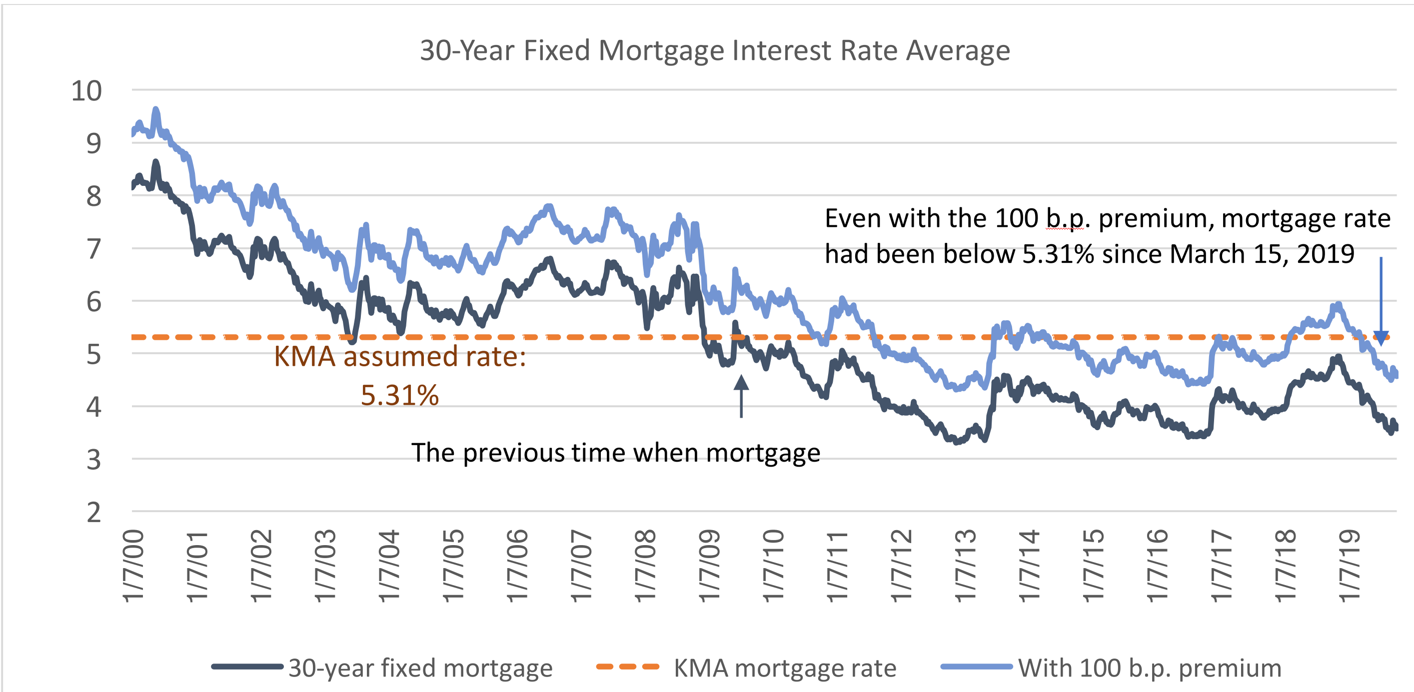
- Market Rate Rental Residential Project (94 units): 19 spaces
- Inclusionary Scenarios Rental Residential Projects (140 units): 28 spaces
- Ownership Development Project (71 units): 15 spaces

Although it is true that bicycle parking construction cost is a very small portion of the overall development cost, the KMA report did not mention whether the hard costs include bicycle parking construction cost. The term "bicycle parking" or equivalent is mentioned zero times in the KMA report.

[11] Source: City of Long Beach Bicycle Master Plan, Downtown Plan and Municipal Code (http://www.longbeach.gov/globalassets/lbds/media-library/documents/planning/advance/downtown/downtownplan_section-3-part-2-reduced)
[12] Table 3-7 Bicycle Parking. Retrieved from: http://www.longbeach.gov/globalassets/lbds/media-library/documents/planning/advance/downtown/downtownplan_section-3-part-2-reduced

G. Mortgage Interest Rate Assumption

KMA claimed that "the mortgage terms used in this Financial Evaluation were based on a 30-year fully amortizing loan at a 5.31% interest rate" (page 31). The 5.31% is based on a 100 basis points (1%) premium applied to the Bankrate site average as of March 15, 2019 for a fixed interest rate loan with a 30-year amortization period (Footnote 13, page 31).



Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

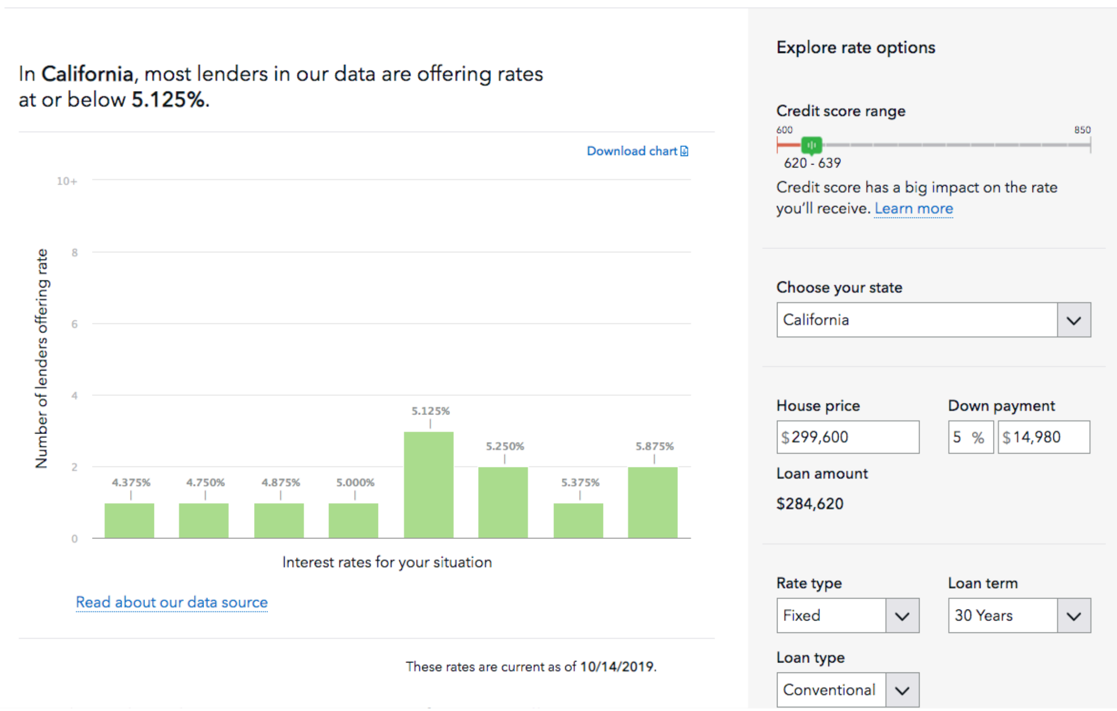
The last time the average mortgage rate exceeded 5.31% was in July 2009, when the Great Recession just ended. In reality, the interest rate for a fixed 30-year term mortgage has been falling in 2019. Mortgage rates fluctuate weekly, banks offer different mortgage rates on the same product (30-year fixed conventional mortgage), and personal factors such as income and credit score all affect the actual mortgage term.

To peg mortgage term based on one specific date, and to tack on a random 100 basis point premium and call it the supportable mortgage interest rate is **a dangerous proposition**.

In reality, mortgage interest rates are determined by several factors, where the first four factors listed below require additional inputs:

1. **Credit Scores**: Consumers with higher credit scores receive lower interest rates than consumers with lower credit scores.
2. **Home Location**: Many lenders offer slightly different interest rates depending on the state.
3. **Home Price and Loan Amount**: Homebuyers can pay higher interest rates on loans that are particularly small or large.
4. **Down Payment**: A higher down payment is associated with lower risk, which implies a lower interest rate.
5. Loan Term: Shorter terms such as a 15-year loan have lower interest rates than longer terms such as a 30-year loan.
6. Loan Type: In addition to the conventional mortgage loans, there are FHA, USDA, and VA loans. Rates can differ significantly depending on the type of loan chosen.

Using the CFPB's Explore Interest Rates tool,[13] the mortgage rate offered by most lenders is still less than the 5.31% rate KMA purported for a subprime borrower with a credit score of 620-639 in California for a home priced similar to that displayed for a four-bedroom unit in Attachment 3, Appendix B, Exhibit 1.



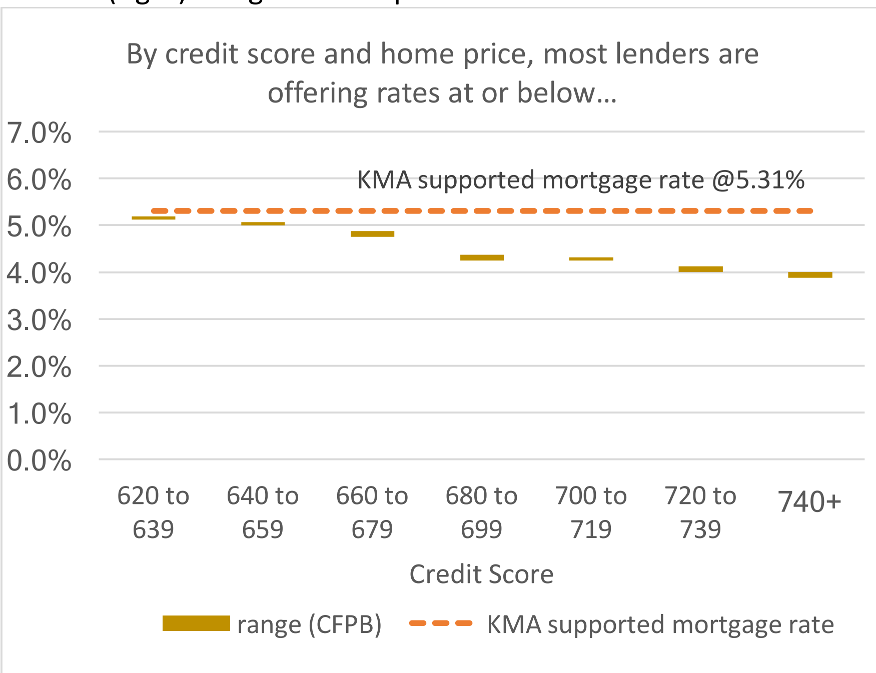
[13] Source: Consumer Financial Protection Bureau (https://www.consumerfinance.gov/owning-a-home/explore-rates/)

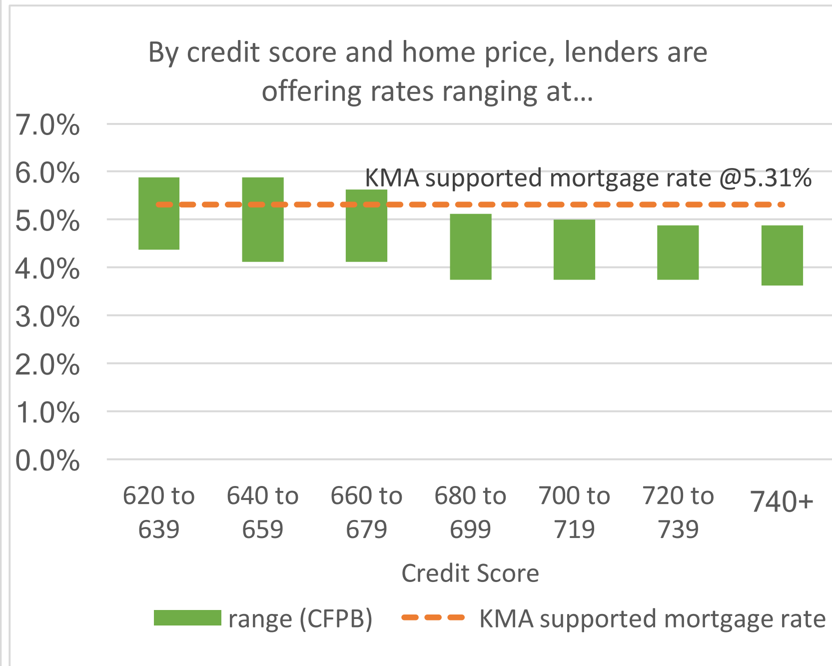
Recommendation: The City should conduct independent study of the mortgage market and the credit profiles of potential homebuyers instead of using a mortgage rate that is determined based on a specific date with a random 100 basis point premium tacked on.

Based on the information in KMA's ownership affordability analysis in Attachment 3 Appendix B Exhibit I, KMA assumes:

- Affordable sales price ranging between $207,900 for a studio to $299,600 for a four-bedroom unit;
- 5% home buyer down payment; and
- 30-year fixed term.

The following charts display the result of **mortgage rates offered at or below by most lenders** (left) and **range of mortgage rates offered by lenders** (right) using CFPB's Explore Interest Rate tool.





Source: Consumer Financial Protection Bureau (October 14, 2019)

Mortgage rates offered at or below by most lenders (left chart): Even for potential buyers whose credit scores are either poor or fair (and who in reality are not likely to be in the home buying market), most lenders today would offer a more favorable mortgage rate than the KMA's supportable mortgage rate of 5.31%. Yet, these interest rate ranges are only current as of October 14, 2019 and could differ significantly in the future. Nonetheless, the objectives of this exercise are to illustrate (1) how various factors result in a wide range of mortgage interest rates and (2) how much the average mortgage rate can fluctuate in just a span of 7 months between March 15, 2019 and October 14, 2019—rendering KMA’s analysis outdated.

Range of mortgage rates offered by lenders (right chart): With the exception of potential buyers whose credit scores are either poor or fair (and who in reality are not likely to be in the home buying market), other aspiring homeowners would have a more favorable mortgage rate than the KMA’s supportable mortgage rate of 5.31%. Yet, these interest rate ranges are only current as of October 14, 2019 and could differ significantly in the future. Nonetheless, the objective of this exercise is to illustrate (1) how various factors result in a wide range of mortgage interest rates and (2) how much the average mortgage rate can fluctuate in just a span of 7 months between March 15, 2019 and October 14, 2019—rendering KMA’s analysis outdated.

H. 5% Mortgage Down Payment in Ownership Units Assumption

In KMA's ownership affordability analysis (Attachment 3, Appendix B, Exhibit I; reproduced below), KMA provided no justification why a 5% down payment rate is chosen other than the implication that these homebuyers make a moderate or below income.

APPENDIX B - EXHIBIT I

AFFORDABLE SALES PRICE CALCULATIONS 1
2019 INCOME STANDARDS
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING FEASIBILITY ANALYSIS
LONG BEACH, CALIFORNIA

		Studio Units	One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units	Four-Bedroom Units
I.		Moderate Income Households				
A. Income Information						
Household Income @ 110% Median		$56,270	$64,350	$72,380	$80,410	$86,850
Income Allotted to Housing @ 35% of Income		$19,690	$22,520	$25,330	$28,140	$30,400
B. Expenses						
Annual Utilities Allowance	2	$1,104	$1,236	$1,512	$1,512	$1,512
HOA, Maintenance & Insurance		3,120	4,080	5,400	6,000	6,600
Property Taxes @ 1.10% of Affordable Sales Price		2,290	2,550	2,720	3,050	3,300
Total Expenses		$6,514	$7,866	$9,632	$10,562	$11,412
C. Income Available for Mortgage		$13,176	$14,654	$15,698	$17,578	$18,988
D. Affordable Sales Price						
Supportable Mtg @ 5.31% Interest	3	$197,500	$219,700	$235,300	$263,500	$284,600
Home Buyer Down Payment @ 5% Aff Sales Price		10,400	11,600	12,400	13,900	15,000
Affordable Sales Price		$207,900	$231,300	$247,700	$277,400	$299,600

The National Association of Realtor's 2019 Home Buyers and Sellers Generational Trends Report (Exhibit 5.5)[14] finds that the median down payment was 13% among all homebuyers. A homebuyer whose down payment is less than 20% of sales price typically carries private mortgage insurance (PMI), which is not mentioned anywhere in the KMA report. The PMI will lower the income available for mortgage, which reduces the affordable sales price.

[14] "2019 Home Buyers and Sellers Generational Trends Report." National Association of Realtors Research Group. April 2019. Retrieved from: https://www.nar.realtor/sites/default/files/documents/2019-home-buyers-and-sellers-generational-trends-report-08-16-2019.pdf

A lower down payment percentage implies lower affordable sales price, which implies a higher in-lieu fee. Not counting first-time homebuyers who leverage first-time homebuyer programs for down payment assistance, it is not likely that a potential homeowner in Long Beach could only a 5% down payment. Furthermore, defaulting the down payment percentage at 5% might encourage people to become homeowners when in reality they might not be ready—this was one of the factors that led to the subprime mortgage crisis in the 2000s—a surge in low or no-down-payment loans.[15] Without understanding the homebuyer profiles in Long Beach, it is premature to assume a uniform 5% down payment.

By assuming a very low mortgage down payment rate and a very high mortgage interest rate (relative to the current environment), KMA's tabulations of affordable sales price are considerably lower than the more realistic scenarios. This exercise demonstrates how much the affordable sale price changes depending on the down payment percentage and mortgage interest rate (discussed in previous section).

Affordable Sales Prices with Different Mortgage Interest Rates and 5% vs. 20% Down Payment

	Studio Units	1-bedroom Units	2-bedroom Units	3-bedroom Units	4-bedroom Units
Mortgage Interest = 5.31% (KMA Scenario)	$197,500	$219,700	$235,300	$263,500	$284,600
Down Payment @ 5% Aff Sales Price (KMA Scenario)	$10,400	$11,600	$12,400	$13,900	$15,000
Affordable Sales Price	**$207,900**	**$231,300**	**$247,700**	**$277,400**	**$299,600**
Mortgage Interest = 5.31% (KMA Scenario)	$197,508	$219,664	$235,313	$263,494	$284,630
Down Payment of 20%	$49,377	$54,916	$58,828	$65,874	$71,158
Affordable Sales Price	**$246,885**	**$274,580**	**$294,141**	**$329,368**	**$355,788**
Mortgage Interest = 4.375%[16]	$219,914	$244,583	$262,008	$293,386	$316,920
Down Payment of 20%	$54,979	$61,146	$65,502	$73,347	$79,230
Affordable Sales Price	**$274,893**	**$305,729**	**$327,510**	**$366,733**	**$396,150**
Mortgage Interest = 3.57%[17]	$242,405	$269,596	$288,803	$323,390	$349,331
Down Payment of 20%	$60,601	$67,399	$72,201	$80,848	$87,333
Affordable Sales Price	**$303,006**	**$336,995**	**$361,004**	**$404,238**	**$436,664**

[15] Wallison, P. J. (2011). "Dissent from the Majority Report of the Financial Crisis Inquiry Commission," (Washington, DC: American Enterprise Institute, January 2011), 18, www.aei.org.

[16] Interest rate that most lenders are offering rates at or below for a homebuyer with a credit score of 680 to 699. Many potential homeowners likely have higher credit scores and would qualify for lower mortgage interest rates.

[17] Average interest rate of a 30-year conventional mortgage as of October 10, 2019

Compared to the KMA scenario, if assuming a **mortgage interest of 4.375%,** which is the current rate that most lenders are offering at or below to a person with an average credit score of 680 to 699 (which is not great) **and a down payment of 20%** instead of 5%, the affordable sales price increases by:

- Studio Units: $67,000
- 1-Bedroom Units: $74,400
- 2-Bedroom Units: $79,800
- 3-Bedroom Units: $89,300
- 4-Bedroom Units: $96,550

In-Lieu Fee Calculations, Baseline (KMA) Assumptions and Revised Assumptions on Mortgage Interest and Down Payment

	KMA Scenario (5.31% Interest Rate & 5% Down Payment)	4.375% Mortgage Interest Rate & 20% Down Payment	3.57% Mortgage Interest Rate & 20% Down Payment
I. Sales Price Difference			
A. Studio Units			
Market Rate Units	$307,200	$307,200	$307,200
Affordable Sales Units	$207,900	$274,893	$303,006
Difference	$99,300	$32,307	$4,194
B. One-Bedroom Units			
Market Rate Units	$428,900	$428,900	$428,900
Affordable Sales Units	$231,300	$305,729	$336,995
Difference	$197,600	$123,171	$91,905
C. Two-Bedroom Units			
Market Rate Units	$600,700	$600,700	$600,700
Affordable Sales Units	$247,700	$327,510	$361,004
Difference	$353,000	$273,190	$239,696
II. Distribution of Total Units			
Studio Units: 5%	$4,965	$1,615	$210
One-Bedroom Units: 45%	$88,920	$55,427	$41,357
Two-Bedroom Units: 50%	$176,500	$136,595	$119,848
III. In-Lieu Fee			
Per Income Restricted Unit	$270,400	$193,600	$161,400
Supportable Inclusionary Housing Percentage	10%	10%	10%
Per Square Foot of GBA*	**$23.80**	**$15.00**	**$12.50**

More importantly, the differences in affordable sales price affect the in-lieu fee amount. The lower the affordable sales price, the higher the in-lieu fee is. Under KMA's scenario (5.31% mortgage interest rate, 5% down payment, and 80% building efficiency ratio), the in-lieu fee is $23.8 per square foot. As discussed in previous sections, these assumptions are either unrealistic or infeasible. Furthermore, a lower down payment and a higher interest rate both increase the gap between the market rate sales price and affordable sales price, which in turn increases the in-lieu fee estimate. Finally, recall that KMA assumes an 80% efficiency ratio, but as discussed, the efficiency ratio is closer to 70% for multi-family buildings, which is assumed in the two alternative scenarios. Under a scenario of 4.375% mortgage interest rate, 20% down payment, and 70% building efficiency ratio, the in-lieu fee is $15.0 per square foot, which is 37% lower than KMA's.

III. Critique of KMA’s Cost Assumptions

In addition to the non-cost assumptions discussed in Section II, Beacon identifies ten (10) cost assumptions that are either missing or questionable:

a. Land/Property Acquisition Costs
b. Inclusionary Policy’s Effect on Land Cost Reduction
c. On-Site Improvement
d. Off-Site Improvement
e. Parking
f. Building Core & Shell
g. Permit Fees
h. Financing Costs
i. Market Rate Unit Rent Discrepancy
j. Condominium Sales Price Differences

Each of these assumptions is discussed individually in this Section.

A. Land/Property Acquisition Costs

Land/property acquisition cost is the purchase price paid and the related closing costs to acquire a parcel of land including the structure(s) that sit(s) on top of it. Since Downtown Long Beach is built out, land acquired for residential development projects usually does NOT imply vacant land but a site with some properties occupied. The supply of land is fixed (completely inelastic), thus the price of land is determined solely by demand.

Land area and acquisition cost summary in KMA's prototypes

	Market rate rental project	Inclusionary rental project	Ownership project
Land Area (SF)	32,870 sq. ft.	32,870 sq. ft.	43,560 sq. ft.
Property Acquisition Cost	$6,738,000	$6,738,000	$5,881,000
Cost per Square Foot	$205/ sq. ft.	$205/ sq. ft.	$135/ sq. ft.

Source: Keyser Marston Associates, Inc.
Note: The land/property acquisition costs summarized here does not take the 30% land cost reduction into account as a result of Inclusionary Housing implementation. This is discussed later.

The land/property acquisition costs in KMA's pro formas are definitely too low, especially for ownership projects. KMA does not attach recent land sales transactions that justify the $205/SF in rental project and $135/SF in ownership project. Here are some recent land/property acquisitions.

List of Recent Land/Property Acquisitions

Name	Address	Purchase Date	Purchase Price	Land SF	Price/Land SF
N/A	1105 Long Beach Blvd.	Mar-17	$4,500,000	6,568	$685.14
Residential Project*	810 Pine Ave.	Jun-17	$1,000,000	7,456	$134.12
Residential Project	507 N. Pacific Ave.	Feb-17	$5,000,000	46,522	$107.48
Pacific-Pine	635 Pine Ave./636 Pacific Ave.	Aug-18	$4,800,000	7,401	$648.56
Residential Project	1112 Locust Ave.	Dec-18	$1,625,000	7,398	$219.65
Mixed-Use Project	1101-1157 Long Beach Blvd.	Nov-16	$4,500,000	31,210	$144.18
Hotel Project	107 Long Beach Blvd.	Mar-16	$1,040,000	2,100	$495.24
The Alamitos	101 Alamitos Ave.	Jul-16	$3,100,000	15,035	$206.19
The Beacon	1201-1235 Long Beach Blvd.	Nov-17	$11,414,000	64,469	$177.05
The Place	495 The Promenade N.	Aug-17	$18,288,462	25,165	$726.74
AMLI Park Broadway	245 W. Broadway	Oct-15	$15,000,000	74,484	$201.39
The Linden	434 E. 4th St.	Jun-17	$3,208,500	15,043	$213.29
	Weighted avg. price/land SF				**$242.61**

Source: REIS, Loopnet, RealtyTrac, and Property Shark

*Being developed by Global Premier Development, this is a senior (55+) assisted living residential project.

Except for the property on 1105 Long Beach Blvd, all of these transactions are also listed in the City of Long Beach's Downtown Plan Update: 2018 in Review, where the projects are currently under construction or newly constructed. Land acquisition costs vary by location and use:

- 810 Pine Ave., which is planned for senior assisted living on the inexpensive end; and
- The Pacific-Pine project's land acquisition cost ($648.56/SF) is over three times as much as the KMA's estimated land cost for rental projects ($205/SF) and 4.8 times as much as the land cost for ownership projects ($135/SF).

Note that the $242.61 average is based on recent past sales transactions; the average land/property acquisitions costs have likely increased today.

B. Inclusionary Policy's Effect on Land Cost Reduction

In Section II, Part B of the KMA report, KMA states the following, "A significant number of California Inclusionary Housing programs have been based on the assumption that a policy that results in a +/- 30% reduction in land costs comports with the requirements."

B. PROGRAM FOUNDATION

The courts have held that affordable housing is a "public benefit," and that locally imposed Inclusionary Housing programs are a legitimate means of providing this public benefit. The courts have tempered this with the requirement that the Inclusionary Housing obligations cannot be confiscatory, and they cannot deprive a property owner of a fair and reasonable return on their investment. However, no guidance is provided as to how these requirements should be met.

A significant number of California Inclusionary Housing programs have been based on the assumption that a policy that results in a +/- 30% reduction in land costs comports with the requirements. This KMA Financial Evaluation is focused on identifying income and affordability standards that would fall within that parameter.

Section II, Part B of the KMA Report.

The shortfall between development cost, which exceed supportable investment in every non-market rate scenario, is attributed to land cost reduction to meet the feasible inclusionary percentage. The rationale stems from the thinking that the cost burden is substantially or entirely taken out of the price developers are willing to pay for land (Mallach, 1984).[18]

Based on the 30% reduction, KMA reduced land acquisition cost where the difference between the normal sales price and reduced sales price are used to derive the supportable inclusionary percentage. For rental inclusionary projects, the difference between development costs and supportable investments is used to reduce land cost. The difference is about 30% of the land cost depending on the scenario.

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[18] Mallach, A. (1984). "Inclusionary Housing Programs: Policies and Practices." Center for Urban Policy Research, Rutgers University.

Similarly, for ownership moderate income project, the difference between development costs and funds available to development costs is used to reduce land cost. The difference is 32% of land cost.

KMA Report Land Cost Reduction Summary

	Inclusionary rental project: moderate income alternative	Inclusionary rental project: low income alternative	Inclusionary rental project: very low income alternative	Inclusionary rental project: 20% VLI & 80% LI	Inclusionary rental project: 80% VLI & 20% LI	Inclusionary rental project: 70% LI & 30% moderate income	Moderate income alternative ownership project
Development Costs	$57,208,000	$57,104,000	$57,110,000	$57,104,000	$57,110,000	$57,092,000	$31,187,000
Supportable Investments/Funds Available for Investments	$55,199,000	$55,180,000	$55,088,000	$55,106,000	$55,162,000	$55,217,000	$29,304,000
Difference (shortfall)	$2,009,000	$1,924,000	$2,022,000	$1,998,000	$1,948,000	$1,875,000	$1,883,000
Land Cost	$6,738,000	$6,738,000	$6,738,000	$6,738,000	$6,738,000	$6,738,000	$5,881,000
Difference as percentage of land cost	29.80%	28.60%	30.00%	29.70%	28.90%	27.80%	32.00%

Source: Keyser Marston Associates, Inc.

KMA states that "a significant number of California Inclusionary Housing programs have been based on the assumption that a policy that results in a +/- 30% reduction in land costs comports with the requirements." Perhaps 30% is believed to be the limit that the courts have allowed as not an illegal taking.

Here are some previous literatures that are in line with KMA's argument:

- In the literature of economics of inclusionary housing policies, economists argue that in the long run, developers of projects subject to special development costs (such as impact fees and inclusionary requirements) will lower prices for developable land, since housing must be produced at competitive prices and rents the market will bear (Porter, 2004).[19]
- There exist some previous literatures that suggest the cost burden of inclusionary housing is passed back to landowners in the form of reduced land prices (Rosen, 2016;[20] Jacobus, 2015).[21]

[19] Porter, D. R. (2004). "Inclusionary Zoning for Affordable Housing." Urban Land Institute.
[20] David Paul Rosen & Associates (2016). "Inclusionary Housing Study for the City of Portland."
[21] Jacobus, R. (2015). "Inclusionary Housing – Creating and Maintaining Equitable Communities." National Community Land Trust Network, Cornerstone Partnership and Lincoln Institute of Land Policy.

- Conventional economic theory suggests that without providing incentives or offsets to cover the incremental cost of producing the affordable units, to make a development project feasible, other cost components such as the price of land would drop until housing can be produced at competitive prices (Brunick, 2003).[22]

The caveat here is that the specific results of the aforementioned studies (and hence **the specific characteristics of the policies**) **depend on local economic and housing market conditions as well as local and state regulatory and political framework**. **Instead of actually evaluating the potential impact on land price an inclusionary housing program would have locally in Long Beach, KMA applies a blanket 30% land cost reduction.**

Consider the following equation for a market rate development:

Land Cost + Construction Cost + Financing Cost + Developer Profit = Project Value (1)
Developer Profit ≳ Threshold Developer Profit (2)

If the City mandates a percentage of units be affordable instead, all else equal, the following changes are applied to the equation:

Land Cost + Construction Cost + Financing Cost + Developer Profit (↓) = Project Value (↓)

A rationally thinking developer would not engage in the project if (2) no longer holds, unless

Land Cost (↓) + Construction Cost + Financing Cost + Developer Profit (↓) = Project Value (↓) and
Developer Profit ≳ Threshold Developer Profit

In other words, if newly imposed inclusionary requirements increase the cost of development, either the price of the land or the developers' profits will have to come down (Calavita and Mallach, 2009). But the discussion thus far fails to consider whether the imposition of inclusionary housing actually reduce land value from a level that is intrinsic to the land, or does it represent the recapture of an increment in land value associated with government action. In the U.S., where property rights are strong, land value capture is not widely recognized as a part of planning practice and land development (Calavita and Mallach, 2009).[23] Instead, incentives (such as density bonus) or cost offsets (such as reduced minimum parking requirements) are deployed to compensate for the additional costs of providing affordable housing. However, given that land is of finite supply and is inelastic in economic literature, landowners have little to no motivation to sell the land less than the price he/she could get in the absence of inclusionary housing requirements.

[22] Brunick, N. (2003). "The Impact of Inclusionary Zoning on Development." Business and Professional People for the Public Interest.
[23] Calavita, N. and Mallach, A. (2009). "Inclusionary Housing, Incentives, and Land Value Recapture." Lincoln Institute of Land Policy, Land Lines.

The previous example is an illustration of land residual analysis. Rosen (2004)[24] uses the land residual analysis to determine inclusionary housing's impact on housing and land markets in Los Angeles and Long Beach. Land residual analysis is commonly used by real estate developers, lenders and investors to evaluate development financial feasibility and select among alternative uses for a piece of property.

In the Los Angeles prototype, Rosen finds that most of the 10 prototypes analyzed yielded market comparable land values. An exception when land value decreased was adaptive reuse of existing commercial buildings, where no density bonus or parking concessions could reasonably be applied. In the Long Beach prototype, the results were similar.

In reality, land price is a negotiation between the buyers (developers) and sellers (land owners). If development costs are excessive, both parties may agree to part company without concluding a sale. It is not reasonable to assume that land owners would charitably sell land at a 30% discount. Perhaps KMA's examples merely attempt to illustrate that inclusionary housing is only feasible with a 30% decrease in land cost instead of inclusionary housing policies result in a blanket 30% reduction in land value.

[24] David Paul Rosen & Associates (2004). "Inclusionary Zoning: The California Experience." National Housing Conference, NHC Affordable Housing Policy Review, vol. 3, issue 1.

C. On-Site Improvement

As mentioned, since Downtown (and Midtown) Long Beach is fairly built out, an acquired land is likely to have a structure (improvement) sitting on top. Therefore, a pro forma analysis should account for demolition costs. Although demolition is a small part of the overall on-site improvement, it is unclear whether KMA's estimated on-site improvement costs include demolition of existing structures. Demolition cost is typically proportionate to the square footage of the structure that is to be demolished. However, there are other cost factors that affect demolition cost. For example, does the building have asbestos? Also, are there prevailing wage requirements?

D. Off-Site Improvement

In addition to on-site improvement, developers are required to have off-site improvement, which involves work or activity within the public-right of way (see City of Long Beach Municipal Code 21.47.030).

Section 21.47.030 (B): Required Improvements—All Projects states that all projects shall be required to provide the following right-of-way improvements as are deemed necessary and applicable by the Director of Public Works:

1. Sidewalk and Parkway. Construction or repair of a sidewalk and parkway adjoining the site. The sidewalk shall have a minimum clear width of five feet (5') with a parkway, or six feet (6') if the sidewalk adjoins the curb;
2. Curb and Gutter. Construction or repair of curbs and gutters adjoining the site. All unused curb cuts shall be replaced with a full-height curb and gutter;
3. Street Trees. As required by Subsection 21.42.060.B.1; and
4. Bicycle Trail. Construction of bicycle trail as required by the "Bike Route System" adopted by the City Council.

Furthermore, Section 21.47.030 (C) states that in addition to the required off-site improvements, **new development projects** requiring site plan review:

1. **Alley Paving.** Construction, replacement, repair or extension of alley paving up to standard width. The alley shall be paved the length of the site. If vehicle access is taken from the alley, the Director of Public Works may also require that the alley be paved to a point where the alley intersects a paved public right-of-way, and curb returns shall be relocated as necessary.
2. **Alley Lighting.** Construct or install on-site alley lighting.
3. **Utilities Relocation.** Relocate utilities as necessary to provide for the improvements outlined above.

Moreover, 21.47.030 (D): Major projects—such as a **new residential development project with at least twenty-one (21) units**—also have additional improvement requirements:

1. **Roadway Paving.** Construction, replacement, repair or extension of roadway paving to standard street width as required in Table 47-1.
2. **Traffic Signals and Street Signs.** Provide a prorated share of the cost of all roadway signal and street sign modifications attributable or partly attributable to the development.
3. **Street Lights.** Install or relocate street lights. This may include widening the right-of-way as necessary.
4. **Utilities Relocation.** Relocate utilities as necessary to provide for the improvements outlined in paragraphs 1 through 3 above.

For all project prototypes presented in the KMA report—new residential development projects ranging from 71 units to 140 units—parts B, C, and D of Section 21.47.030 will apply. Depending on the scope of work involved, off-site improvement costs typically range from one-half to two-thirds of the on-site improvement costs. Given that major new residential development projects require all three types of improvements, off-site improvement cost estimates would be on the high end relative to on-site improvement cost.

E. Parking Construction Cost Estimate

KMA does not provide supporting data that justify the parking construction cost estimates. Stakeholder outreach with developers familiar with Long Beach reveals that these estimates are more in line with the price levels from 2011 to 2012. KMA's cost estimates are at least a few years out of date and are too conservative for two reasons: (1) The square footage per parking space estimate is too low (see Section II Part B of this report) and (2) Parking construction cost per square foot estimate is too low.

Below is a screenshot of KMA's parking cost estimates:

II. Direct Costs [2]					
On-Site Improvements/Landscaping	32,870	Sf of Land	$20	/Sf of Land	$657,000
Parking [3]					
At-Grade Spaces	0	Spaces	$5,000	/Space	0
Above-Ground Podium Spaces	0	Spaces	$25,000	/Space	0
1st Level Subterranean	90	Spaces	$35,000	/Space	3,150,000
2nd Level Subterranean	92	Spaces	$45,000	/Space	4,140,000
Building Costs	106,312	Sf of GBA	$125	/Sf of GBA	13,289,000
Contractor/DC Contingency Allow	20%	Other Direct Costs			4,247,000
Total Direct Costs	106,312	Sf of GBA	$240	/Sf of GBA	

In reality, there are many factors that affect parking construction cost:

- **Geography**: regional factors such as the cost of labor (union vs. open shop), availability of materials, higher seismic regions and soil conditions.
- **Subterranean parking**: Parking one level below ground is more expensive than parking at-grade and above-grade. The cost increases more the deeper the level is.
- **Structural system**: A short-span frame is less costly but also less efficient than a long-span frame.
- **Foundation**: Structures built in areas with poor soil conditions require deeper foundation systems will cost more than shallower foundation systems.
- **Total parking spaces**: A smaller project will cost more per space than a larger project.
- **Efficiency**: The higher the square footage per stall, the more expensive per stall.
- **Additional items**: Items such as EV charging stations and storage space will increase the cost.

Parking construction cost per square foot imputed based on KMA's assumptions

	Unit	Market Rate Rental Project	Inclusionary Rental Project	Ownership Project
Land	Square Feet	32,870	32,870	43,560
Parking				
First Level Subterranean	SF per space	365.22	365.22	
	Cost per space	$35,000	$35,000	
	Cost per SF	**$95.83**	**$95.83**	
Second Level Subterranean	SF per space	357.28	386.71	
	Cost per space	$45,000	$45,000	
	Cost per SF	**$125.95**	**$116.37**	
Above-Ground Podium Spaces	SF per space			306.76
	Cost per space			$25,000
	Cost per SF			**$81.50**

Source: Beacon Economics calculation based on available information in the KMA report

Note that these tabulations assume a "built-to-the-line" scenario. If there are setbacks, then the square footage per space would decrease while the cost per square foot would increase. As discussed in Part B of the Section "Missing/Questionable KMA Assumptions Discussion: Non-Cost Assumptions", KMA's assumption, it is not feasible to fit 90-92 parking spaces per level underneath a ¾ acre lot nor 142 parking spaces. This means a third subterranean level is needed, which is more expensive.

In addition, the parking construction cost per square foot calculated is below Rider Levitt Bucknall's estimate for the Los Angeles metro area[25] for the second quarter of 2019:

- Basement (below-ground): $130/SF to $180/SF
- Above ground: $105/SF to $125/SF

Using the low end of the range of estimates provided by RLB, the cost differences per space for the first level below-ground, second level below-ground and above-ground levels indicate that KMA's cost estimates are 10% to 26% ($5,019 to $12,479) below the estimates derived using RLB's low-end parking cost data. The following table depicts the revised parking construction cost estimates.

[25] Estimates are only available at selected metropolitan statistical areas.

Revised cost per space estimate with RLB data

	Unit	Market Rate Rental Project	Inclusionary Rental Project	Ownership Project
First Level Subterranean	SF per space	365.22	365.22	
	Revised Cost per space	$47,479	$47,479	
	Cost per SF	**$130**	**$130**	
	Cost Difference	$12,479	$12,479	
Second Level Subterranean	SF per space	357.28	386.71	
	Revised Cost per space	$50,019	$54,139	
	Cost per SF	**$140**	**$140**	
	Cost Difference	$5,019	$9,139	
Above-Ground Podium Spaces	SF per space			306.76
	Revised Cost per space			$32,210
	Cost per SF			**$105**
	Cost Difference			$7,210

Source: Rider Levitt Bucknall; calculations by Beacon Economics

The low end of the RLB cost estimates are chosen to demonstrate how low KMA's cost estimates are compared to even the low end of the RLB cost estimates. It is likely that parking construction cost per square foot is above the low-end estimates in Downtown and Midtown Long Beach.

F. Building Core & Shell Construction Cost Estimate

Similar to parking construction cost, the developers we surveyed all concurred that the building core & shell construction cost estimate is too low for every project prototype. The following table summarizes the building cost per gross square foot in KMA's three development prototypes. The building cost per gross square footage is increased by 20% in the inclusionary rental project scenario due to increased density of the project compared to the market rate prototype.

Building cost summary in KMA's prototypes

	Market rate rental project	Inclusionary rental project	Ownership project
Gross Building Area (SF)	106,312 sq. ft.	158,936 sq. ft.	80,625 sq. ft.
Building Cost per SF	$125/ sq. ft.	$150/ sq. ft.	$135/ sq. ft.
Building Cost	$13,289,000	$23,840,000	$10,884,000

These costs are extremely low and unrealistic even for a basic Type VA construction. In addition, KMA provides no supporting documents justifying the low building costs.

2019 Gross Residential Square Footage Cost Estimates: Construction Cost by ZIP Code and City

ZIP Code (First 3 Digits)	City	Apartments	Condos
907xx, 908xx	Long Beach	$185.29/ sq. ft.	$197.49/ sq. ft.

Source: RSMeans, The Gordian Group, data compiled by Federal Home Loan Bank of San Francisco

The table above summarizes data from RSMeans for the building cost per gross square foot by type in 2019, which are $185.29/GSF for apartments and $197.49/GSF for condominiums. This implies KMA's building cost estimates are 32% below RSMeans' cost estimates for the ownership project prototypes and 33% below for the rental project prototypes.

The next table applies the RSMeans cost estimates (apartments for rental projects and condos for ownership project) and re-project the building costs by prototype.

Building Cost Summary in KMA's Prototypes Using RSMeans Cost Estimates

	Market rate rental project	Inclusionary rental project	Ownership project
Gross Building Area (SF)	106,312 sq. ft.	158,936 sq. ft.	80,625 sq. ft.
Building Cost per SF	$185.29/ sq. ft.	$150/ sq. ft.	$197.49/ sq. ft.
Building Cost	$19,694,298	$35,331,473	$15,922,631
Building Cost Difference	($6,405,298) (-33%)	($11,491,073) (-33%)	($5,038,256) (-32%)

Source: RS Means; Calculations by Beacon Economics

Furthermore, it has been demonstrated in Parts D and E of the previous section that KMA's building efficiency ratio of 80% is too high. This means KMA's gross building square footage (net rentable area divided by the building efficiency ratio) estimates are too low. Adjusting the building efficiency ratio from 80% to 70%--based on the discussions in Section II Parts D and E—the following table shows the revised building cost.

Building Cost Summary in KMA's Prototypes Using RSMeans Cost Estimates and With Updated Building Efficiency Ratio (70%)

	Market rate rental project	Inclusionary rental project	Ownership project
Bldg. Efficiency Ratio (KMA)	80%	80%	80%
Revised Bldg. Efficiency Ratio	70%	70%	70%
Revised Gross Bldg. Area	121,499 sq. ft.	181,641 sq. ft.	92,143 sq. ft.
RS Means Bldg. Cost per SF	$185.29/ sq. ft.	$222.35/ sq. ft.	$197.49/ sq. ft.
Revised Building Cost	$22,507,769	$40,378,826	$18,197,293
Building Cost Difference	($9,218,769) (-41%)	($16,538,426) (-41%)	($7,312,918) (-40%)

Source: RS Means; Calculations by Beacon Economics

The tabulations assume no change in the unit size for studio units (729 SF/unit) in the rental scenarios. The revised pro formas will reflect the updated unit size (609 SF/unit). The low building cost per square foot and gross building area estimates indicate that KMA's building cost estimates are 40% to 41% lower than the true building costs.

G. Public Permits & Fees

In the pro formas, KMA estimated that public permits and fees per unit ranged from $19,240 to $20,000. It is not clear how KMA arrived at these estimates. In Long Beach, there are many permits and fees that can be grouped into six major categories: (1) Development Impact Fees, (2) Electrical Permit & Plan Check Fees, (3) Fire Permit & Plan Check Fees, (4) Mechanical Permit & Plan Check Fees, (5) Plumbing Permit & Plan Check Fees, and (6) Building Permit & Plan Check Fees.

Within each major category, there are several fee line items. For example, Development Impact Fees include Fire Facilities Impact Fee, Parks & Recreation Facilities Impact Fee, Police Facilities Impact Fee, School Impact Fee, Sewer Capacity Fees, and Transportation Improvement Fee. In addition to the City mandated fees, there are additional fees administered at the county and state levels such as Los Angeles County Sewer Capacity Fee, Strong-Motion Instrumentation & Seismic Hazard Mapping Fee, and Green Building Standards Fee. As mentioned, an infill project in the heart of Long Beach is likely to encounter water table and methane issues, both of which will require addition public permits & fees.

KMA's estimates of $19,240 to $20,000 is doable under the ideal situation. A public permits & fees sheet furnished by Anderson Pacific, LLC suggests that for a recent 315-unit development project in Submarket 1, the total public permits & fees paid per unit was $23,500. For the purpose of this report, Beacon has elected to keep KMA's public permits & fees estimates. However, one should note that these estimates are on the conservative side.

H. Financing Costs

In the pro formas, KMA has different financing loan interest rates: 3.6% for rental prototypes but 6.0% for ownership prototypes. KMA does not provide an explanation for the 240 basis point spread of the financing loan interest rate in the report—even if ownership projects are deemed more risky by banks and thus require a higher interest rate.

Financing Costs Information for Rental Market Rate Prototype

IV.	**Financing Costs**					
	Interest During Construction					
	Land	5	$6,738,000 Cost	3.6% Avg Rate	$364,000	
	Construction	6	$34,194,000 Cost	3.6% Avg Rate	1,108,000	
	Loan Origination Fees		60% Loan to Cost	2.0 Points	491,000	
	Total Financing Costs					$1,963,000

1 Estimated based on a survey of the sales of residentially zoned land in the SUBMARKET between 2016 and 2018.

2 Based on the estimated costs for similar uses.

3 Based on 1.0 space for Studio Units; 1.0 space for One-Bedroom Units; 1.0 space for Two-Bedroom Units; 1.0 space for Three-Bedroom Units; and 0.25 spaces per unit for guest parking.

4 Based on estimates prepared for other projects within Long Beach.

5 Based on an 18 month construction period and a 100% average outstanding loan balance.

6 Based on an 18 month construction period and a 60% average outstanding loan balance.

Financing Costs Information for Ownership Market Rate Prototype

IV.	**Financing Costs**					
	Interest During Construction	4			$1,392,000	
	Loan Origination Fees		60.0% Loan to Cost	2.5 Points	440,000	
	Total Financing Costs					$1,832,000

1 Estimated based on a survey of the sales of residentially zoned land in Long Beach between 2016 and 2018.

2 Based on the estimated costs for similar uses.

3 Based on estimates prepared for other projects within Long Beach.

4 Assumes a 6.0% interest cost for debt; an 18 month construction period; a 10 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

In addition, lenders are weary of repeating the housing bubble from the 2000s; lending standards have gotten much stricter since the Great Recession. This implies lenders may require a higher risk premium (i.e., charge higher interest rates) than before for the same projects. Finally, the length of loan is also rather short: 18 months assumed in both rental and ownership prototypes. For these kinds of development projects, which are most likely infill projects, often face long delays due to reasons such as local NIMBY oppositions. Recently completed projects such as Huxton, The Linden, The Beacon, and The Alamitos, all took 24 months to 28 months between when construction had begun to when construction was finished.

I. Market Rate Unit Rent Discrepancy

As discussed in Part C of Section II of this report, the market rate unit rent that KMA uses in the pro formas are higher than the market rate unit rent gathered from KMA's rent survey in Attachment 2, Appendix E, Exhibit I. The differences are summarized below.

Market Rate Monthly Rent Comparison in the KMA Report

	From rent survey (Attachment 2 Appendix E Exhibit I)	As shown in the pro formas and Section IIIC of the KMA report	Difference	Difference (Percent)
Studio Units	$2,179	$2,569	$390	17.90%
1-Bedroom Units	$2,370	$2,620	$250	10.50%
2-Bedroom Units	$3,017	$3,304	$287	9.50%

Source: Keyser Marston Associates

The difference is the greatest for studio units, where rent is 18% higher in the pro formas. The higher rental rates paint a rosier picture for developer return than actual, which KMA in turn concludes a higher supportable inclusionary housing percentage and in-lieu fees than actual. Meanwhile, the average unit size (square feet) and unit composition (percentage of units that are studio units, 1-bedroom units, and 2-bedroom units) match with the results from the rent survey.

Note that there is no evidence that newly constructed multi-family units command a higher rent per square foot. There is no correlation between price per square foot and building age using data from both the KMA's rent survey, which is based on data by CoStar (R^2 = 0.003) and data from Axiometrics/RealPage (R^2 = 0.01). Therefore, while in general, a Class A new dwelling unit would command slightly higher rent than an otherwise identical but older Class B or Class C dwelling unit, there is no evidence that suggests this holds true here.

J. Condominium Sales Price Differences

Similar to the rent discrepancy discussed above, the condominium sales prices that KMA use in the pro formas are higher than those in the condominium sales survey for Submarket 1 in Attachment 3: Appendix C – Exhibit I. In Section IV, Part B of the KMA report, KMA states that "KMA compiled sales data for condominiums sold in Submarket #1 between October 2018 and February 2019. This information is used to establish the average sales price per square foot of building area for studio, one-bedroom and two-bedroom condominium units." The following table summarizes the differences.

Condominium Sales Price Comparison in the KMA Report

	Studio Units	1-Bedroom Units	2-Bedroom Units
From Sales Survey: Average Sales Price	473	745	1,093
From Sales Survey: Average Unit Size (SF)	$252,585	$370,316	$519,072
Sales Survey: Price per Square Foot	$534	$497	$475
Pro Formas: Average Sales Price	500	750	1,100
Pro Formas: Average Unit Size (SF)	$307,200	$428,900	$600,700
Pro Formas: Price per Square Foot	$614	$572	$546
Percent Difference per Square Foot	15.1%	15.0%	15.0%

Source: Keyser Marston Associates

The price difference per square foot is 15% for all unit types between the sales survey and the figures used in the pro formas. Even if KMA were to account for price appreciation between October 2018 - February 2019 and now, condominium sales prices definitely have not appreciated 15%.

It makes little sense to attribute the 15% difference to home price appreciation, for home price appreciation has cooled down significantly in 2019. Year-over-year home prices appreciated 3.1% and is expected to rise 2.6% next year per Zillow.[26] According to Redfin, Downtown Long Beach's home sales price per square foot actually decreased 5.5% year-over-year.[27] Therefore, the sales price used in the pro formas being 15% higher than the price in the sales survey is unjustified.

[26] Accessed on October 31, 2019. See: https://www.zillow.com/long-beach-ca/home-values/
[27] Accessed on October 31, 2019. See: https://www.redfin.com/neighborhood/9754/CA/Long-Beach/Downtown-Long-Beach/housing-market

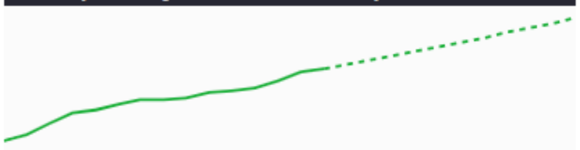
Zillow:

Long Beach Home Prices & Values

ZILLOW HOME VALUE INDEX

$605,600

3.1% 1-year change **2.6%** 1-year forecast



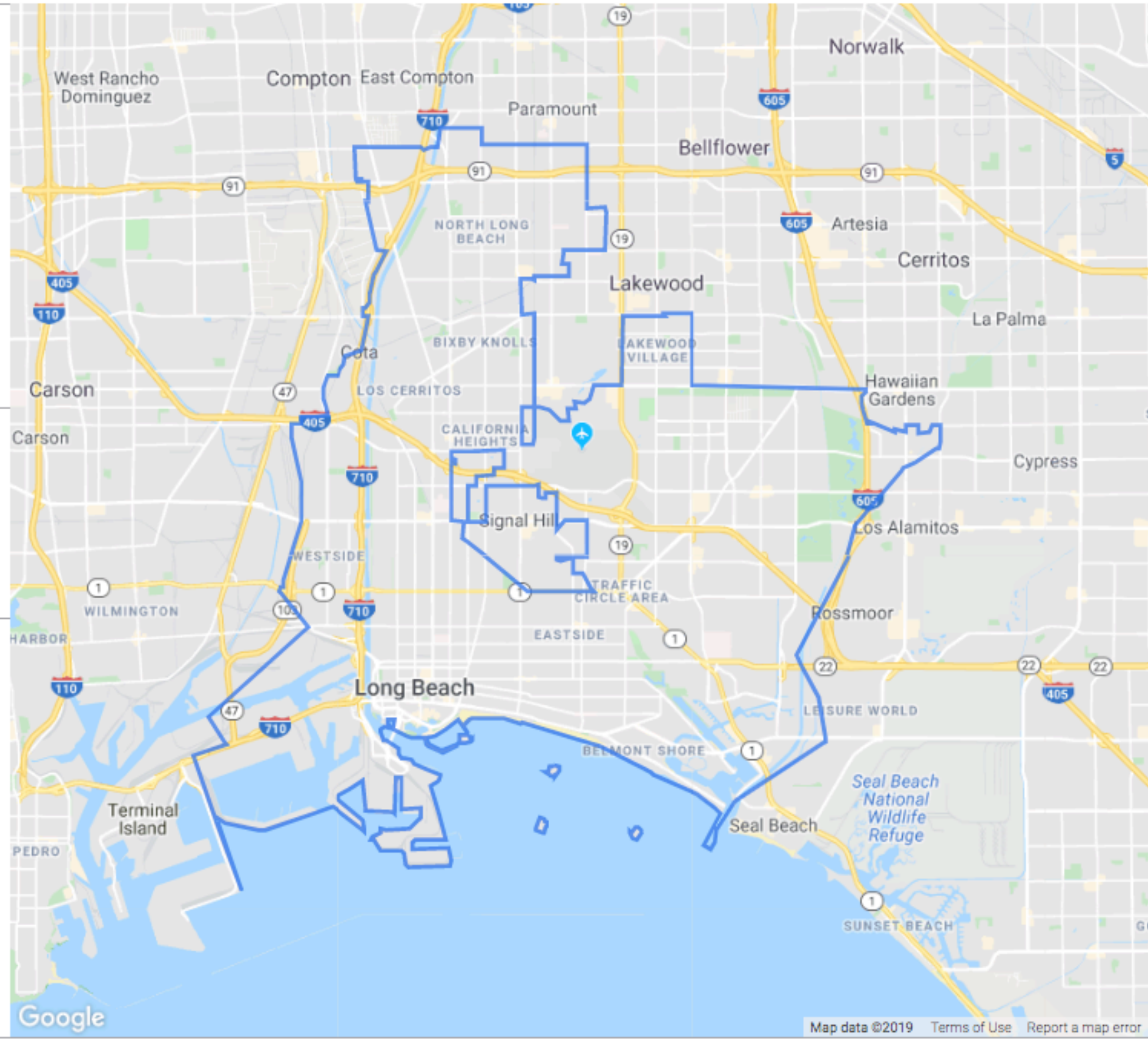
MARKET TEMPERATURE

Hot

Buyers' Market Sellers' Market

The median home value in Long Beach is $605,600. Long Beach home values have gone up 3.1% over the past year and Zillow predicts they will rise 2.6% within the next year. The median list price per square foot in Long Beach is $474, which is higher than the Los Angeles-Long Beach-Anaheim Metro average of $440. The median price of homes currently listed in Long Beach is $609,900 while the median price of homes that sold is $574,500. The median rent price in Long Beach is $2,350, which is lower than the Los Angeles-Long Beach-Anaheim Metro median of $3,200.

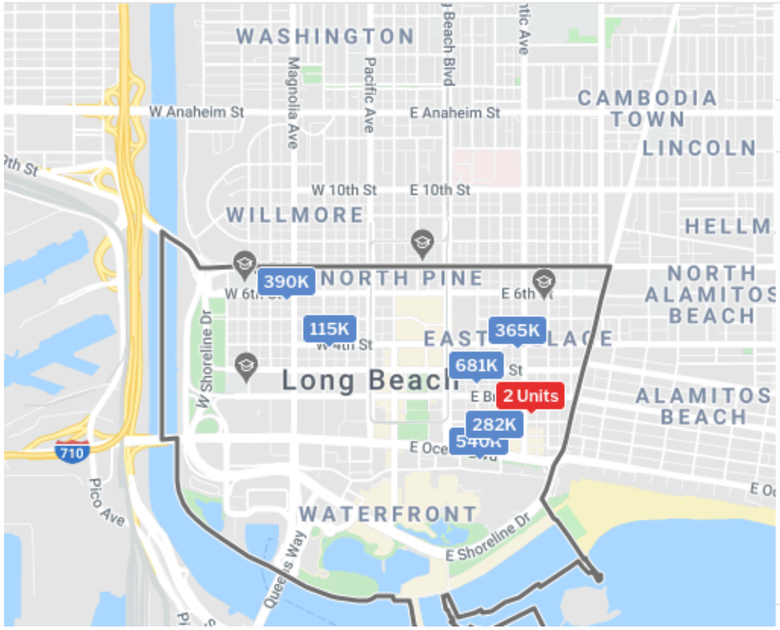
Read more



Redfin:

REDFIN Downtown Long Beach

1-844-759-7732 Buy Sell Real Estate Agents Log In Sign Up



Downtown Long Beach Housing ... Listings **Market Insights**

Home Prices in Downtown Long Beach

Average over the last month

$409K Sale Price	+17.2% since last year
$452 Sale $/Sq. Ft.	-5.5% since last year

1.1% Under List Price	60 Days on Market	64.3% Down Payment	28 Total Homes Sold

Compare to US housing market trends

IV. Putting It All Together: Revised Pro Formas Results

Based on the discussions in Section II and Section III of this report, Beacon Economics re-tabulate revised pro formas.

Revised Assumptions Summary: Rental Project Prototypes

Item	KMA assumption	Revised assumption	Note
Land cost	$205/SF	$250/SF	3% higher than $242.61/SF (weighted vg. cost of land in recent land acquisitions)
Off-Site Improvements	N/A	$12/SF of Land	60% of On-Site Improvements
Subterranean Parking: 1st Level	90 spaces	66 spaces	Based on architect's drawing
Subterranean Parking: 2nd Level	92 spaces	66 spaces	Based on architect's drawing
Subterranean Parking: 3rd Level	0 spaces	50 spaces	182 spaces (min. required parking spaces) – 66 spaces – 66 spaces
Building efficiency ratio	80%	70%	
Subterranean Parking: 1st Level	$35,000/space	$48,750/space	Based on data from Rider Levitt Bucknall for Q2-2019
Subterranean Parking: 2nd Level	$45,000/space	$52,500/space	Based on data from Rider Levitt Bucknall for Q2-2019
Subterranean Parking: 3rd Level	N/A	$56,250/space	Based on data from Rider Levitt Bucknall for Q2-2019
Building Costs (Market Rate Scenario)	$125/SF of GBA	$185/SF of GBA	Based on RSMeans' cost estimates for 2019
Building Costs (Inclusionary Scenarios)	$150/SF of GBA	$222/SF of GBA	20% over market rate scenario. The building type is likely a Type III instead of Type V
Soft Cost Contingency Allowance	5% of other IC	8% of other IC	
Financing Cost Interest Rate	3.60%	6%	Consistent with ownership project scenarios
Construction Period	18 months	24 months	Based on recently completed projects
Unit size and rent: studio units	729 SF | $2,569	609 SF | $1,820	Based on revised rent survey, prorated
Unit size and rent: 1-br units	805 SF | $2,569	805 SF | $2,370	Based on rent survey
Unit size and rent: 2-br units	1,108 SF | $3,304	1,108 SF | $3,017	Based on rent survey

Revised Assumptions Summary: Ownership Project Prototypes

Item	KMA assumption	Revised assumption	Note
Land cost	$135/SF	$250/SF	3% higher than $242.61/SF (weighted vg. cost of land in recent land acquisitions)
Off-Site Improvements	N/A	$12/SF of Land	60% of On-Site Improvements
Above-Ground Podium Spaces	$25,000/space	$32,200/space	Based on data from Rider Levitt Bucknall for Q2-2019
Building efficiency ratio	80%	70%	
Building Costs	$135/SF of GBA	$197.49/SF of GBA	Based on RSMeans' cost estimates for 2019
Soft Cost Contingency Allowance	5% of other IC	8% of other IC	
Construction Period	18 months	24 months	Based on recently completed projects
Unit size and sales price: studio units	500 SF|$307,200	500 SF|$267,000	Based on sales price/SF in condominium sales survey: $534/SF for studio units
Unit size and sales price: 1-br units	750 SF|$428,900	750 SF|$372,800	Based on sales price/SF in condominium sales survey: $497/SF for 1-brunits
Unit size and sales price: 2-br units	1,100 SF|$600,700	1,100 SF|$522,400	Based on sales price/SF in condominium sales survey: $479/SF for 2-br units
Mortgage interest rate (low)	5.31%	4.38%	Based on data from CFPB
Mortgage interest rate (high)	5.31%	5.13%	Based on data from CFPB
Down payment (low)	5%	13%	Median down payment in NAR's 2019 Home Buyers and Sellers Generational Trends Report
Down payment (high)	5%	20%	Standard down payment to avoid PMI

Revised Pro Formas Comparison: Rental Market Rate Scenario

KMA Rental Market Rate Pro Forma Summary

	Amount	Amount per GBA (106,312 SF)
Land Cost	$6,738,000	$63.38
Total Direct Costs	$25,483,000	$239.70
Total Indirect Costs	$6,749,000	$63.48
Total Financing Costs	$1,963,000	$18.46
Total Development Costs	$40,932,000	$385.02
Stabilized Net Operating Income	$2,212,000	$20.81
Return on Total Investment	5.4%	

Revised Rental Market Rate Pro Forma Summary

	Amount	Amount per GBA (119,457 SF)
Land Cost	$8,217,500	$68.79
Total Direct Costs	$39,217,265	$328.30
Total Indirect Costs	$9,314,743	$77.98
Total Financing Costs	$5,634,715	$47.17
Total Development Costs	$62,384,223	$522.23
Stabilized Net Operating Income	$1,863,119	$15.60
Return on Total Investment	3.0%	

For direct costs, the increases in parking construction cost, building core & shell, direct cost contingency costs (which is a function of the former two cost components), and the presence of off-site improvement as well as revised building efficiency ratio imply direct cost per square foot is 37% more than KMA's scenario. Total development cost per square foot is 36% more than KMA's scenario.

Return on total investment decreased from 5.4% to 3.0% due to the higher construction costs coupled with rent adjusted downward to match the results of the rent survey. 3.0% ROI is likely lower than the cap rate of the submarket. Therefore, under current circumstances, such project might not materialize.

Revised Pro Formas Comparison: Rental Moderate Income Scenario

KMA Rental Moderate Income Pro Forma Summary

	Amount	Amount per GBA (158,936 SF)
Land Cost	$6,738,000	$42.39
Total Direct Costs	$37,767,000	$237.62
Total Indirect Costs	$10,019,000	$63.04
Total Financing Costs	$2,686,000	$16.90
Total Development Costs	$57,208,000	$359.94
Stabilized Net Operating Income	$2,978,555	$18.74
Return on Total Investment	5.2%	

Revised Rental Moderate Income Pro Forma Summary

	Amount	Amount per GBA (178,749 SF)
Land Cost	$8,217,500	$45.97
Total Direct Costs	$60,551,973	$338.75
Total Indirect Costs	$14,243,381	$79.68
Total Financing Costs	$7,829,991	$43.80
Total Development Costs	$90,842,845	$508.21
Stabilized Net Operating Income	$2,559,149	$14.32
Return on Total Investment	2.8%	

For direct costs, the increases in parking construction cost, building core & shell, direct cost contingency costs (which is a function of the former two cost components), and the presence of off-site improvement as well as revised building efficiency ratio imply direct cost per square foot is 40% more than KMA's scenario. Total development cost per square foot is 39% more than KMA's scenario.

Return on total investment decreased from 5.2% to 2.8% due to the higher construction costs coupled with rent adjusted downward to match the results of the rent survey. 2.8% ROI is likely lower than the cap rate of the submarket. Therefore, under current circumstances, such project might not pencil out. **Even if a 2.8% ROI is accepted, land cost would need to decrease 63% for a 19.3% inclusionary percentage to be feasible**. Therefore, even if a 2.9% ROI is kept, the supportable inclusionary percentage would need to be lower to keep land cost reduction within 30%.

Suppose the 2.9% ROI is acceptable. Further suppose that we wish to keep the land cost reduction at no more than 30%, **the supportable inclusionary percentage decreases from 19.3% to 13.6%**.

Revised Pro Formas Comparison: Rental Low Income Scenario

KMA Rental Low Income Pro Forma Summary

	Amount	Amount per GBA (158,936 SF)
Land Cost	$6,738,000	$42.39
Total Direct Costs	$37,767,000	$237.62
Total Indirect Costs	$9,919,000	$62.41
Total Financing Costs	$2,681,000	$16.87
Total Development Costs	$57,104,000	$359.29
Stabilized Net Operating Income	$2,977,000	$18.73
Return on Total Investment	5.2%	

Revised Rental Low Income Pro Forma Summary

	Amount	Amount per GBA (178,749 SF)
Land Cost	$8,217,500	$45.97
Total Direct Costs	$60,551,973	$338.75
Total Indirect Costs	$14,140,565	$79.11
Total Financing Costs	$7,820,563	$43.75
Total Development Costs	$90,730,600	$507.59
Stabilized Net Operating Income	$2,521,654	$14.11
Return on Total Investment	2.8%	

For direct costs, the increases in parking construction cost, building core & shell, direct cost contingency costs (which is a function of the former two cost components), and the presence of off-site improvement as well as revised building efficiency ratio imply direct cost per square foot is 40% more than KMA's scenario. Total development cost per square foot is 39% more than KMA's scenario.

Return on total investment decreased from 5.2% to 2.8% due to the higher construction costs coupled with rent adjusted downward to match the results of the rent survey. 2.8% ROI is likely lower than the cap rate of the submarket. Therefore, under current circumstances, such project might not pencil out. **Even if a 2.8% ROI is accepted, land cost would need to decrease 77% for a 12.1% inclusionary percentage to be feasible.** Therefore, even if a 2.8% ROI is kept, the supportable inclusionary percentage would need to be lower to keep land cost reduction within 30%.

Suppose the 2.9% ROI is acceptable. Further suppose that we wish to keep the land cost reduction at no more than 30%, **the supportable inclusionary percentage decreases from 12.1% to 7.9%**.

Revised Pro Formas Comparison: Rental Very Low Income Scenario

KMA Rental Very Low Income Pro Forma Summary

	Amount	Amount per GBA (158,936 SF)
Land Cost	$6,738,000	$42.39
Total Direct Costs	$37,767,000	$237.62
Total Indirect Costs	$9,925,000	$62.45
Total Financing Costs	$2,681,000	$16.87
Total Development Costs	$57,110,000	$359.33
Stabilized Net Operating Income	$2,970,000	$18.69
Return on Total Investment	5.2%	

Revised Rental Very Low Income Pro Forma Summary

	Amount	Amount per GBA (178,749 SF)
Land Cost	$8,217,500	$45.97
Total Direct Costs	$60,551,973	$338.75
Total Indirect Costs	$14,146,613	$79.14
Total Financing Costs	$7,821,443	$43.76
Total Development Costs	$90,737,529	$507.63
Stabilized Net Operating Income	$2,511,576	$14.05
Return on Total Investment	2.8%	

For direct costs, the increases in parking construction cost, building core & shell, direct cost contingency costs (which is a function of the former two cost components), and the presence of off-site improvement as well as revised building efficiency ratio imply direct cost per square foot is 40% more than KMA's scenario. Total development cost per square foot is 39% more than KMA's scenario.

Return on total investment decreased from 5.2% to 2.8% due to the higher construction costs coupled with rent adjusted downward to match the results of the rent survey. 2.8% ROI is likely lower than the cap rate of the submarket. Therefore, under current circumstances, such project might not pencil out. **Even if a 2.8% ROI is accepted, land cost would need to decrease 88% for a 11.4% inclusionary percentage to be feasible.** Therefore, even if a 2.8% ROI is kept, the supportable inclusionary percentage would need to be lower to keep land cost reduction within 30%.

Suppose the 2.9% ROI is acceptable. Further suppose that we wish to keep the land cost reduction at no more than 30%, **the supportable inclusionary percentage decreases from 11.4% to 7.1%**.

Revised Pro Formas Comparison: Ownership Market Rate Scenario

KMA Ownership Market Rate Pro Forma Summary

	Amount	Amount per GBA (80,625 SF)
Land Cost	$5,881,000	$72.94
Total Direct Costs	$18,366,000	$227.80
Total Indirect Costs	$5,118,000	$63.48
Total Financing Costs	$1,832,000	$22.72
Total Development Costs	$31,197,000	$386.94
Net Revenue	$34,000,000	$421.71
Return on Total Investment	9.0%	

Revised Ownership Market Rate Pro Forma Summary

	Amount	Amount per GBA (92,143 SF)
Land Cost	$10,890,000	$118.19
Total Direct Costs	$28,996,335	$314.69
Total Indirect Costs	$6,375,288	$69.19
Total Financing Costs	$3,428,627	$37.21
Total Development Costs	$49,690,251	$539.27
Net Revenue	$29,561,112	$320.82
Return on Total Investment	-40.5%	

For direct costs, the increases in parking construction cost, building core & shell, direct cost contingency costs (which is a function of the former two cost components), and the presence of off-site improvement as well as revised building efficiency ratio imply direct cost per square foot is 38% more than KMA's scenario. Total development cost per square foot is 39% more than KMA's scenario. Developer profit went from +9.0% to -40.5% due to the substantially higher construction costs coupled with sales prices adjusted downward to match the results of the condominium sales survey.

The wild swing of developer profit is the result of incremental changes using different cost estimates. Individually, each revised cost estimate, which more closely reflect the current reality, might not swing developer profit to a loss, but together, they result in a 50% change (-40.5% - 9.0% = -50.4%). Using revised, current estimates, this prototype is extremely far from being feasible.

Revised Pro Formas Comparison: Ownership Moderate Income Scenario

KMA Ownership Moderate Income Pro Forma Summary

	Amount	Amount per GBA (80,625 SF)
Land Cost	$5,881,000	$72.94
Total Direct Costs	$18,366,000	$227.80
Total Indirect Costs	$5,118,000	$63.48
Total Financing Costs	$1,822,000	$22.60
Total Development Costs	$31,187,000	$386.82
Net Revenue	$32,106,000	$398.21
Return on Total Investment	2.9%	

Revised Ownership Moderate Income Pro Forma Summary

	Amount	Amount per GBA (92,143 SF)
Land Cost	$10,890,000	$118.19
Total Direct Costs	$28,996,335	$314.69
Total Indirect Costs	$6,375,288	$69.19
Total Financing Costs	$3,428,627	$37.21
Total Development Costs	$49,690,251	$539.27
Net Revenue	$28,634,280	$310.76
Return on Total Investment	-42.4%	

Without land cost reduction, developer profit went from +9.0% to +2.9% in KMA's scenario. In the revised scenario, without land cost reduction, developer profit went from -40.4% to -42.4%. The slight change from -40.4% to -42.4% indicates that the inclusion of moderate income units is not the main problem that makes the project infeasible but rather the fact that the revised cost estimates are altogether very different form KMA's cost estimates, which are unrealistic low to begin with.

Because of the large negative return on total investment, land cost would need to reduce by 233% for the project to break even. Therefore, it is not possible to create an alternative scenario to determine the feasible inclusionary housing by holding land cost reduction at no more than 30%.

This section lists only the rental residential development for single income scenarios and ownership residential development scenarios. Results for rental residential development mixed income scenarios can be viewed in the Appendix Section.

V. Revised Affordability and In-Lieu Fee Analyses

Revised Affordable Rent Calculation and In-Lieu Fee Analysis

Affordable rent calculation is a function of the following: (1) Market rate unit rents, (2) Maximum allowable rent by income level, and (3) Distribution of total units (unit mix). A wider gap between market rate rent and affordable rent results in higher affordability gap per unit. Note that the market rate rents KMA uses in the pro formas are higher than those in the rent survey.

In-lieu fee calculation is a function of the following: (1) Return on total investment, (2) Supportable inclusionary housing percentage, and (3) building efficiency ratio. A higher building efficiency ratio results in a higher in-lieu fee per gross square foot.

The assumptions are as follows:

- Distribution of total units, maximum allowable rent by income level, return on total investment (5.4%), and supportable inclusionary housing percentages are unchanged.
- Market rate unit rents (pro forma -> rent survey) and building efficiency ratio (80% -> 70%) are adjusted accordingly based on the discussion thus far.

The objective of this exercise demonstrates that **the in-lieu fee differs significantly even just tweaking two of the assumptions**. These are **bolded and highlighted in yellow** in the following table. The original in-lieu fees suggested by KMA are bolded highlighted in brown. Compared to the KMA analysis, the revised analysis results in considerably lower in-lieu fees for all income categories:

- Moderate Income: $37.90 -> $16.81 ($21.09 less or 56% lower than KMA scenario)
- Low Income: $37.90 -> $17.79 ($20.11 less or 53% lower than KMA scenario)
- Very Low Income: $38.50 -> $17.69 ($20.81 less or 54% lower than KMA scenario)

Revised Affordable *Rent* Calculation and In-Lieu Fee Analysis Results

	Appendix D - Exhibit II	KMA Scenario				Revised Scenario			
		Moderate Income	Low Income	Very Low Income		Moderate Income	Low Income	Very Low Income	Note
I.	Rent Difference								The market rents are drawn from the pro forma analyses.
	A. Studio Units								
	Market Rate Units	$2,569	$2,569	$2,569		$2,179	$2,179	$2,179	
	Affordable Units	1,373	$733	$605		1,373	733	605	
	Difference	$1,197	$1,836	$1,964		**$806**	**$1,446**	**$1,574**	
	B. One-Bedroom Units								
	Market Rate Units	$2,620	$2,620	$2,620		$2,370	$2,370	$2,370	
	Affordable Units	1,569	$838	$691		1,569	838	691	
	Difference	$1,052	$1,783	$1,929		**$801**	**$1,533**	**$1,679**	
	C. Two-Bedroom Units								
	Market Rate Units	$3,304	$3,304	$3,304		$3,017	$3,017	$3,017	
	Affordable Units	1,753	$930	$766		1,753	930	766	
	Difference	$1,551	$2,374	$2,538		**$1,265**	**$2,087**	**$2,252**	
II.	Distribution of Total Units (note: based on rent survey distribution)								Based on the unit mix distribution applied in the pro forma analysis
	Studio Units	12%	12%	12%		12%	12%	12%	
	One-Bedroom Units	51%	51%	51%		51%	51%	51%	
	Two-Bedroom Units	37%	37%	37%		37%	37%	37%	
	Three-Bedroom Units	0%	0%	0%		0%	0%	0%	
III.	Annual Affordability Gap Per Affordable Unit	$15,037	$24,076	$25,884		$11,679	$20,727	$22,537	
	Less: Property Tax Difference	-3,010	-4,820	-5,180		-3,010	-4,820	-5,180	Based on the rent differential capitalized at a 5.5% rate to establish the value, and a 1.1% property tax rate
	Annual Affordability Gap Per Affordable Unit	$12,027	$19,256	$20,704		$8,669	$15,907	$17,357	
IV.	In-Lieu Fee								
	Per Affordable Unit	$223,000	$356,000	$383,000		$160,741	$294,086	$321,078	Based on the Annual Affordability Gap Per Affordable Unit capitalized at the Threshold Return on Total Investment.
	Supportable Inclusionary Housing Percentage	19.3%	12.1%	11.4%		**13.6%**	**7.9%**	**7.1%**	See Appendix C
	Per Square Foot of GBA	**$37.90**	**$37.90**	**$38.50**		$19.21	$20.33	$20.22	KMA assumes 80% building efficiency ratio
	Per Square Foot of GBA	$33.16	$33.16	$33.69		**$16.81**	**$17.79**	**$17.69**	Assumes 70% building efficiency ratio

Revised Affordable Sales Price Calculation and In-Lieu Fee Analysis

Affordable sales price calculation is a function of the following: (1) Market rate unit sales price, (2) Distribution of total units (unit mix), (3) Income allotted to housing by income level, (4) Mortgage interest rate, and (5) Down payment percentage. Note that (3) Income allotted to housing by income level, (4) Mortgage interest rate, and (5) Down payment percentage determine the Affordable Sales Price.

Also note that KMA:

- Uses higher market rate unit sales prices in the pro formas than those in the condominium sales survey.
- Uses a higher mortgage interest rate than the typical current rates.
- Uses a lower down payment percentage than typical.

… **All of which lower the affordable sales price, which results in higher affordability gap per unit.**

Finally, note that allocating a higher unit percentage distribution toward 2-bedroom units and lower unit percentage distribution toward studio units also results in higher affordability gap per unit. In the ownership scenario, the unit mix that KMA uses is 5% studio units, 45% 1-bedroom units, and 50% 2-bedroom units. Whereas in the rental scenario, the unit mix is 13% studio units, 51% 1-bedroom units, and 36% 2-bedroom units.

The affordable sales price is used to derive in-lieu fees. In-lieu fee calculation is a function of the following: (1) Difference between market rate unit sales price and affordable sales unit price, (2) Supportable inclusionary housing percentage, and (3) Building efficiency ratio.

- A higher difference between market rate and affordable unit sales price results in a higher in-lieu fee per square foot.
- A higher building efficiency ratio results in a higher in-lieu fee per square foot.

The assumptions are as follows:

- Market rate unit sales price (even though the sales price per the sales survey are lower), distribution of total units, income allotted to housing by income level, and supportable inclusionary housing percentages are unchanged.
- Mortgage interest rate, down payment, and building efficiency ratio (80% -> 70%) are adjusted accordingly based on the discussion thus far.

The objective of this exercise demonstrates that **the in-lieu fee differs significantly even just tweaking two of the assumptions**. These are **bolded and highlighted in yellow** in the following table. The original in-lieu fees suggested by KMA are bolded highlighted in brown.

Revised Affordable *Sales Price* Calculation and In-Lieu Fee Analysis Results

	KMA Scenario (5.31% Interest Rate & 5% Down Payment)	Alternative #1: 4.375% Mortgage Interest Rate & 20% Down Payment	Alternative #2: 4.375% Mortgage Interest Rate & 13% Down Payment	Alternative #3: 5.125% Mortgage Interest Rate & 20% Down Payment	Alternative #4: 5.125% Mortgage Interest Rate & 13% Down Payment
I. Sales Price Difference					
A. Studio Units					
Market Rate Units	$307,200	$307,200	$307,200	$307,200	$307,200
Affordable Sales Units	$207,900	**$274,893**	**$252,775**	**$252,072**	**$231,790**
Difference	$99,300	$32,307	$54,425	$55,128	$75,410
B. One-Bedroom Units					
Market Rate Units	$428,900	$428,900	$428,900	$428,900	$428,900
Affordable Sales Units	$231,300	**$305,729**	**$281,130**	**$280,348**	**$257,791**
Difference	$197,600	$123,171	$147,770	$148,552	$171,109
C. Two-Bedroom Units					
Market Rate Units	$600,700	$600,700	$600,700	$600,700	$600,700
Affordable Sales Units	$247,700	**$327,510**	**$301,158**	**$300,321**	**$276,157**
Difference	$353,000	$273,190	$299,542	$300,379	$324,543
II. Distribution of Total Units					
Studio Units: 5%	$4,965	$1,615	$2,721	$2,756	$3,770
One-Bedroom Units: 45%	$88,920	$55,427	$66,497	$66,848	$76,999
Two-Bedroom Units: 50%	$176,500	$136,595	$149,771	$150,190	$162,271
III. In-Lieu Fee					
Per Income Restricted Unit	$270,400	$193,600	$219,000	$219,800	$243,000
Supportable Inclusionary Housing Percentage	10%	10%	10%	10%	10%
Per Square Foot of GBA (80% building efficiency)	$23.70	$17.00	$19.20	$19.30	$21.30
Per Square Foot of GBA (70% building efficiency)	$20.70	**$14.90**	**$16.80**	**$16.90**	**$18.60**
Percent Difference Compared to KMA Scenario		**-37%**	**-29%**	**-29%**	**-22%**

Compared to the in-lieu fee ($23.70) in the KMA scenario, the in-lieu fees in the alternative scenarios are 22% to 37% lower per gross square foot.

VI. Conclusions

The KMA report examines a number of residential project prototypes to study the effects of a proposed inclusionary housing policy on residential development feasibility in the City of Long Beach. The characteristics of project prototypes selected for inclusion in a financial feasibility study should attempt to be representative of potential projects and conform to the existing conditions in a local jurisdiction otherwise the financial feasibility study is not able to generalize to the local jurisdiction. The KMA report reflects the impact of a proposed inclusionary housing policy on a small subset of project prototypes that – given their characteristics—do not conform to the market and regulatory landscape of Long Beach and ultimately prevent local policymakers from making a fully informed decision on the impact of and inclusionary housing policy on local housing development.

This report raise questions on several of KMA's assumptions (or the lack thereof). In sum, there are five major takeaways that deserve a more in-depth look:

1. Overall development standards: KMA's analyses and assumptions on open space requirements, building efficiency, parking space dimensions are either unrealistic or absent and are not representative of the reality in Midtown/Downtown, which restricts opportunities for development.
2. Land parcel size, dimension and cost reduction resulting from inclusionary policies: Again, KMA's analyses are not representative of actual land parcels across the City. While there is some literature that supports the argument that the cost burden is passed back to the landowners, there is no definitive conclusion that the land cost reduction is 30% in general or in Long Beach. This is highly depending on geographical and market factors as well as local regulations.
3. Construction cost estimates: Many assumptions--especially on hard costs such as building costs, parking construction costs, and off-site improvement costs--are questionable or unstated.
4. Rental Units: Rental prices for unit prototypes are based on questionable or unstated assumptions:
    a. Unstated building efficient ratios and unknown unit sizes in Pro Formas
    b. Homogenization of Downtown and Midtown land value and acquisition costs
    c. Adoption of inaccurate data from commercial rent surveys
    d. Inconsistencies with KMA's own rent survey
5. Potential homeowner mortgage financing: Mortgage interest rate assumption is artificially high and is based on a point in time. Instead, it should be based on study of local conditions. The down payment assumption of 5% is also extremely low. KMA might have chosen an extremely low down payment rate to justify its artificially high mortgage interest rate.

Beacon Economics' calculations resulted in significantly lower in-lieu fees per gross square foot for the *rental residential* scenarios. Compared to the KMA analysis, the revised analysis results in considerably lower in-lieu fees for all income categories:

- Moderate Income: $37.90 -> $16.81 ($21.09 less or 56% lower than KMA scenario)
- Low Income: $37.90 -> $17.79 ($20.11 less or 53% lower than KMA scenario)
- Very Low Income: $38.50 -> $17.69 ($20.81 less or 54% lower than KMA scenario)

Similarly, Beacon Economics' calculations also resulted in significantly lower in-lieu fees per gross square foot for the *ownership housing* scenarios. Compared to the KMA analysis, the revised analysis results in considerably lower in-lieu fees for the moderate-income category under different mortgage interest rates and mortgage down payment percentages.

Updating the financial feasibility assumptions to more accurately reflect local market conditions raises concerns that KMA's inclusionary housing in-lieu fee recommendations may yield negative impacts on the production of new housing rather than maximizing the number of affordable units via the policy. Given that the project prototypes are not broadly generalizable, subtle changes in assumptions or future changes in market conditions.

VII. Recommendations

Policy makers in Long Beach should be cognizant of how local requirements interact with the math behind housing development given the complexities and costs involved with building new housing units in the City. Anything that drives up project costs will affect the pro forma calculations and influence whether the project is financially feasible.

While an inclusionary housing policy requirement is intended to help achieve an important policy objectives— creating deed-restricted affordable housing units—it may inadvertently push new housing development into the red. Beacon Economics recommends the City consider a mix of incentives to ensure that an inclusionary housing policy can work with new housing development rather than against it. An improperly calibrated inclusionary housing policy would reduce the production of both market rate and affordable housing units in the City, and consequently reduce potential city property, fee, and transfer tax revenues.

The City would do well to consider a number of policy changes that would complement a proposed inclusionary housing policy in order to better address market conditions and cost assumptions reviewed in this report. Residential development is subject to both market and policy forces. Market forces such as local rents, construction costs, and the ability to obtain financing are generally out of the City's control, however, the City has a number of opportunities to ensure the success of an inclusionary housing policy via the policy levers within its control.

Strengthening the Affordable Unit Pipeline

Well-designed inclusionary housing programs set requirements at a level that can be accommodated comfortably given the revenues, costs and incentives available locally. The updated prototype pro formas offer important policy insight the City should consider in its final policy recommendations. While outside of the scope of this specific engagement, exploratory feasibility analysis indicates that city should provide a menu of incentives that can be additive as projects increase their commitment to larger percentages of affordable units.

This menu of incentives will produce an inclusionary housing policy that is more robust and able to weather changes in market conditions and not adversely impact home building during a specific market cycle. A base package of incentives for a base percentage of onsite restricted units would be the starting point – but the menu would allow for increases in affordable unit commitments in exchange for additional incentives. It should be noted, many of these incentives would be ideally deployed in an agreed upon radius around a major transit stop in the City. Incentives to help strengthen project feasibility include:

1. Allow for Increases in residential density the closer the lot is to a major transit stop;
2. Reduce mandatory parking requirements the closer the project is to a major transit stop;

3. Allow for increases in floor-area-ratio (FAR) the closer the project is to a major transit stop;
4. Allow lot coverage increases the closer the project is to a major transit stop;
5. Allow for increases in total height the closer the project is to a major transit stop;
6. Allow for open space decreases in exchange for affordable unit percentages.

A flexible menu of policies within the city’s control would allow for varied means of compliance and will help alleviate potential negative impacts. It also increases the probability that projects will be able to exceed the affordable unit thresholds modeled in the KMA report. Lot sizes and shapes in Long Beach dictate development characteristics in combination with local city zoning standards including: setbacks, lot coverage, and allowable density and height. The menu of incentives will help offset many of the feasibility problems highlighted throughout this report that arise from Long Beach specific market conditions.

Finally, the City would be well served to focus on how time impacts costs. As the analysis presented in this report indicates, resources that could otherwise be deployed to supporting affordable units are often diverted to financing costs that grow larger over time. Approval streamlining, which limits cost increases and holding costs, for example, would help support the policy goal of affordable housing units and support the ability to obtain financing. To the extent possible, an inclusionary housing policy would benefit from a menu of incentives that were ministerial in nature. Housing developers will often bypass discretionary incentives fearing can they will complicate the development process and cost more in time and resources.

As a mix of the above incentives begins to help reduce overall costs, exploratory analysis indicates that each project prototype would move back towards feasibility – and if the policy was designed well – could create project pro formas that are healthier than the originals without inclusionary units. If calibrated correctly to account for the overall cost to build this policy could enable developers to build projects that include on-site affordability, without jeopardizing the project by inadvertently undermining financing.

Appendix

Appendix A: Rent Survey
Appendix B: Revised Pro Formas
Appendix C: Revised Pro Formas Controlling for 30% Land Cost Reduction
Appendix D: Revised Affordability Analysis
Appendix E: Public Permits & Fees

Appendix A: Rent Survey
Submarket #1—Long Beach, California

Appendix A: Rent Survey

Rent Survey—Submarket #1—Long Beach, California—Studio Units

Name	Address	No. of Units-Studio Units	Unit Size (SF)	Average Rents	Per SF	Year Built
AMLI Park Broadway	245 West Broadway	29	736	$2,507	$3.41	2019
442 Residences	442 W Ocean Blvd	28	577	$2,154	$3.73	2019
The Current	707 E Ocean Blvd	25	693	$2,472	$3.57	2016
The Edison	100 Long Beach	33	551	$2,031	$3.69	2016
Urban Village	1081 Long Beach Blvd	19	565	$2,070	$3.66	2015
Griffis Pine Avenue	404 Pine Avenue	20	578	$1,986	$3.44	2003
Sofi at Third	225 W 3rd Street	30	471	$1,911	$4.06	1990
Pine at Sixth	595 Pine Ave	15	628	$1,966	$3.13	1987
	Minimum		450	$1,854	$2.91	
	Maximum		862	$2,985	$4.27	
	Weighted Average		597	$2,192	$3.67	

Rent Survey—Submarket #1—Long Beach, California—One Bedroom Units

Name	Address	No. of Units-1 bedroom	Unit Size (SF)	Average Rents	Per SF	Year Built
AMLI Park Broadway	245 West Broadway	143	778	$2,578	$3.31	2019
442 Residences	442 W Ocean Blvd	31	710	$2,527	$3.56	2019
The Current	707 E Ocean Blvd	144	825	$2,768	$3.35	2016
The Edison	100 Long Beach	68	721	$2,155	$2.99	2016
Urban Village	1081 Long Beach Blvd	76	731	$2,102	$2.87	2015
IMT Gallery	421 W Broadway	164	770	$2,437	$3.17	2010
Camden Harbor View	250-300 W Ocean Blvd	195	704	$2,419	$3.43	2003
Griffis Pine Avenue	404 Pine Avenue	60	708	$1,985	$2.80	2003
Avana on Pine	245 Pine Ave	112	922	$2,364	$2.56	1992/2016
Sofi at Third	225 W 3rd Street	74	604	$1,974	$3.27	1990
Pine at Sixth	595 Pine Ave	122	700	$2,048	$2.92	1989
The Linden	434 E 4th St, Long Beach	29	953	$2,663	$2.79	2019
	Minimum		560	$1,795	$2.11	
	Maximum		1128	$4,742	$5.38	
	Weighted Average		759	$2,435	$3.21	

Source: Axiometrics/RealPage; September 2019
Prepared by: Beacon Economics, LLC

Rent Survey—Submarket #1—Long Beach, California—Two Bedroom Units

Name	Address	No. of Units-2 bedrooms	Unit Size (SF)	Average Rents	Per SF	Year Built
AMLI Park Broadway	245 West Broadway	50	1,153	$3,366	$2.92	2019
442 Residences	442 W Ocean Blvd	35	1,115	$3,324	$2.98	2019
The Current	707 E Ocean Blvd	54	1,188	$4,396	$3.70	2016
The Edison	100 Long Beach	55	1,159	$3,428	$2.96	2016
Urban Village	1081 Long Beach Blvd	34	931	$2,612	$2.81	2015
IMT Gallery	421 W Broadway	127	1,111	$2,892	$2.60	2010
Camden Harbor View	250-300 W Ocean Blvd	343	1,131	$2,876	$2.54	2003
Griffis Pine Avenue	404 Pine Avenue	140	1,138	$2,868	$2.52	2003
Avana on Pine	245 Pine Ave	99	1,058	$2,564	$2.42	1992/2016
Sofi at Third	225 W 3rd Street	56	938	$2,142	$2.28	1990
Pine at Sixth	595 Pine Ave	21	1,006	$2,490	$2.48	1989
The Linden	434 E 4th St, Long Beach	20	1,173	$3,486	$2.97	2019
	Minimum		787	$1,780	$1.48	
	Maximum		1,646	$6,395	$5.11	
	Weighted Average		1,108	$3,300	$2.98	

Source: Axiometrics/RealPage; September 2019
Prepared by: Beacon Economics, LLC

Appendix B: Revised Pro Formas

Appendix B: Revised Pro Formas

Section	KMA Correspondence	Submarket	Development Type	Income Category	Income Level(s)
Appendix B.1.a	Attachment 2--Appendix A--Exhibit I	1	Rental Residential Development	Single Income Category	Market Rate Alternative
Appendix B.2.a	Attachment 2--Appendix B--Exhibit I	1	Rental Residential Development	Single Income Category	Moderate Income Alternative
Appendix B.2.b	Attachment 2--Appendix B--Exhibit II	1	Rental Residential Development	Single Income Category	Low Income Alternative
Appendix B.2.c	Attachment 2--Appendix B--Exhibit III	1	Rental Residential Development	Single Income Category	Very Low Income Alternative
Appendix B.3.a	Attachment 2--Appendix C--Exhibit I	1	Rental Residential Development	Mixed Income Category	20% VLI & 80% LI
Appendix B.3.b	Attachment 2--Appendix C--Exhibit II	1	Rental Residential Development	Mixed Income Category	80% VLI & 20% LI
Appendix B.3.c	Attachment 2--Appendix C--Exhibit III	1	Rental Residential Development	Mixed Income Category	70% LI & 30% Moderate Income
Appendix B.4.a	Attachment 3--Appendix A--Exhibit I	1	Ownership Housing Development	Single Income Category	Market Rate Alternative
Appendix B.4.b	Attachment 3--Appendix A--Exhibit II	1	Ownership Housing Development	Single Income Category	Moderate Income Alternative

Appendix B.1.a—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | Market Rate Alternative

Base Zoning: 125 Units/Acre = 94 units

	Item	Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost		32,870	SF	$250		$8,217,500
1II	Direct Costs						
		On-site improvement	32,870	SF	$20	$657,400	
		Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
		Parking					
		At-Grade Spaces	0	Spaces	$5,000	$0	
		Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
		1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
		2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
		3rd Level Subterranean	50	Spaces	$56,250	$2,812,500	
		Building Costs (core and shell)	119,457	SF of GBA	$185	$22,134,214	
		Contractor/DC Contingency	20%	Other direct costs		$6,536,211	
	Total Direct Costs		119,457	SF of GBA	$328		$39,217,265
					37.0%		
1III	Indirect Costs						
		Architecture, Engineering & Consulting	8%	Direct Costs		$3,137,381	
		Public Permits & Fees	94	Units	$20,000	$1,880,000	
		Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,176,518	
		Marketing	94	Units	$5,000	$470,000	
		Developer Fee	5%	Direct Costs		$1,960,863	
		Soft Cost Contingency Allowance	8%	Other Indirect Costs		$689,981	
	Total Indirect Costs						$9,314,743
1IV	Financing Costs						
		Interest During Construction					
		Land	$8,217,500	Avg Rate	6.0%		
		Land cost as % of outstanding loan balance			100.0%	$986,100	
		Construction	$54,166,723	Avg Rate	6.0%		
		Construction cost as % of outstanding loan balance			60.00%	$3,900,004	
		Loan Origination Fees					
		Loan to Cost	$62,384,223	Of costs	60%	$37,430,534	
		Origination Fees Percentage		of Loan to Cost	2%	$748,611	
	Total Financing Costs						$5,634,715
1V	Total Construction Cost (DC + InDC + Fin. Cost)		94	Units	$576,242		$54,166,723
	Total Development Cost (Total Constr. Cost + Land Cost)		94	Units	$663,662		$62,384,223

Appendix B.1.a—Table 2

Estimated Stabilized Net Operating Income and Developer Return
Submarket #1 | Rental Residential | Market Rate Alternative
Base Zoning: 125 Units/Acre = 94 units

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	12	units	$1,820	$262,080	
		One-Bedroom Units	48	units	$2,370	$1,365,120	
		Two-Bedroom Units	34	units	$3,017	$1,230,936	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	94	units			$2,858,136
		B. Laundry & Miscellaneous Income	94	units	$25	$28,200	
	Total Gross Income						$2,886,336
	Vacancy & Collection Allowance		5%	Gross Income			-$144,317
2II	Effective Gross Income						$2,742,019
2III	Operating Expenses						
		General Operating Expenses	94	units	$(4,500)	$(423,000)	
		Property Taxes	94	units	$(4,700)	$(441,800)	
		Replacement Reserve Deposits	94	units	$(150)	$(14,100)	
	Total Operating Expenses						$(878,900)
2IV	Stabilized Net Operating Income (2II - 2III)						$1,863,119
Operating Expense as Percent of Revenue							-32%

Appendix B.1.a—Table 3

Estimated Development Return
Submarket #1 | Rental Residential | Market Rate Alternative
Base Zoning: 125 Units/Acre = 94 units

2IV	Stabilized Net Operating Income (2II - 2III)	From Table 1	$1,863,119
1V	Total Development Cost (Total Constr. Cost + Land Cost)	From Table 2	$62,384,223
3III	Return on Total Investment		3.0%

Appendix B.2.a—Table 1
Estimated Development Costs
Submarket #1 | Rental Residential | Moderate Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units

Item	Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	32,870	SF	$250		$8,217,500
1II	Direct Costs					
	On-site improvement	32,870	SF	$20	$657,400	
	Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
	1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
	2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
	3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
	Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
	Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs	178,749	SF of GBA	$339		$60,551,973
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
	Public Permits & Fees	140	Units	$20,000	$2,800,000	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
	Marketing	140	Units	$5,000	$700,000	
	Developer Fee	5%	Direct Costs		$3,027,599	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,055,065	
	Total Indirect Costs					$14,243,381
1IV	Financing Costs					
	Interest During Construction					
	Land	$6,738,350	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$808,602	
	Construction	$82,625,345	Avg Rate	6.0%		
	Construction cost as % of outstanding loan balance			60.00%	$5,941,463	
	Loan Origination Fees					
	Loan to Cost	$89,363,695	Of costs	60%	$53,555,204	
	Origination Fees Percentage		of Loan to Cost	2%	$1,071,104	
	Total Financing Costs					$7,829,991
1V	Total Construction Cost (DC + InDC + Fin. Cost)	140	Units	$590,181		$82,625,345
	Total Development Cost (Total Constr. Cost + Land Cost)	140	Units	$648,877		$90,842,845

Appendix B.2.a—Table 2

Estimated Stabilized Net Operating Income and Developer Return
Submarket #1 | Rental Residential | Moderate Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	14	units	$1,820	$305,760	
		One-Bedroom Units	57	units	$2,370	$1,621,080	
		Two-Bedroom Units	42	units	$3,017	$1,520,568	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	113	units			$3,447,408
		B. Inclusionary Units					
		Studio Units	3	units	$1,373	$49,428	
		One-Bedroom Units	14	units	$1,569	$263,592	
		Two-Bedroom Units	10	units	$1,753	$210,360	
		Three-Bedroom Units	0	units	$1,939	$0	
		Total Units	27	units			$523,380
		C. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income						$4,012,788
	Vacancy & Collection Allowance		5%	Gross Income			-$200,639
2II	Effective Gross Income						$3,812,149
2III	Operating Expenses						
		General Operating Expenses	140	units	$(4,500.00)	$(630,000.00)	
		Property Taxes	140	units	$(4,300.00)	$(602,000.00)	
		Replacement Reserve Deposits	140	units	$(150.00)	$(21,000.00)	
	Total Operating Expenses						$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)						$2,559,149
Operating Expense as Percent of Revenue							-33%

Appendix B.2.a—Table 3

Estimated Development Return

Submarket #1 | Rental Residential | Moderate Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

3I	Stabilized Net Operating Income (2II - 2III)			$2,559,149
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,842,845
3III	Total Financial Gap (5.4% return per KMA)	(this is where 30% land cost reduction comes from)		-$43,451,204
	Feasible Inclusionary Percentage	19.3%		
	As a % of Land Value	529%	Decrease	
	Effective Developer Return	2.8%		
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$5,152,946
	Feasible Inclusionary Percentage	19.3%		
	As a % of Land Value	**63%**	Decrease	
	Effective Developer Return	2.8%		

Appendix B.2.b—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

	Item	Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost		32,870	SF	$250		$8,217,500
1II	Direct Costs						
		On-site improvement	32,870	SF	$20	$657,400	
		Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
		Parking					
		At-Grade Spaces	0	Spaces	$5,000	$0	
		Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
		1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
		2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
		3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
		Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
		Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs		178,749	SF of GBA	$339		$60,551,973
					37.0%		
1III	Indirect Costs						
		Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
		Public Permits & Fees	140	Units	$19,320	$2,704,800	
		Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
		Marketing	140	Units	$5,000	$700,000	
		Developer Fee	5%	Direct Costs		$3,027,599	
		Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,055,065	
	Total Indirect Costs						$14,140,565
1IV	Financing Costs						
		Interest During Construction					
		Land	$6,738,350	Avg Rate	6.0%		
		Land cost as % of outstanding loan balance			100.0%	$808,602	
		Construction	$82,513,100	Avg Rate	6.0%		
		Construction cost as % of outstanding loan balance			60.00%	$5,940,943	
		Loan Origination Fees					
		Loan to Cost	$89,251,450	Of costs	60%	$53,550,870	
		Origination Fees Percentage		of Loan to Cost	2%	$1,071,017	
	Total Financing Costs						$7,820,563
1V	Total Construction Cost (DC + InDC + Fin. Cost)		140	Units	$589,379		$82,513,100
	Total Development Cost (Total Constr. Cost + Land Cost)		140	Units	$648,076		$90,730,600

Appendix B.2.b—Table 2

Estimated Stabilized Net Operating Income and Developer Return
Submarket #1 | Rental Residential | Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	15	units	$1,820	$327,600	
		One-Bedroom Units	62	units	$2,370	$1,763,280	
		Two-Bedroom Units	46	units	$3,017	$1,665,384	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	123	units			$3,756,264
		B. Inclusionary Units					
		Studio Units	2	units	$733	$17,592	
		One-Bedroom Units	9	units	$838	$90,504	
		Two-Bedroom Units	6	units	$930	$66,960	
		Three-Bedroom Units	0	units	$1,026	$0	
		Total Units	17	units			$175,056
		C. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income						$3,973,320
	Vacancy & Collection Allowance		5%	5%			-$198,666
2II	Effective Gross Income						$3,774,654
2III	Operating Expenses						
		General Operating Expenses	140	units	$(4,500)	$(630,000)	
		Property Taxes	140	units	$(4,300)	$(602,000)	
		Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses						$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)						$2,521,654
Operating Expense as Percent of Revenue							-33%

Appendix B.2.b—Table 3

Estimated Development Return
Submarket #1 | Rental Residential | Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units

3I	Stabilized Net Operating Income (2II - 2III)			$2,521,654
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,730,600
3III	Total Financial Gap (5.4% return per KMA)	(this is where 30% land cost reduction comes from)		-$44,033,304
	Feasible Inclusionary Percentage	12.1%		
	As a % of Land Value	536%	Decrease	
	Effective Developer Return	2.8%		
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$6,296,161
	Feasible Inclusionary Percentage	12.1%		
	As a % of Land Value	**77%**	Decrease	
	Effective Developer Return	2.8%		

Appendix B.2.c—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | Very Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

	Item Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	32,870	SF	$250		$8,217,500
1II	Direct Costs					
	On-site improvement	32,870	SF	$20	$657,400	
	Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
	1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
	2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
	3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
	Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
	Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs	178,749	SF of GBA	$339		$60,551,973
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
	Public Permits & Fees	140	Units	$19,360	$2,710,400	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
	Marketing	140	Units	$5,000	$700,000	
	Developer Fee	5%	Direct Costs		$3,027,599	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,047,897	
	Total Indirect Costs					$14,146,613
1IV	Financing Costs					
	Interest During Construction					
	Land	$6,738,350	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$808,602	
	Construction	$82,523,586	Avg Rate	6.0%		
	Construction cost as % of outstanding loan balance			60.00%	$5,941,698	
	Loan Origination Fees					
	Loan to Cost	$89,261,936	Of costs	60%	$53,557,161	
	Origination Fees Percentage		of Loan to Cost	2%	$1,071,143	
	Total Financing Costs					$7,821,443
1V	Total Construction Cost (DC + InDC + Fin. Cost)	140	Units	$589,429		$82,520,029
	Total Development Cost (Total Constr. Cost + Land Cost)	140	Units	$648,125		$90,737,529

Appendix B.2.c—Table 2

Estimated Stabilized Net Operating Income and Developer Return

Submarket #1 | Rental Residential | Very Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income					
	A. Market Rate Units					
	Studio Units	15	units	$1,820	$327,600	
	One-Bedroom Units	63	units	$2,370	$1,791,720	
	Two-Bedroom Units	46	units	$3,017	$1,665,384	
	Three-Bedroom Units	0	units	$0	$0	
	Total Units	124	units			$3,784,704
	B. Inclusionary Units					
	Studio Units	2	units	$605	$14,520	
	One-Bedroom Units	8	units	$691	$66,336	
	Two-Bedroom Units	6	units	$766	$55,152	
	Three-Bedroom Units	0	units	$843	$0	
	Total Units	16	units			$136,008
	C. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income					$3,962,712
	Vacancy & Collection Allowance	5%	5%			-$198,136
2II	Effective Gross Income					$3,764,576
2III	Operating Expenses					
	General Operating Expenses	140	units	$(4,500)	$(630,000)	
	Property Taxes	140	units	$(4,300)	$(602,000)	
	Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses					$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)					$2,511,576
Operating Expense as Percent of Revenue						-33%

Appendix B.2.c—Table 3

Estimated Development Return

Submarket #1 | Rental Residential | Very Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

3I	Stabilized Net Operating Income (2II - 2III)			$2,511,576
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,737,529
3III	Total Financial Gap (5.4% return per KMA)	(this is where 30% land cost reduction comes from)		-$44,226,855
	Feasible Inclusionary Percentage	11.4%		
	As a % of Land Value	538%	Decrease	
	Effective Developer Return	2.8%		
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$6,640,526
	Feasible Inclusionary Percentage	11.4%		
	As a % of Land Value	**81%**	Decrease	
	Effective Developer Return	2.8%		

Appendix B.3.a—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | 20% Very Low Income & 80% Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

	Item	Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost		32,870	SF	$250		$8,217,500
1II	Direct Costs						
		On-site improvement	32,870	SF	$20	$657,400	
		Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
		Parking					
		At-Grade Spaces	0	Spaces	$5,000	$0	
		Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
		1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
		2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
		3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
		Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
		Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs		178,749	SF of GBA	$339		$60,551,973
					37.0%		
1III	Indirect Costs						
		Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
		Public Permits & Fees	140	Units	$19,320	$2,704,800	
		Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
		Marketing	140	Units	$5,000	$700,000	
		Developer Fee	5%	Direct Costs		$3,027,599	
		Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,055,065	
	Total Indirect Costs						$14,140,565
1IV	Financing Costs						
		Interest During Construction					
		Land	$6,738,350	Avg Rate	6.0%		
		Land cost as % of outstanding loan balance			100.0%	$808,602	
		Construction	$82,513,100	Avg Rate	6.0%		
		Construction cost as % of outstanding loan balance			60.00%	$5,940,943	
		Loan Origination Fees					
		Loan to Cost	$89,251,450	Of costs	60%	$53,550,870	
		Origination Fees Percentage		of Loan to Cost	2%	$1,071,017	
	Total Financing Costs						$7,820,563
1V	Total Construction Cost (DC + InDC + Fin. Cost)		140	Units	$589,379		$82,513,100
	Total Development Cost (Total Constr. Cost + Land Cost)		140	Units	$648,076		$90,730,600

Appendix B.3.a—Table 2

Estimated Stabilized Net Operating Income and Developer Return

Submarket #1 | Rental Residential | 20% Very Low Income & 80% Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	15	units	$1,820	$327,600	
		One-Bedroom Units	62	units	$2,370	$1,763,280	
		Two-Bedroom Units	46	units	$3,017	$1,665,384	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	123	units			$3,756,264
		B. Inclusionary Units: Very Low Income					
		Studio Units	0		$605	$0	
		One-Bedroom Units	2		$691	$16,584	
		Two-Bedroom Units	1		$766	$9,192	
		Three-Bedroom Units	0		$843	$0	
		Total Units	3				$25,776
		C. Inclusionary Units: Low Income					
		Studio Units	2	units	$733	$17,592	
		One-Bedroom Units	7	units	$838	$70,392	
		Two-Bedroom Units	5	units	$930	$55,800	
		Three-Bedroom Units	0	units	$1,026	$0	
		Total Units	14	units			$143,784
		D. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income						$3,967,824
	Vacancy & Collection Allowance		5%	Gross Income			-$198,391
2II	Effective Gross Income						$3,769,433
2III	Operating Expenses						
		General Operating Expenses	140	units	$(4,500)	$(630,000)	
		Property Taxes	140	units	$(4,300)	$(602,000)	
		Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses						$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)						$2,516,433
Operating Expense as Percent of Revenue							-33%

Appendix B.3.a—Table 3

Estimated Development Return

Submarket #1 | Rental Residential | 20% Very Low Income & 80% Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

3I	Stabilized Net Operating Income (2II - 2III)			$2,511,576
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,730,600
3III	Total Financial Gap (5.4% return per KMA)	(this is where 30% land cost reduction comes from)		-$44,129,993
	Feasible Inclusionary Percentage	12.1%		
	As a % of Land Value	537%	Decrease	
	Effective Developer Return	2.8%		
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$6,470,986
	Feasible Inclusionary Percentage	12.1%		
	As a % of Land Value	**79%**	Decrease	
	Effective Developer Return	2.8%		

Appendix B.3.b—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | 80% Very Low Income & 20% Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

	Item Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	32,870	SF	$250		$8,217,500
1II	Direct Costs					
	On-site improvement	32,870	SF	$20	$657,400	
	Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
	1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
	2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
	3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
	Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
	Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs	178,749	SF of GBA	$339		$60,551,973
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
	Public Permits & Fees	140	Units	$19,360	$2,710,400	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
	Marketing	140	Units	$5,000	$700,000	
	Developer Fee	5%	Direct Costs		$3,027,599	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,047,897	
	Total Indirect Costs					$14,146,613
1IV	Financing Costs					
	Interest During Construction					
	Land	$6,738,350	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$808,602	
	Construction	$82,523,586	Avg Rate	6.0%		
	Construction cost as % of outstanding loan balance			60.00%	$5,941,698	
	Loan Origination Fees					
	Loan to Cost	$89,261,936	Of costs	60%	$53,557,161	
	Origination Fees Percentage		of Loan to Cost	2%	$1,071,143	
	Total Financing Costs					$7,821,443
1V	Total Construction Cost (DC + InDC + Fin. Cost)	140	Units	$589,429		$82,520,029
	Total Development Cost (Total Constr. Cost + Land Cost)	140	Units	$648,125		$90,737,529

Appendix B.3.b—Table 2

Estimated Stabilized Net Operating Income and Developer Return

Submarket #1 | Rental Residential | 80% Very Low Income & 20% Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	15	units	$1,820	$327,600	
		One-Bedroom Units	63	units	$2,370	$1,791,720	
		Two-Bedroom Units	46	units	$3,017	$1,665,384	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	124	units			$3,784,704
		B. Inclusionary Units: Very Low Income					
		Studio Units	2		$605	$14,520	
		One-Bedroom Units	6		$691	$49,752	
		Two-Bedroom Units	5		$766	$45,960	
		Three-Bedroom Units	0		$843	$0	
		Total Units	13				$110,232
		C. Inclusionary Units: Low Income					
		Studio Units	0	units	$733	$0	
		One-Bedroom Units	2	units	$838	$20,112	
		Two-Bedroom Units	1	units	$930	$11,160	
		Three-Bedroom Units	0	units	$1,026	$0	
		Total Units	3	units			$31,272
		D. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income						$3,968,208
	Vacancy & Collection Allowance		5%	Gross Income			-$198,410
2II	Effective Gross Income						$3,769,798
2III	Operating Expenses						
		General Operating Expenses	140	units	$(4,500)	$(630,000)	
		Property Taxes	140	units	$(4,300)	$(602,000)	
		Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses						$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)						$2,516,798
Operating Expense as Percent of Revenue							-33%

Appendix B.3.b—Table 3

Estimated Development Return

Submarket #1 | Rental Residential | 80% Very Low Income & 20% Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

3I	Stabilized Net Operating Income (2II - 2III)			$2,511,576
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost		$90,737,529	
3III	Total Financial Gap (5.4% return per KMA)	(this is where 30% land cost reduction comes from)	-$44,130,166	
	Feasible Inclusionary Percentage	12.1%		
	As a % of Land Value	537%	Decrease	
	Effective Developer Return	2.8%		
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)	-$6,465,700	
	Feasible Inclusionary Percentage	12.1%		
	As a % of Land Value	**79%**	Decrease	
	Effective Developer Return	2.8%		

Appendix B.3.c—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | 70% Low Income & 30% Moderate Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

	Item Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	32,870	SF	$250		$8,217,500
1II	Direct Costs					
	On-site improvement	32,870	SF	$20	$657,400	
	Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
	1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
	2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
	3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
	Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
	Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs	178,749	SF of GBA	$339		$60,551,973
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
	Public Permits & Fees	140	Units	$19,240	$2,693,600	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
	Marketing	140	Units	$5,000	$700,000	
	Developer Fee	5%	Direct Costs		$3,027,599	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,046,553	
	Total Indirect Costs					$14,128,469
1IV	Financing Costs					
	Interest During Construction					
	Land	$6,738,350	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$808,602	
	Construction	$82,394,873	Avg Rate	6.0%		
	Construction cost as % of outstanding loan balance			60.00%	$5,932,431	
	Loan Origination Fees					
	Loan to Cost	$89,133,223	Of costs	60%	$53,479,934	
	Origination Fees Percentage		of Loan to Cost	2%	$1,069,599	
	Total Financing Costs					$7,810,632
1V	Total Construction Cost (DC + InDC + Fin. Cost)	140	Units	$589,222		$82,491,073
	Total Development Cost (Total Constr. Cost + Land Cost)	140	Units	$647,918		$90,708,573

Appendix B.3.c—Table 2

Estimated Stabilized Net Operating Income and Developer Return
Submarket #1 | Rental Residential | 70% Low Income & 30% Moderate Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	14	units	$1,820	$305,760	
		One-Bedroom Units	62	units	$2,370	$1,763,280	
		Two-Bedroom Units	45	units	$3,017	$1,629,180	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	121	units			$3,698,220
		B. Inclusionary Units: Low Income					
		Studio Units	2		$733	$17,592	
		One-Bedroom Units	6		$838	$60,336	
		Two-Bedroom Units	5		$930	$55,800	
		Three-Bedroom Units	0		$1,026	$0	
		Total Units	13				$133,728
		C. Inclusionary Units: Moderate Income					
		Studio Units	1	units	$1,373	$16,476	
		One-Bedroom Units	3	units	$1,569	$56,484	
		Two-Bedroom Units	2	units	$1,753	$42,072	
		Three-Bedroom Units	0	units	$1,939	$0	
		Total Units	6	units			$115,032
		D. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income						$3,988,980
	Vacancy & Collection Allowance		5%	Gross Income			-$199,449
2II	Effective Gross Income						$3,789,531
2III	Operating Expenses						
		General Operating Expenses	140	units	$(4,500)	$(630,000)	
		Property Taxes	140	units	$(4,300)	$(602,000)	
		Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses						$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)						$2,536,531
Operating Expense as Percent of Revenue							-33%

Appendix B.3.c—Table 3

Estimated Development Return

Submarket #1 | Rental Residential | 70% Low Income & 30% Moderate Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

3I	Stabilized Net Operating Income (2II - 2III)			$2,536,531
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,708,573
3III	Total Financial Gap (5.4% return per KMA)	(this is where 30% land cost reduction comes from)		-$43,735,777
	Feasible Inclusionary Percentage	13.6%		
	As a % of Land Value	532%	Decrease	
	Effective Developer Return	2.8%		
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$5,775,996
	Feasible Inclusionary Percentage	13.6%		
	As a % of Land Value	**70%**	Decrease	
	Effective Developer Return	2.8%		

Appendix B.4.a—Table 1

Estimated Development Costs

Submarket #1 | Ownership Housing Development | Market Rate Alternative

Item	Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	43,560	SF	$250		$10,890,000
1II	Direct Costs					
	On-site improvement	43,560	SF	$20	$871,200	
	Off-site improvement (missing in KMA report)	43,560	SF	$12	$522,720	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	142	Spaces	$32,200	$4,572,400	
	1st Level Subterranean	0	Spaces	$48,750	$0	
	2nd Level Subterranean	0	Spaces	$52,500	$0	
	3rd Level Subterranean	0	Spaces	$56,250		
	Building Costs (core and shell)	92,143	SF of GBA	$197	$18,197,293	
	Contractor/DC Contingency	20%	Other direct costs		$4,832,723	
	Total Direct Costs	92,143	SF of GBA	$315		$28,996,335
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$2,319,707	
	Public Permits & Fees	71	Units	$20,000	$1,420,000	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$869,890	
	Marketing	71	Units	$5,000	$355,000	
	Developer Fee	5%	Direct Costs		$938,448	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$472,244	
	Total Indirect Costs	92,143	SF of GBA	$69		$6,375,288
1IV	Financing Costs					
	Interest During Construction					
	Land	$10,890,000	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$588,060	
	Construction	$38,800,251	Avg Rate			
	Construction cost as % of outstanding loan balance			60.00%	$2,095,214	
	Loan Origination Fees					
	Loan to Cost	$49,690,251	$29,814,151	60%	$29,814,151	
	Origination Fees Percentage		$745,354	2.5%	$745,354	
	Total Financing Costs	92,143	SF of GBA	$37		$3,428,627
1V	Total Construction Cost (DC + InDC + Fin. Cost)	71	Units	$546,482		$38,800,251
	Total Development Cost (Total Constr. Cost + Land Cost)	71	Units	$699,863		$49,690,251

Appendix B.4.a—Table 2

Estimated Stabilized Net Operating Income and Developer Return

Submarket #1 | Ownership Housing Development | Market Rate Alternative

	Item	Sub-Item		Unit	per unit sales price	total sales price	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	4	units	$267,000	$1,068,000	
		One-Bedroom Units	32	units	$372,800	$11,929,600	
		Two-Bedroom Units	35	units	$522,400	$18,284,000	
		Three-Bedroom Units	0	units	$0	$0	
	Total Gross Income		71	units			$31,281,600
2II	Cost of Sales						
		Commissions	3%	Gross sales revenue		$938,448	
		Closing	2%	Gross sales revenue		$625,632	
		Warranty	0.5%	Gross sales revenue		$156,408	
	Total Cost of Sales						-$1,720,488
2III	Net Revenue						$29,561,112

Appendix B.4.a—Table 3

Estimated Development Return

Submarket #1 | Ownership Housing Development | Market Rate Alternative

2IV	Net Revenue	From Table 2		$29,561,112
1V	Total Development Cost (Total Constr. Cost + Land Cost)	From Table 1		$49,690,251
3III	Return on Total Investment	-40.5%	Total Development Cost	-$20,129,139

Appendix B.4.b—Table 1

Estimated Development Costs

Submarket #1 | Ownership Housing Development | Moderate Income Alternative

	Item	Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost		43,560	SF	$250		$10,890,000
1II	Direct Costs						
		On-site improvement	43,560	SF	$20	$871,200	
		Off-site improvement (missing in KMA report)	43,560	SF	$12	$522,720	
		Parking					
		At-Grade Spaces	0	Spaces	$5,000	$0	
		Above-Ground Podium Spaces	142	Spaces	$32,200	$4,572,400	
		1st Level Subterranean	0	Spaces	$48,750	$0	
		2nd Level Subterranean	0	Spaces	$52,500	$0	
		3rd Level Subterranean	0	Spaces	$56,250		
		Building Costs (core and shell)	92,143	SF of GBA	$197	$18,197,293	
		Contractor/DC Contingency	20%	Other direct costs		$4,832,723	
	Total Direct Costs		92,143	SF of GBA	$315		$28,996,335
					37.0%		
1III	Indirect Costs						
		Architecture, Engineering & Consulting	8%	Direct Costs		$2,319,707	
		Public Permits & Fees	71	Units	$20,000	$1,420,000	
		Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$869,890	
		Marketing	71	Units	$5,000	$355,000	
		Developer Fee	5%	Direct Costs		$938,448	
		Soft Cost Contingency Allowance	8%	Other Indirect Costs		$472,244	
	Total Indirect Costs		92,143	SF of GBA	$69		$6,375,288
1IV	Financing Costs						
		Interest During Construction					
		Land	$10,890,000	Avg Rate	6.0%		
		Land cost as % of outstanding loan balance			100.0%	$588,060	
		Construction	$38,800,251	Avg Rate			
		Construction cost as % of outstanding loan balance			60.00%	$2,095,214	
		Loan Origination Fees					
		Loan to Cost	$49,690,251	$29,814,151	60%	$29,814,151	
		Origination Fees Percentage		$745,354	2.5%	$745,354	
	Total Financing Costs		92,143	SF of GBA	$37		$3,428,627
1V	Total Construction Cost (DC + InDC + Fin. Cost)		71	Units	$546,482		$38,800,251
	Total Development Cost (Total Constr. Cost + Land Cost)		71	Units	$699,863		$49,690,251

Appendix B.4.b—Table 2
Estimated Stabilized Net Operating Income and Developer Return
Submarket #1 | Ownership Housing Development | Moderate Income Alternative

	Item	Sub-Item		Unit	per unit sales price	total sales price	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	4	units	$267,000	$1,068,000	
		One-Bedroom Units	29	units	$372,800	$10,811,200	
		Two-Bedroom Units	31	units	$522,400	$16,194,400	
		Three-Bedroom Units	0	units	$0	$0	
		Total Market Rate Units	64	units			$28,073,600
		B. Moderate Income Units					
		Studio Units	0	units	$267,000	$0	
		One-Bedroom Units	3	units	$305,729	$917,186	
		Two-Bedroom Units	4	units	$327,510	$1,310,039	
		Three-Bedroom Units	0	units	$366,733	$0	
		Total Moderate Income Units	7	units			$2,227,225
	Total Gross Income		71	units			$30,300,825
2II	Cost of Sales						
		Commissions	3%	Gross sales revenue		$909,025	
		Closing	2%	Gross sales revenue		$606,017	
		Warranty	0.5%	Gross sales revenue		$151,504	
	Total Cost of Sales						-$1,666,545
2III	Net Revenue						$28,634,280

Appendix B.4.b—Table 3
Estimated Development Return
Submarket #1 | Ownership Housing Development | Moderate Income Alternative

3I	Net Revenue			$28,634,280
	Less: Threshold Developer Profit	9%	Total Development Cost	$4,472,123
	Total Funds Available for Development Costs			$24,162,157
3II	Total Development Cost (Total Constr. Cost + Land Cost)			$49,690,251
3III	Return on Total Investment	-51.4%	Total Development Cost	-$25,528,094
	Land Cost Reduction	234%	As a % of Land Cost	$25,528,094
	Supportable Inclusionary Housing Percentage	10%	Moderate Income Units	

Appendix C: Revised Pro Formas Controlling for 30% Land Cost Reduction

Appendix C: Revised Pro Formas Controlling for 30% Land Cost Reduction

Section	KMA Correspondence	Submarket	Development Type	Income Category	Income Level(s)
Appendix C.1.a	Attachment 2--Appendix B--Exhibit I	1	Rental Residential Development	Single Income Category	Moderate Income Alternative
Appendix C.1.b	Attachment 2--Appendix B--Exhibit II	1	Rental Residential Development	Single Income Category	Low Income Alternative
Appendix C.1.c	Attachment 2--Appendix B--Exhibit III	1	Rental Residential Development	Single Income Category	Very Low Income Alternative
Appendix C.2.a	Attachment 2--Appendix C--Exhibit I	1	Rental Residential Development	Mixed Income Category	20% VLI & 80% LI
Appendix C.2.b	Attachment 2--Appendix C--Exhibit II	1	Rental Residential Development	Mixed Income Category	80% VLI & 20% LI
Appendix C.2.c	Attachment 2--Appendix C--Exhibit III	1	Rental Residential Development	Mixed Income Category	70% LI & 30% Moderate Income

Appendix C.1.a—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | Moderate Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

INCLUSIONARY PERCENTAGE @ 13.6%

	Item	Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost		32,870	SF	$250		$8,217,500
1II	Direct Costs						
		On-site improvement	32,870	SF	$20	$657,400	
		Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
		Parking					
		At-Grade Spaces	0	Spaces	$5,000	$0	
		Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
		1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
		2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
		3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
		Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
		Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs		178,749	SF of GBA	$339		$60,551,973
					37.0%		
1III	Indirect Costs						
		Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
		Public Permits & Fees	140	Units	$20,000	$2,800,000	
		Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
		Marketing	140	Units	$5,000	$700,000	
		Developer Fee	5%	Direct Costs		$3,027,599	
		Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,055,065	
	Total Indirect Costs						$14,243,381
1IV	Financing Costs						
		Interest During Construction					
		Land	$6,738,350	Avg Rate	6.0%		
		Land cost as % of outstanding loan balance			100.0%	$808,602	
		Construction	$82,625,345	Avg Rate	6.0%		
		Construction cost as % of outstanding loan balance			60.00%	$5,941,463	
		Loan Origination Fees					
		Loan to Cost	$89,363,695	Of costs	60%	$53,555,204	
		Origination Fees Percentage		of Loan to Cost	2%	$1,071,104	
	Total Financing Costs						$7,829,991
1V	Total Construction Cost (DC + InDC + Fin. Cost)		140	Units	$590,181		$82,625,345
	Total Development Cost (Total Constr. Cost + Land Cost)		140	Units	$648,877		$90,842,845

Appendix C.1.a—Table 2

Estimated Stabilized Net Operating Income and Developer Return

Submarket #1 | Rental Residential | Moderate Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

INCLUSIONARY PERCENTAGE @ 13.6%

Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income					
	A. Market Rate Units					
	Studio Units	15	units	$1,820	$327,600	
	One-Bedroom Units	62	units	$2,370	$1,763,280	
	Two-Bedroom Units	44	units	$3,017	$1,592,976	
	Three-Bedroom Units	0	units	$0	$0	
	Total Units	121	units			$3,683,856
	B. Inclusionary Units					
	Studio Units	2	units	$1,373	$32,952	
	One-Bedroom Units	9	units	$1,569	$169,452	
	Two-Bedroom Units	8	units	$1,753	$168,288	
	Three-Bedroom Units	0	units	$1,939	$0	
	Total Units	19	units			$370,692
	C. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income					$4,096,548
	Vacancy & Collection Allowance	5%	Gross Income			-$204,827
2II	Effective Gross Income					$3,891,721
2III	Operating Expenses					
	General Operating Expenses	140	units	$(4,500.00)	$(630,000.00)	
	Property Taxes	140	units	$(4,300.00)	$(602,000.00)	
	Replacement Reserve Deposits	140	units	$(150.00)	$(21,000.00)	
	Total Operating Expenses					$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)					$2,638,721
Operating Expense as Percent of Revenue						-32%

Appendix C.1.a—Table 3
Estimated Development Return
Submarket #1 | Rental Residential | Moderate Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units
INCLUSIONARY PERCENTAGE @ 13.6%

3I	Stabilized Net Operating Income (2II - 2III)			$2,559,149
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,842,845
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$2,488,576
	Feasible Inclusionary Percentage	**13.6%**		
	As a % of Land Value	**30%**	Decrease	
	Effective Developer Return	2.9%		

Appendix C.1.b—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

INCLUSIONARY PERCENTAGE @ 7.9%

	Item Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	32,870	SF	$250		$8,217,500
1II	Direct Costs					
	On-site improvement	32,870	SF	$20	$657,400	
	Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
	1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
	2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
	3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
	Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
	Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs	178,749	SF of GBA	$339		$60,551,973
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
	Public Permits & Fees	140	Units	$19,320	$2,704,800	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
	Marketing	140	Units	$5,000	$700,000	
	Developer Fee	5%	Direct Costs		$3,027,599	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,055,065	
	Total Indirect Costs					$14,140,565
1IV	Financing Costs					
	Interest During Construction					
	Land	$6,738,350	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$808,602	
	Construction	$82,513,100	Avg Rate	6.0%		
	Construction cost as % of outstanding loan balance			60.00%	$5,940,943	
	Loan Origination Fees					
	Loan to Cost	$89,251,450	Of costs	60%	$53,550,870	
	Origination Fees Percentage		of Loan to Cost	2%	$1,071,017	
	Total Financing Costs					$7,820,563
1V	Total Construction Cost (DC + InDC + Fin. Cost)	140	Units	$589,379		$82,513,100
	Total Development Cost (Total Constr. Cost + Land Cost)	140	Units	$648,076		$90,730,600

Appendix C.1.b—Table 2

Estimated Stabilized Net Operating Income and Developer Return
Submarket #1 | Rental Residential | Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units
INCLUSIONARY PERCENTAGE @ 7.9%

Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income					
	A. Market Rate Units					
	Studio Units	15	units	$1,820	$327,600	
	One-Bedroom Units	66	units	$2,370	$1,877,040	
	Two-Bedroom Units	48	units	$3,017	$1,737,792	
	Three-Bedroom Units	0	units	$0	$0	
	Total Units	129	units			$3,942,432
	B. Inclusionary Units					
	Studio Units	2	units	$733	$17,592	
	One-Bedroom Units	5	units	$838	$50,280	
	Two-Bedroom Units	4	units	$930	$44,640	
	Three-Bedroom Units	0	units	$1,026	$0	
	Total Units	11	units			$112,512
	C. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income					$4,096,944
	Vacancy & Collection Allowance	5%	Gross Income			-$204,847
2II	Effective Gross Income					$3,892,097
2III	Operating Expenses					
	General Operating Expenses	140	units	$(4,500)	$(630,000)	
	Property Taxes	140	units	$(4,300)	$(602,000)	
	Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses					$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)					$2,639,097
Operating Expense as Percent of Revenue						-32%

Appendix C.1.b—Table 3
Estimated Development Return
Submarket #1 | Rental Residential | Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units
INCLUSIONARY PERCENTAGE @ 7.9%

3I	Stabilized Net Operating Income (2II - 2III)			$2,639,097
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,730,600
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$2,363,735
	Feasible Inclusionary Percentage		**7.9%**	
	As a % of Land Value		**29%**	Decrease
	Effective Developer Return		2.9%	

Appendix C.1.c—Table 1
Estimated Development Costs
Submarket #1 | Rental Residential | Very Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units
INCLUSIONARY PERCENTAGE @ 7.1%

	Item Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	32,870	SF	$250		$8,217,500
1II	Direct Costs					
	On-site improvement	32,870	SF	$20	$657,400	
	Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
	1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
	2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
	3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
	Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
	Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs	178,749	SF of GBA	$339		$60,551,973
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
	Public Permits & Fees	140	Units	$19,360	$2,710,400	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
	Marketing	140	Units	$5,000	$700,000	
	Developer Fee	5%	Direct Costs		$3,027,599	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,047,897	
	Total Indirect Costs					$14,146,613
1IV	Financing Costs					
	Interest During Construction					
	Land	$6,738,350	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$808,602	
	Construction	$82,523,586	Avg Rate	6.0%		
	Construction cost as % of outstanding loan balance			60.00%	$5,941,698	
	Loan Origination Fees					
	Loan to Cost	$89,261,936	Of costs	60%	$53,557,161	
	Origination Fees Percentage		of Loan to Cost	2%	$1,071,143	
	Total Financing Costs					$7,821,443
1V	Total Construction Cost (DC + InDC + Fin. Cost)	140	Units	$589,429		$82,520,029
	Total Development Cost (Total Constr. Cost + Land Cost)	140	Units	$648,125		$90,737,529

Appendix C.1.c—Table 2

Estimated Stabilized Net Operating Income and Developer Return
Submarket #1 | Rental Residential | Very Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units
INCLUSIONARY PERCENTAGE @ 7.1%

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	15	units	$1,820	$327,600	
		One-Bedroom Units	67	units	$2,370	$1,905,480	
		Two-Bedroom Units	48	units	$3,017	$1,737,792	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	130	units			$3,970,872
		B. Inclusionary Units					
		Studio Units	2	units	$605	$14,520	
		One-Bedroom Units	4	units	$691	$33,168	
		Two-Bedroom Units	4	units	$766	$36,768	
		Three-Bedroom Units	0	units	$843	$0	
		Total Units	10	units			$84,456
		C. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income						$4,097,328
	Vacancy & Collection Allowance		5%	Gross Income			-$204,866
2II	Effective Gross Income						$3,892,462
2III	Operating Expenses						
		General Operating Expenses	140	units	$(4,500)	$(630,000)	
		Property Taxes	140	units	$(4,300)	$(602,000)	
		Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses						$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)						$2,639,462
Operating Expense as Percent of Revenue							-32%

Appendix C.1.c—Table 3
Estimated Development Return
Submarket #1 | Rental Residential | Very Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units
INCLUSIONARY PERCENTAGE @ 7.1%

3I	Stabilized Net Operating Income (2II - 2III)			$2,639,462
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,737,529
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$2,358,449
	Feasible Inclusionary Percentage	**7.1%**		
	As a % of Land Value	**29%**	Decrease	
	Effective Developer Return	2.9%		

Appendix C.2.a—Table 1

Estimated Development Costs
Submarket #1 | Rental Residential | 20% Very Low Income & 80% Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units
INCLUSIONARY PERCENTAGE @ 7.9%

Item	Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	32,870	SF	$250		$8,217,500
1II	Direct Costs					
	On-site improvement	32,870	SF	$20	$657,400	
	Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
	1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
	2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
	3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
	Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
	Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs	178,749	SF of GBA	$339		$60,551,973
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
	Public Permits & Fees	140	Units	$19,320	$2,704,800	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
	Marketing	140	Units	$5,000	$700,000	
	Developer Fee	5%	Direct Costs		$3,027,599	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,055,065	
	Total Indirect Costs					$14,140,565
1IV	Financing Costs					
	Interest During Construction					
	Land	$6,738,350	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$808,602	
	Construction	$82,513,100	Avg Rate	6.0%		
	Construction cost as % of outstanding loan balance			60.00%	$5,940,943	
	Loan Origination Fees					
	Loan to Cost	$89,251,450	Of costs	60%	$53,550,870	
	Origination Fees Percentage		of Loan to Cost	2%	$1,071,017	
	Total Financing Costs					$7,820,563
1V	Total Construction Cost (DC + InDC + Fin. Cost)	140	Units	$589,379		$82,513,100
	Total Development Cost (Total Constr. Cost + Land Cost)	140	Units	$648,076		$90,730,600

Appendix C.2.a—Table 2
Estimated Stabilized Net Operating Income and Developer Return
Submarket #1 | Rental Residential | 20% Very Low Income & 80% Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units
INCLUSIONARY PERCENTAGE @ 7.9%

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	15	units	$1,820	$327,600	
		One-Bedroom Units	65	units	$2,370	$1,848,600	
		Two-Bedroom Units	49	units	$3,017	$1,773,996	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	129	units			$3,950,196
		B. Inclusionary Units: Very Low Income					
		Studio Units	0		$605	$0	
		One-Bedroom Units	2		$691	$16,584	
		Two-Bedroom Units	1		$766	$9,192	
		Three-Bedroom Units	0		$843	$0	
		Total Units	3				$25,776
		C. Inclusionary Units: Low Income					
		Studio Units	2	units	$733	$17,592	
		One-Bedroom Units	4	units	$838	$40,224	
		Two-Bedroom Units	2	units	$930	$22,320	
		Three-Bedroom Units	0	units	$1,026	$0	
		Total Units	8	units			$80,136
		D. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income						$4,098,108
	Vacancy & Collection Allowance		5%	Gross Income			-$204,905
2II	Effective Gross Income						$3,893,203
2III	Operating Expenses						
		General Operating Expenses	140	units	$(4,500)	$(630,000)	
		Property Taxes	140	units	$(4,300)	$(602,000)	
		Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses						$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)						$2,640,203
Operating Expense as Percent of Revenue							-32%

Appendix C.2.a—Table 3

Estimated Development Return

Submarket #1 | Rental Residential | 20% Very Low Income & 80% Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

INCLUSIONARY PERCENTAGE @ 7.9%

3I	Stabilized Net Operating Income (2II - 2III)			$2,640,203
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,730,600
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$2,326,709
	Feasible Inclusionary Percentage	**7.9%**		
	As a % of Land Value	**28%**	Decrease	
	Effective Developer Return	2.9%		

Appendix C.2.b—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | 80% Very Low Income & 20% Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

INCLUSIONARY PERCENTAGE @ 7.1%

Item	Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	32,870	SF	$250		$8,217,500
1II	Direct Costs					
	On-site improvement	32,870	SF	$20	$657,400	
	Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
	1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
	2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
	3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
	Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
	Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs	178,749	SF of GBA	$339		$60,551,973
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
	Public Permits & Fees	140	Units	$19,360	$2,710,400	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
	Marketing	140	Units	$5,000	$700,000	
	Developer Fee	5%	Direct Costs		$3,027,599	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,047,897	
	Total Indirect Costs					$14,146,613
1IV	Financing Costs					
	Interest During Construction					
	Land	$6,738,350	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$808,602	
	Construction	$82,523,586	Avg Rate	6.0%		
	Construction cost as % of outstanding loan balance			60.00%	$5,941,698	
	Loan Origination Fees					
	Loan to Cost	$89,261,936	Of costs	60%	$53,557,161	
	Origination Fees Percentage		of Loan to Cost	2%	$1,071,143	
	Total Financing Costs					$7,821,443
1V	Total Construction Cost (DC + InDC + Fin. Cost)	140	Units	$589,429		$82,520,029
	Total Development Cost (Total Constr. Cost + Land Cost)	140	Units	$648,125		$90,737,529

Appendix C.2.b—Table 2

Estimated Stabilized Net Operating Income and Developer Return
Submarket #1 | Rental Residential | 80% Very Low Income & 20% Low Income Alternative
Base Zoning: 185 Units/Acre = 139.6 units
INCLUSIONARY PERCENTAGE @ 7.1%

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	16	units	$1,820	$349,440	
		One-Bedroom Units	66	units	$2,370	$1,877,040	
		Two-Bedroom Units	48	units	$3,017	$1,737,792	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	130	units			$3,964,272
		B. Inclusionary Units: Very Low Income					
		Studio Units	1		$605	$7,260	
		One-Bedroom Units	4		$691	$33,168	
		Two-Bedroom Units	3		$766	$27,576	
		Three-Bedroom Units	0		$843	$0	
		Total Units	8				$68,004
		C. Inclusionary Units: Low Income					
		Studio Units	0	units	$733	$0	
		One-Bedroom Units	1	units	$838	$10,056	
		Two-Bedroom Units	1	units	$930	$11,160	
		Three-Bedroom Units	0	units	$1,026	$0	
		Total Units	2	units			$21,216
		D. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income						$4,095,492
	Vacancy & Collection Allowance		5%	Gross Income			-$204,775
2II	Effective Gross Income						$3,890,717
2III	Operating Expenses						
		General Operating Expenses	140	units	$(4,500)	$(630,000)	
		Property Taxes	140	units	$(4,300)	$(602,000)	
		Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses						$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)						$2,637,717
Operating Expense as Percent of Revenue							-32%

Appendix C.2.b—Table 3

Estimated Development Return

Submarket #1 | Rental Residential | 80% Very Low Income & 20% Low Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

INCLUSIONARY PERCENTAGE @ 7.1%

3I	Stabilized Net Operating Income (2II - 2III)			$2,637,717
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,737,529
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$2,416,852
	Feasible Inclusionary Percentage	**7.1%**		
	As a % of Land Value	**29%**	Decrease	
	Effective Developer Return	2.9%		

Appendix C.2.c—Table 1

Estimated Development Costs

Submarket #1 | Rental Residential | 70% Low Income & 30% Moderate Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

INCLUSIONARY PERCENTAGE @ 9.3%

	Item Sub-Item		Unit	per unit cost	cost	group subtotal cost
1I	Land Cost	32,870	SF	$250		$8,217,500
1II	Direct Costs					
	On-site improvement	32,870	SF	$20	$657,400	
	Off-site improvement (missing in KMA report)	32,870	SF	$12	$394,440	
	Parking					
	At-Grade Spaces	0	Spaces	$5,000	$0	
	Above-Ground Podium Spaces	0	Spaces	$32,200	$0	
	1st Level Subterranean	66	Spaces	$48,750	$3,217,500	
	2nd Level Subterranean	66	Spaces	$52,500	$3,465,000	
	3rd Level Subterranean	53	Spaces	$56,250	$2,981,250	
	Building Costs (core and shell)	178,749	SF of GBA	$222	$39,744,387	
	Contractor/DC Contingency	20%	Other direct costs		$10,091,995	
	Total Direct Costs	178,749	SF of GBA	$339		$60,551,973
				37.0%		
1III	Indirect Costs					
	Architecture, Engineering & Consulting	8%	Direct Costs		$4,844,158	
	Public Permits & Fees	140	Units	$19,240	$2,693,600	
	Taxes, Insurance, Legal & Accounting	3%	Direct Costs		$1,816,559	
	Marketing	140	Units	$5,000	$700,000	
	Developer Fee	5%	Direct Costs		$3,027,599	
	Soft Cost Contingency Allowance	8%	Other Indirect Costs		$1,046,553	
	Total Indirect Costs					$14,128,469
1IV	Financing Costs					
	Interest During Construction					
	Land	$6,738,350	Avg Rate	6.0%		
	Land cost as % of outstanding loan balance			100.0%	$808,602	
	Construction	$82,394,873	Avg Rate	6.0%		
	Construction cost as % of outstanding loan balance			60.00%	$5,932,431	
	Loan Origination Fees					
	Loan to Cost	$89,133,223	Of costs	60%	$53,479,934	
	Origination Fees Percentage		of Loan to Cost	2%	$1,069,599	
	Total Financing Costs					$7,810,632
1V	Total Construction Cost (DC + InDC + Fin. Cost)	140	Units	$589,222		$82,491,073
	Total Development Cost (Total Constr. Cost + Land Cost)	140	Units	$647,918		$90,708,573

Appendix C.2.c—Table 2

Estimated Stabilized Net Operating Income and Developer Return

Submarket #1 | Rental Residential | 70% Low Income & 30% Moderate Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

INCLUSIONARY PERCENTAGE @ 9.3%

	Item	Sub-Item		Unit	per unit rent (expense)/ month	rent (expense)/ year	group subtotal cost
2I	Gross Income						
		A. Market Rate Units					
		Studio Units	14	units	$1,820	$305,760	
		One-Bedroom Units	66	units	$2,370	$1,877,040	
		Two-Bedroom Units	47	units	$3,017	$1,701,588	
		Three-Bedroom Units	0	units	$0	$0	
		Total Units	127	units			$3,884,388
		B. Inclusionary Units: Low Income					
		Studio Units	2		$733	$17,592	
		One-Bedroom Units	4		$838	$40,224	
		Two-Bedroom Units	3		$930	$33,480	
		Three-Bedroom Units	0		$1,026	$0	
		Total Units	9				$91,296
		C. Inclusionary Units: Moderate Income					
		Studio Units	1	units	$1,373	$16,476	
		One-Bedroom Units	1	units	$1,569	$18,828	
		Two-Bedroom Units	2	units	$1,753	$42,072	
		Three-Bedroom Units	0	units	$1,939	$0	
		Total Units	4	units			$77,376
		D. Laundry & Miscellaneous Income	140	units	$25	$42,000	
	Total Gross Income						$4,095,060
	Vacancy & Collection Allowance		5%	Gross Income			-$204,753
2II	Effective Gross Income						$3,890,307
2III	Operating Expenses						
		General Operating Expenses	140	units	$(4,500)	$(630,000)	
		Property Taxes	140	units	$(4,300)	$(602,000)	
		Replacement Reserve Deposits	140	units	$(150)	$(21,000)	
	Total Operating Expenses						$(1,253,000)
2IV	Stabilized Net Operating Income (2II - 2III)						$2,637,307
Operating Expense as Percent of Revenue							-32%

Appendix C.2.c—Table 3

Estimated Development Return

Submarket #1 | Rental Residential | 70% Low Income & 30% Moderate Income Alternative

Base Zoning: 185 Units/Acre = 139.6 units

INCLUSIONARY PERCENTAGE @ 9.3%

3I	Stabilized Net Operating Income (2II - 2III)			$2,637,307
	Threshold Return on Total Investment			
	Total Supportable Investment (5.4% return per KMA)	from market rate scenario		5.4%
	Total Supportable Investment (3.0% return per revision)	from market rate scenario		3.0%
3II	Total Development Cost			$90,708,573
3III	Total Financial Gap (3.0% return per revision)	(this is where land cost reduction comes from)		-$2,401,637
	Feasible Inclusionary Percentage		**9.3%**	
	As a % of Land Value		**29%**	Decrease
	Effective Developer Return		2.9%	

Appendix D: Revised Affordability Analysis

Appendix D: Revised Affordability Analysis

Appendix D.1: Rental Residential Development In-Lieu Fee Analysis

		Moderate Income	Low Income	Very Low Income	Note
I.	Rent Difference				The market rents are drawn from the pro forma analyses.
	A. Studio Units				
	Market Rate Units	$2,179	$2,179	$2,179	
	Affordable Units	1,373	733	605	
	Difference	$806	$1,446	$1,574	
	B. One-Bedroom Units				
	Market Rate Units	$2,370	$2,370	$2,370	
	Affordable Units	1,569	838	691	
	Difference	$801	$1,533	$1,679	
	C. Two-Bedroom Units				
	Market Rate Units	$3,017	$3,017	$3,017	
	Affordable Units	1,753	930	766	
	Difference	$1,265	$2,087	$2,252	
II.	Distribution of Total Units (note: based on rent survey distribution)				
	Studio Units	12%	12%	12%	
	One-Bedroom Units	51%	51%	51%	
	Two-Bedroom Units	37%	37%	37%	
	Three-Bedroom Units	0%	0%	0%	
III.	Annual Affordability Gap Per Affordable Unit	$11,679	$20,727	$22,537	
	Less: Property Tax Difference	-$3,010	-$4,820	-$5,180	Based on the rent differential capitalized at a 5.5% rate to establish the value, and a 1.1% property tax rate
	Annual Affordability Gap Per Affordable Unit	$8,669	$15,907	$17,357	
IV.	In-Lieu Fee				
	Per Affordable Unit	$160,741	$294,086	$321,078	Based on the Annual Affordability Gap Per Affordable Unit capitalized at the Threshold Return on Total Investment.
	Supportable Inclusionary Housing Percentage	13.6%	7.9%	7.1%	See Appendix C
	Per Square Foot of GBA (KMA: 80% efficiency)	$19.21	$20.33	$20.22	KMA assumes 80% building efficiency ratio
	Per Square Foot of GBA (revised: 70% efficiency)	**$16.81**	**$17.79**	**$17.69**	Revised Scenario: 70% building efficiency ratio

Appendix D.2: Ownership Housing Development In-Lieu Fee Analysis
Exhibit I—Affordable Sales Price Calculations
Assumes subprime borrower, rate as of 10/14/2019
With different mortgage interest rates (see discussion in Section II Part G)
Assumes 13% or 20% down payment instead of 5% (see discussion in Section II Part H)

	For Moderate Income Households				
	Studio Units	1-bedroom Units	2-bedroom Units	3-bedroom Units	4-bedroom Units
D. Affordable Sales Price					
Principal @ Mortgage Interest = 5.31%	$197,508	$219,664	$235,313	$263,494	$284,630
Down Payment @ 20% Aff Sales Price	$49,377	$54,916	$58,828	$65,874	$71,158
Affordable Sales Price	$246,885	$274,580	$294,141	$329,368	$355,788
Principal @ Mortgage Interest = 4.375%	$219,914	$244,583	$262,008	$293,386	$316,920
Down Payment @ 20% Aff Sales Price	$54,979	$61,146	$65,502	$73,347	$79,230
Affordable Sales Price	**$274,893**	**$305,729**	**$327,510**	**$366,733**	**$396,150**
Principal @ Mortgage Interest = 3.57%	$242,405	$269,596	$288,803	$323,390	$349,331
Down Payment @ 20% Aff Sales Price	$60,601	$67,399	$72,201	$80,848	$87,333
Affordable Sales Price	$303,006	$336,995	$361,004	$404,238	$436,664
Principal @ Mortgage Interest = 4.375%	$219,914	$244,583	$262,008	$293,386	$316,920
Down Payment @ 13% Aff Sales Price	$32,861	$36,547	$39,151	$43,839	$47,356
Affordable Sales Price	**$252,775**	**$281,130**	**$301,158**	**$337,225**	**$364,276**
Principal @ Mortgage Interest = 5.125%	$201,658	$224,278	$240,257	$269,030	$290,610
Down Payment @ 20% Aff Sales Price	$50,414	$56,070	$60,064	$67,258	$72,652
Affordable Sales Price	**$252,072**	**$280,348**	**$300,321**	**$336,288**	**$363,262**
Principal @ Mortgage Interest = 5.125%	$201,658	$224,278	$240,257	$269,030	$290,610
Down Payment @ 13% Aff Sales Price	$30,133	$33,513	$35,900	$40,200	$43,424
Affordable Sales Price	**$231,790**	**$257,791**	**$276,157**	**$309,230**	**$334,034**

Appendix D.2: Ownership Housing Development In-Lieu Fee Analysis
Exhibit II—In-Lieu Fee Analysis
AFFORDABILITY GAP APPROACH - MODERATE INCOME

	KMA Scenario (5.31% Interest Rate & 5% Down Payment)	4.375% Mortgage Interest Rate & 20% Down Payment	3.57% Mortgage Interest Rate & 20% Down Payment	4.375% Mortgage Interest Rate & 13% Down Payment	5.125% Mortgage Interest Rate & 20% Down Payment	5.125% Mortgage Interest Rate & 13% Down Payment
I. Sales Price Difference						
A. Studio Units						
Market Rate Units	$307,200	$307,200	$307,200	$307,200	$307,200	$307,200
Affordable Sales Units	$207,900	$274,893	$303,006	$252,775	$252,072	$231,790
Difference	$99,300	$32,307	$4,194	$54,425	$55,128	$75,410
B. One-Bedroom Units						
Market Rate Units	$428,900	$428,900	$428,900	$428,900	$428,900	$428,900
Affordable Sales Units	$231,300	$305,729	$336,995	$281,130	$280,348	$257,791
Difference	$197,600	$123,171	$91,905	$147,770	$148,552	$171,109
C. Two-Bedroom Units						
Market Rate Units	$600,700	$600,700	$600,700	$600,700	$600,700	$600,700
Affordable Sales Units	$247,700	$327,510	$361,004	$301,158	$300,321	$276,157
Difference	$353,000	$273,190	$239,696	$299,542	$300,379	$324,543
II. Distribution of Total Units						
Studio Units: 5%	$4,965	$1,615	$210	$2,721	$2,756	$3,770
One-Bedroom Units: 45%	$88,920	$55,427	$41,357	$66,497	$66,848	$76,999
Two-Bedroom Units: 50%	$176,500	$136,595	$119,848	$149,771	$150,190	$162,271
III. In-Lieu Fee						
Per Income Restricted Unit	$270,400	$193,600	$161,400	$219,000	$219,800	$243,000
Supportable Inclusionary Housing Percentage	10%	10%	10%	10%	10%	10%
Per Square Foot of GBA (80% building efficiency)	$23.7	$17.0	$14.2	$19.2	$19.3	$21.3
Per Square Foot of GBA (70% building efficiency)	**$20.7**	**$14.9**	**$12.4**	**$16.8**	**$16.9**	**$18.6**

Appendix E: Public Permits & Fees

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Municipal Permits and Fees—Part 1 of 2

	Total	Per Unit
Municipal permits and fees	**$7,394,555**	**$23,475**
Development cost levies	$31,530	$100
Density bonus contribution	$0	$0
Development permit	$0	$0
Demolition permit	$0	$0
Building permit	$490,000	$1,556
Shoring encroachment	$0	$0
Connection fees	$0	$0
Letters of credit fees - municipal	$0	$0
Building Review	$0	$0
Stormwater Review	$135,000	$429
Building Plan Check	$410,000	$1,302
Fire Plan Check	$120,000	$381
Energy Plan Check	$38,000	$121
MEP Plan Check	$120,000	$381
Building Check for Title 24 Public Art Fee	$38,000	$121
Public Art Fee	$130,000	$413
Stormwater Permit	$150,000	$476
SMIP Tax	$11,000	$35
Deputy Inspection	$5,000	$16
Structural Observation Form	$400	$1
Title 24 Building Permit	$4,400	$14
Records Management and Retention Fee	$1,900	$6
School Impact Fee	$1,660,000	$5,270
LB City Sewer Capacity Fee	$600,000	$1,905
LA County Sewer Capacity Fee	$850,000	$2,698

Municipal Permits and Fees—Part 2 of 2

	Total	Per Unit
Municipal permits and fees	**$7,394,555**	**$23,475**
LB City Sewer Permit Fee	$2,000	$6
Transportation Improvement Fee	$355,000	$1,127
Parks and Recreation Fee	$1,122,000	$3,562
Fire Facilities Fee	$120,000	$381
Police Facilities Fee	$170,000	$540
Plumbing Fee	$75	$0
Planning Plan Check	$117,000	$371
Fire Permit	$145,000	$460
PC Surcharge - GP Update	$3,500	$11
PC Surcharge - Technology	$10,000	$32
PC Permit Surcharge - GP Update	$35,000	$111
PC Permit Surcharge - Technology	$35,000	$111
Soils Report Review	$0	$0
Plan Check Filing	$300	$1
C&D Recycling Admin	$4,000	$13
Permit Filing	$350	$1
C&D Recycling Deposit	$51,500	$163
Green Building Standards	$3,300	$10
Grading Plan Check	$12,000	$38
Grading Permit	$65,000	$206
Water Systems Plan Check	$70,500	$224
Entitlement Processing	$0	$0
SWRCB Fee	$800	$3
SCE Fee	$30,000	$95
MEP Permits	$155,000	$492

Source: Anderson Pacific, LLC.
Prepared by: Beacon Economics, LLC

Contact Information

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