AECOM Imagine it. Delivered.

Inclusionary Housing Study for the County of San Diego

Final Report

January 20, 2023

Prepared for:

The County of San Diego

Prepared by:

AECOM
One California Plaza
300 South Grand Avenue
Los Angeles, CA 90071

T: +1 (213) 330 7236
F: +1 (213) 330 7236
aecom.com

GENERAL AND LIMITING CONDITIONS

AECOM devoted effort consistent with (i) the level of diligence ordinarily exercised by competent professionals practicing in the area under the same or similar circumstances, and (ii) the time and budget available for its work to ensure that the data contained in this report is accurate as of the date of its preparation. This study is based on estimates, assumptions, and other information developed by AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with the Client and the Client's representatives. No responsibility is assumed for inaccuracies in reporting by the Client, the Client's agents and representatives, or any third-party data source used in preparing or presenting this study. AECOM assumes no duty to update the information contained herein unless it is separately retained to do so pursuant to a written agreement signed by AECOM and the Client.

AECOM's findings represent its professional judgment. Neither AECOM nor its parent corporation, nor their respective affiliates, makes any warranty, expressed or implied, with respect to any information or methods disclosed in this document. Any recipient of this document other than the Client, by their acceptance or use of this document, releases AECOM, its parent corporation, and their affiliates from any liability for direct, indirect, consequential, or special loss or damage, whether arising in contract, warranty (express or implied), tort, or otherwise, and irrespective of fault, negligence, and strict liability.

This report may not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the Client. This study may not be used for purposes other than those for which it was prepared or for which prior written consent has been obtained from AECOM.

Possession of this study does not carry with it the right of publication or the right to use the name of "AECOM" in any manner without the prior written consent of AECOM. No party may abstract, excerpt, or summarize this report without the prior written consent of AECOM. AECOM has served solely in the capacity of consultant and has not rendered any expert opinions in connection with the subject matter hereof. Any changes made to the study, or any use of the study not specifically identified in the agreement between the Client and AECOM or otherwise expressly approved in writing by AECOM, shall be at the sole risk of the party making such changes or adopting such use.

This document was prepared solely for the use by the Client. No party may rely on this report except the Client or a party so authorized by AECOM in writing (including, without limitation, in the form of a reliance letter). Any party who is entitled to rely on this document may do so only on the document in its entirety and not on any excerpt or summary. Entitlement to rely upon this document is conditioned upon the entitled party accepting full responsibility and not holding AECOM liable in any way for any impacts on the forecasts or the earnings from the project resulting from changes in "external" factors such as changes in government policy, pricing of commodities and materials, price levels generally, competitive alternatives to the project, the behavior of consumers or competitors, and changes in the owners' policies affecting the operation of their projects.

This document may include "forward-looking statements." These statements relate to AECOM's expectations, beliefs, intentions, or strategies regarding the future. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "will," "should," "seek," and similar expressions. The forward-looking statements reflect AECOM's views and assumptions with respect to future events as of the date of this study and are subject to future economic conditions and other risks and uncertainties. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, including, without limitation, those discussed in this study. These factors are beyond AECOM's ability to control or predict. Accordingly, AECOM makes no warranty or representation that any of the projected values or results contained in this study will actually be achieved.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions, and considerations.

Table of Contents

Tables

Figures

1. Executive Summary

1.1 Overview

Unincorporated San Diego County is in a housing crisis. Household income growth has lagged housing cost growth, and an estimated one in two households spends more on housing than considered financially sustainable by the Department of Housing and Urban Development (HUD) standards. The lack of housing affordability is attributable mainly to housing production that has fallen behind population growth and regional housing production goals, which has caused the price of scarce housing supply to be bid up. This is particularly true for lower income housing, as jurisdictions throughout the county have failed to meet RHNA production goals and provide the conditions for affordable housing to be developed.

To help address this need for housing, AECOM was retained by San Diego County Planning & Development Services (PDS) to assess the potential and prepare recommendations for an inclusionary housing program applicable to both GPA and GP-Compliant projects.

1.2 Inclusionary Housing Program Opportunity

Inclusionary housing, also known as inclusionary zoning, refers to jurisdictional ordinances that require a share of units in a residential development to be set aside as income-restricted affordable.

Inclusionary housing is widely represented in the San Diego region. As of 2022, 10 of 18 incorporated cities in San Diego County with 66 percent of County population have mandatory inclusionary housing programs. If the County adopts a mandatory inclusionary housing program, the covered population jumps to 81 percent of the County total. The 10 cities with inclusionary housing policies also account for approximately 79 percent of the 6th Cycle RHNA allocation, which would increase to 83 percent with the adoption of a County policy. The risk of an inclusionary housing program causing developers to bypass development in the unincorporated County area is mitigated by this widespread application.

A literature review of inclusionary housing programs nationwide found that successful programs increase production of affordable housing without having a long-run negative impact on housing production overall. Successful programs typically feature the following characteristics:

- Program elements closely calibrated with a jurisdiction's market and regulatory conditions.
- Access to incentives and offsets to help developers make up for the reduced revenue that results from inclusion of affordable units.
- Flexible compliance options such as in-lieu fees, off-site development, or land dedications that may be used in conjunction with or instead of on-site provision of affordable units.
- Streamlining of regulatory barriers and entitlement processes to facilitate implementation of inclusionary requirements.

1.3 Feasible Affordable Set-Asides

AECOM employed development feasibility analysis based on static pro forma models to explore the potential for unincorporated county residential projects to support inclusionary housing. Twenty-nine scenarios at different set-aside percentages and levels of affordability were tested for feasibility on prototypical GP-Compliant for rent, GP-Compliant for sale, and GPA projects.

The analysis found that 6 of the 29 set-aside scenarios met standards of feasibility for GP Compliant for sale,12 of 29 for GP Compliant for rent, and 26 of 29 for GPA. AECOM further narrowed this set down to the scenarios that provide the highest subsidy value as reflected by in-lieu fee equivalents. They are:

GP-Compliant For Sale:	10% Low Income *or* 5% Low Income + 10% Moderate Income
GP-Compliant For Rent:	15% Low Income *or* 5% Very Low Income + 5% Low Income + 10% Moderate Income
GPA:	5% Very Low Income + 15% Low Income *or* 10% Very Low + 5% Low + 5% Moderate *or* 8% Very Low Income + 6% Low Income + 6% Moderate Income

To be consistent with best practices and the findings of the economic analysis, the set-aside requirements should be implemented with the following additional considerations:

- Affordable units covenanted for 55 years or longer.
- Flexible compliance options that may be used instead of or in combination with on-site affordable housing development, including in-lieu fees, off-site development, land donations, and rehabilitation of existing projects for affordable housing.
- For GP-Compliant projects, the program should be applicable to the entire unincorporated County Area except for the area designated as Subarea 5, which comprises the North Mountain, Mountain Empire, and Desert Community Plan Areas. For GPA projects, the program should be applicable to the entire unincorporated County area without exceptions.

The in-lieu fee schedule is derived from the set-aside scenarios to represent the cost the developer would incur to provide the required affordable units on site. The fee is applied by multiplying a project's total market-rate square feet by a fee rate[1]:

GP-Compliant For Sale:	10% Low: $21.37 *or* 5% Low + 10% Moderate: $22.08
GP-Compliant For Rent:	15% Low: $24.32 *or* 5% Very Low + 5% Low + 10% Moderate: $24.44.
GPA:	5% Very Low + 15% Low: $43.13 *or* 10% Very Low + 5% Low + 5% Moderate: $42.81 *or* 8% Very Low + 6% Low + 6% Moderate: $42.15

1.4 Analytical Considerations

This study is based on estimates, assumptions, and other information developed by AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with the Client and the Client's representatives.

As such, the document may include "forward-looking statements." These statements reflect AECOM's views and assumptions with respect to future events as of the date of this study and are subject to future economic conditions and other risks and uncertainties. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, including, without limitation,

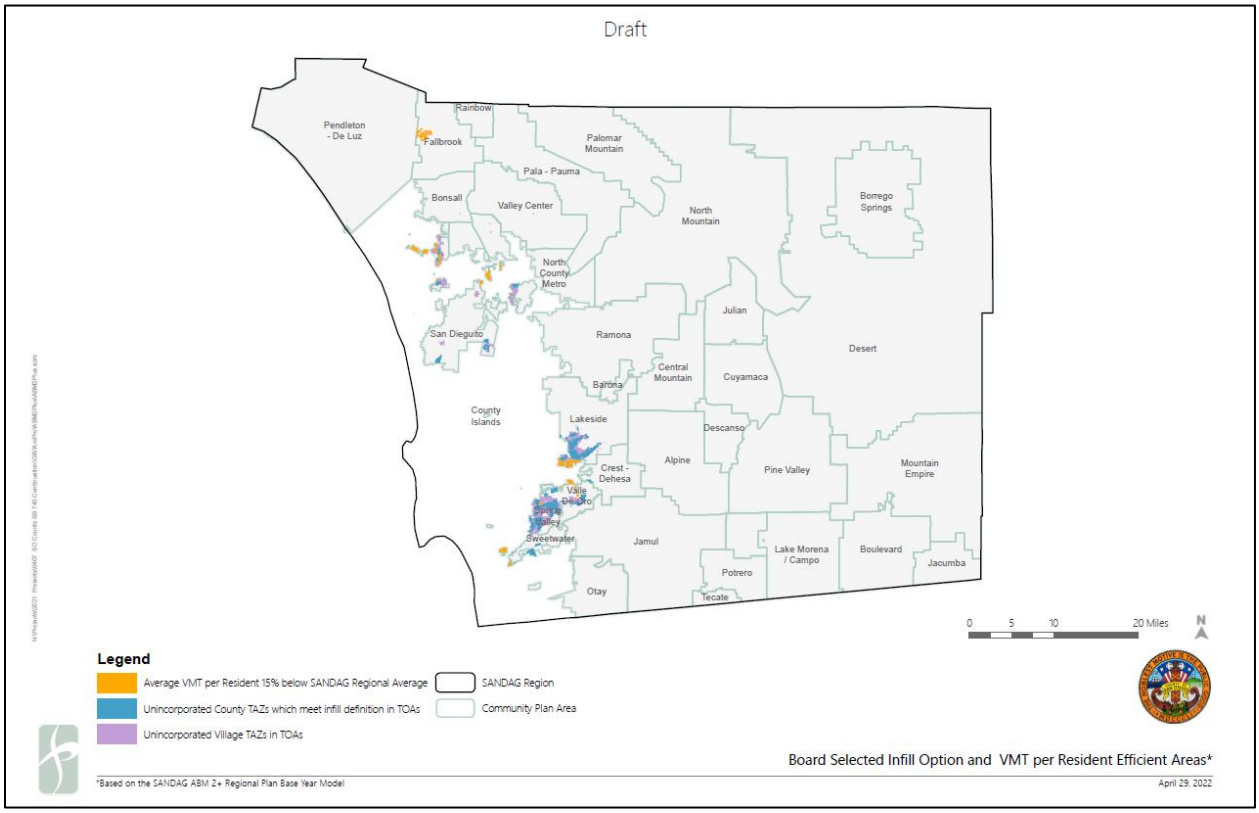
[1] The in-lieu fee is applied to a project's market-rate square feet (where market rate square feet are calculated as if the affordable set-aside scenario has been applied). Density bonus units do not incur the fee.

those discussed in this study. These factors are beyond AECOM's ability to control or predict. Accordingly, AECOM makes no warranty or representation that any of the projected values or results contained in this study will be achieved.

Readers should bear in mind several factors that could have a meaningful impact on the study's forward-looking statements, as follows below.

Vehicle Miles Travelled (VMT): The County is currently analyzing potential program options to lower the Vehicle Miles Travelled (VMT) generated by new development in the unincorporated County. The plan is part of a larger effort to address goals of the Climate Action Plan and to develop a framework for the entire San Diego Region. Starting in 2020 under SB 743, California state law has required jurisdictions to use VMT to evaluate the transportation-related environmental impacts of any given project and develop reduction and mitigation measures to address these impacts. New development will be evaluated on VMT generation, which is calculated by estimating the average number of miles future residents will travel daily. One potential program option could include financial disincentives (impact fees) on residential growth in areas with high estimated VMT values. A de-facto moratorium or mitigation fee on development in high VMT areas could impact the decisions of developers and landowners and alter the number, residential type, and location of future housing unit growth in the County. Figure 1 shows the areas of the unincorporated County where the Board has ruled no such mitigation measures will be applied, because it is expected that development in these areas will cause no significant VMT generation.

Figure 1: Areas Exempt from VMT Mitigation Measures



The exempted areas, which include those with below-average VMT generation, Infill Transit Opportunity Areas, and Villages within Transit Opportunity Areas, represent only a small portion of the County's development capacity according to the current General Plan. VMT measures could impact the financial feasibility of an inclusionary housing program by adding additional costs to development or changing the expected value of land within and outside of these areas.

Alternatively, considerations for VMT can be incorporated into the inclusionary housing program to the following components:

- minimum threshold for ordinance applicability
- minimum project set-aside.
- geographic area eligible for offsite development
- land dedication
- geographic application of incentives.

Inflation: At the time research for this study was conducted, the United States housing sector was experiencing historically high inflation. To assure the recommendations reflect the economic dynamics of the housing market at equilibrium, revenue and cost assumptions were based on the 2020-2021 period. While these cost and revenue assumptions do not reflect the very latest market measures, they encompass a stable economic relationship between unincorporated area supply and demand that can serve as a foundation for analysis. However, if inflation continues to grow at a high rate without stabilizing, and if median income and housing values do not keep pace, housing development economics will become more challenging, and the set-aside requirements recommended in this study could increase the burden on developers.

2. Overview and Organization of the Report

In April 2018, the San Diego County Board of Supervisors directed County staff to investigate options to accelerate home construction in the unincorporated county and promote housing affordability through incentive programs and reduction in regulations. The directive led to the *Report on Options to Improve Housing Affordability,* submitted in October 2018. The report identified 19 actions in five categories to address housing needs.

AECOM was retained by San Diego County Planning & Development Services (PDS) to conduct analysis for three actions identified in the *Report on Options to Improve Housing Affordability* that explore strategies for encouraging production of housing for low income and middle-income households:

1. PI-1: Density Bonus Program/Option 2: Prepare Middle-Income Density Bonus Program.
2. PI-2: Affordable and Inclusionary Housing Programs/Option 1: General Plan Amendment Affordable Housing Program: Consider requiring large GPA projects (over 50 units) to include an affordable housing component. This option would provide a flexible list of compliance options and not set a minimum number of affordable units.
3. PI-2: Affordable and Inclusionary Housing Programs/Option 2: GPA Inclusionary Housing Ordinance: Consider requiring large GPA projects (over 50 units) to provide a minimum percentage of units as affordable. This option would establish a minimum percentage of affordable units required and may include deed restricted units. This requirement could also be satisfied with commensurate alternatives including payment of in-lieu fees.

Both options for PI-2 were to explore the possibilities for affordable housing development through an ordinance that would, "Require developers to provide an affordable housing component when requesting a General Plan amendment for a large-scale residential project when this is legally permissible." "Large" projects are considered those with 50 or more units.

In February 2021, County and AECOM staff presented findings from this first phase of analysis, including program recommendations, to the Board of Supervisors. The Board then gave direction to:

> "Develop an Inclusionary Ordinance (pre-determined set aside) based on options for an Inclusionary Ordinance applicable to all housing projects of all sizes above a minimum threshold including options for incentives and reforms to help facilitate construction of affordable housing."[2]

In August 2021, the Board of Supervisors gave further direction to:

> "Explore the potential to capture up-zoning land value windfalls through an inclusionary housing program focused on County general plan amendments (GPAs)."[3]

In response to this BOS direction, AECOM has prepared the following report analyzing the potential for an inclusionary housing program for all residential development in the unincorporated areas of the County, inclusive of GP-Compliant and GPA projects.

The report is organized in the following sections:

1. **Executive Summary**: Key Findings
2. **Overview:** Background of County Board of Supervisors direction and summary of the organization of the report.

[2] County of San Diego Board of Supervisors, Wednesday, February 10, 2021, Minute Order No. 4; Subject: General Plan Workshop
[3] County of San Diego Board of Supervisors, Tuesday, August 31, 2021, as part of the Transformative Housing Solutions

3. Inclusionary Housing Literature Review: A case- and literature-based review of best practices for the design of inclusionary housing programs; includes assessment of program implementations at peer jurisdictions.
4. GPA Policy Peer Jurisdiction Review: A review of the policy frameworks through which peer jurisdictions couple affordable housing requirements with General Plan Amendment projects.
5. Market Assessment: An evaluation of socio-economic trends and residential supply and demand factors that make up the market context for housing production in the unincorporated county area.
6. Public Outreach: A summary of findings from three Zoom workshops and telephone interviews with residential land use professionals and.
7. GPA Case Studies: An overview of how up-zoning creates land value and GPA history in the unincorporated County.
8. Economic Analysis: Technical evaluation of the feasibility of a range of potential inclusionary housing set-aside requirements.
9. In-Lieu Fee Analysis: An overview on in-lieu fee methodologies and analysis to derive an in-lieu fee schedule tied to different potential inclusionary housing set-aside requirements.
10. Summary of Findings: Program policy concepts for inclusionary housing for consideration by Staff and the Board of Supervisors.
11. Appendix: Backing technical analysis used in preparation of the report, a glossary of terms, and a bibliography.

3. Inclusionary Housing Literature Review

Chapter 3 features a review of recent literature about inclusionary housing and an assessment of established inclusionary housing programs at peer jurisdictions to identify precedents and best practices for consideration by the County of San Diego.

3.1 Trends in Inclusionary Housing

3.1.1 National Trends

The first inclusionary housing program to be successfully implemented in the United States was in Fairfax County, Virginia, in 1971. Since then, hundreds of programs in 28 states have been developed. Counting and tracking these has been difficult, however. Authors of a recent comprehensive recent study of inclusionary housing programs[4] qualify findings heavily due to a lack of consistent and comprehensive data. Key findings from the study include the following:

- There are 1,379 programs in 791 jurisdictions spread over 28 states among survey respondents. Of these, the states of New Jersey (45%), Massachusetts (27%), and California (17%) contribute the majority.
- The first program was established in 1971. The 2000s decade saw the greatest increase in the number of programs.
- 40 percent of surveyed jurisdictions report having more than one inclusionary program, which is defined broadly to include all programs that support production of affordable housing.
- Roughly half of all programs surveyed do not have a minimum development size threshold that triggers compliance requirements.
- Surveyed jurisdictions indicate that minimum required set-aside percentages vary widely and are typically staggered by affordability level. The range generally falls between 5 percent and 35 percent.
- Over 90 percent of inclusionary programs deed-restrict the affordable units to terms of 30 years or longer.
- A summary of affordable housing production from 675 jurisdictions responding to the survey is 173,707 units, an average of 257 units per jurisdiction. In addition, 373 responding jurisdictions reported generating $1.7 billion in in-lieu fees (over the full life of the program), an average of $4.6 million per jurisdiction.
- Many surveyed jurisdictions could not provide information on total affordable units and fees produced because of a lack of consistent accounting or standardized approaches for attributing sources for affordable housing production.

3.1.2 Local Trends

As of 2022, 10 of 18 incorporated cities in the County of San Diego have mandatory inclusionary housing programs in place, as shown in Table 1. This means 67 percent of the population resides in jurisdictions with such a program, a figure that increases to 82 percent if the County adopts one as well. The 10 jurisdictions currently with inclusionary housing policies also account for approximately 79 percent of the 6th-cycle RHNA allocation. Adding the unincorporated county area increases this share to 83 percent.

[4] Emily Thaden and Ruoniu Wang: "Inclusionary Housing in the United States: Prevalence, Impact, and Practices." Lincoln Institute of Land Policy, 2017.

Furthermore, several jurisdictions (Escondido, Vista, Lemon Grove) are currently studying options to adopt an inclusionary housing program in the future.

Overall, most residential development in the County of San Diego is subject to mandatory affordable housing requirements. This likely means that the risk of developers choosing to develop outside the County to avoid the obligation is diminishing. A County program, if adopted, would continue this trend.

Table 1: County Jurisdictions by Inclusionary Housing Program, RHNA Allocation, and Population

	RHNA Allocation[1]	Total Population[2]
Jurisdictions with Inclusionary Housing		
Carlsbad	3,873	114,622
Chula Vista	11,105	267,503
Coronado	912	21,683
Del Mar	163	4,322
Encinitas	1,554	63,158
Oceanside	5,443	177,362
Poway	1,319	50,207
San Diego	108,036	1,419,845
San Marcos	3,116	95,768
Solana Beach	875	13,938
Subtotal	**136,396**	**2,228,408**
% of San Diego Region Total	*79%*	*67%*
Jurisdictions without Inclusionary Housing		
El Cajon	3,280	105,557
Escondido	9,607	151,478
Imperial Beach	1,329	28,163
La Mesa	3,797	61,261
Lemon Grove	1,359	26,834
National City	5,437	62,257
Santee	1,219	56,994
Vista	2,561	103,381
Unincorporated County	6,700	513,123
Subtotal	**35,289**	**1,109,048**
% of San Diego Region Total	*21%*	*33%*

(1) San Diego County 6th Cycle Alloaction and Population 2021-2029
(2) SANDAG 2018 Estimates
Source: SANDAG, AECOM

3.2 Inclusionary Housing Characteristics and Success Factors

3.2.1 Challenges to Determining Best Practices

Several issues make it difficult to compare existing inclusionary housing programs to determine definitively why and how they succeed or fail. These issues include:

- Different motivations and goals between jurisdictions: While the impetus in some jurisdictions for inclusionary housing comes from communities demanding more housing diversity and affordability, other jurisdictions do so from regulatory pressures to encourage more affordable housing production, which can result in a program designed more to satisfy legal requirements than generate affordable units.
- Non-standard classification and inconsistent record-keeping: Inclusionary housing is typically one of many programs a jurisdiction will employ to encourage housing production. While jurisdictions usually track affordable housing inventory, they do not often attribute the source of new units to one program or another. Furthermore, because incentives from many sources may be combined to help fund production (e.g.: in-lieu fees and Low income Housing Tax Credits may be combined to help finance a 100 percent affordable project), attribution to one program or another is difficult.
- Different underlying market conditions between jurisdictions and over time. Because inclusionary housing policies rely heavily on private market investment, program success often tracks market conditions. For example,

a program established in 2008 or 2009 during the Great Recession would likely have underperformed a program established during the market rebound in 2010 or 2011.

3.2.2 General Best Practices

As a body of evidence from long-established programs has formed, several general themes for successful programs have emerged:

- Tailor program to area-specific market and regulatory conditions: Inclusionary housing programs closely calibrated to a jurisdiction's market and regulatory conditions and—where applicable—to distinctions between sub-areas do best in producing affordable units without having adverse impacts on housing production. This typically entails, at minimum, conducting an economic feasibility study before establishing set-aside requirements. Many earlier inclusionary programs were adopted without feasibility studies or otherwise close consideration of market factors, and as result, did not achieve desired goals.
- Flexible compliance options: Programs that offer a wide range of alternative compliance options such as in-lieu fees, off-site development, land dedications, or a range of set-aside AMI tiers typically perform better than those that don't, because flexibility allows developers to pursue a wider and more creative range of strategies to satisfy policy goals.
- Provide incentives and offsets. Programs that offer a broad range of options that help developers recoup revenues lost to rent-restricted units show little evidence of having an adverse impact on overall housing production,[5] whereas evidence exists that programs lacking incentives may suppress overall production. These can include reduced or waived permitting fees, expedited or ministerial entitlement and approvals, and density bonuses.
- Reductions in regulatory barriers to development: Regulatory barriers may increase development costs or limit flexibility to use offsets and incentives for affordable housing development that, if lowered, can help inclusionary housing programs be more effective. For example, height limits present challenges to applying density bonuses where building taller represents the only feasible means of applying them. Lengthy discretionary approval processes may discourage developers from seeking offsets and incentives to which they are otherwise entitled. Building parking in a residential development is costly, and high mandatory parking requirements increase the development cost burden.
- Alternative and complementary affordable housing programs within jurisdiction: Jurisdictions that offer a wide range of tools to support affordable housing production typically have more effective inclusionary housing programs, because the alternatives give developers additional resources to help fund development. Furthermore, key stakeholders in these jurisdictions are typically more committed to the goals of housing affordability, which leads to stronger community support, a more knowledgeable development community, and better Staff capability to leverage all available financing tools.
- Phasing: A phasing-in of program parameters and/or minimum thresholds may help ensure a smooth transition for transactions and projects currently under development or in process.

3.2.3 Inclusionary Housing and the California State Density Bonus Law

The most successful inclusionary zoning programs provide the developer with concessions or incentives that can lower development cost and/or increase revenue to help offset revenues lost due to the affordable units. This is the approach taken by the California State Density Bonus Law (SDBL) (found in California Government Code Sections 65915 – 65918). which provides a graduated schedule of concessions and density bonuses in exchange for increasing levels of affordable set-aside. Most mandatory inclusionary programs in California simply adopt the density bonus and concessions schedule provided by the SDBL to supplement the set-aside requirements.

[5] Jenny Schuetz, Rachel Meltzer & Vicki Been (2009) 31 Flavors of Inclusionary Zoning: Comparing Policies From San Francisco, Washington, DC, and Suburban Boston, Journal of the American Planning Association, 75:4, 441-456, DOI: 10.1080/01944360903146806

Key aspects of the SDBL are as follows.

- The SDBL is a mechanism that allows developers to increase project density beyond what is otherwise allowed by local jurisdictions through building or donating land for affordable units. By setting aside a portion of units as affordable, a developer can qualify for a density bonus that increases the allowable project density.
- In 2020, California expanded the SDBL to require cities and counties to comply with new rules that increase maximum bonuses and other benefits. Under the new law, the maximum bonus increases from 35 percent to 50 percent (for mixed-income projects). The maximum density bonus for 100 percent affordable projects is 80 percent.
- The state mandate requires all jurisdictions to grant a density bonus where developer applications satisfy all criteria for eligibility, even where the additional density may conflict with land use regulations. Consequently, jurisdictions should expect under a mandated inclusionary housing requirement, developers will take advantage of the SDBL to build higher density projects that may not fully comport with community standards or character. This is an inevitable compromise that connects use of the SDBL to mandatory inclusionary housing programs.
- The amount of density bonus an applicant may qualify for is set on a sliding scale based on the percentage of affordable units for very low income, low income, and moderate income households. These income levels are calculated through Area Median Income (AMI), which is a measure prepared by the U.S. Department of Housing and Urban Development (HUD) for use in gauging household eligibility for affordable housing. Additionally, the SDBL has bonuses for seniors, foster youth, disabled veterans, the unhoused, and college students, though these rates are flat and limited. See Table 83 in the Appendix for the schedule of available density bonuses at different levels of affordable set-aside.
- Cities and counties must also provide one or more incentives or concessions to each project that qualifies for a density bonus. Examples of an incentive or concession include a reduction in site development standards, such as reduced parking, approval of mixed-use zoning, or other regulatory concessions that result in identifiable and actual cost reductions. See Table 84 in the Appendix for a schedule of Incentives and Concessions provided by the State.
- Cities and counties have previously expanded on the SDBL by lowering the thresholds for incentives and concessions. Typically bonuses from the SDBL and other programs such as inclusionary housing are not cumulative, and jurisdictions must use either local use local or state benefits, but not both.
- While there are no specific density bonus exemptions from the California Environmental Quality Act (CEQA), some projects are candidates for exceptions. Common exemptions used for projects include urban infill (CEQA Guidelines Section 15332), housing projects near transit stops (CEQA Guidelines Section 15195), and affordable housing projects up to 100 units (CEQA Guidelines Section 15194). State law stipulates that density bonus projects are a ministerial decision and not subject to CEQA. However, many of the underlying projects may require a discretionary review that would be subject to CEQA.

3.2.4 Program Parameters

Inclusionary housing programs vary widely by compliance triggers, set-aside requirements, use of submarket areas, permanence mechanisms, alternative compliance options, and the availability of offsets or incentives to developers. The following typical program parameters are discussed below: compliance requirements, sub-area variation, set-aside requirements, alternative compliance, covenant period, and incentives and offsets.

3.2.4.1 Compliance Requirements

- Mandatory or Voluntary. Mandatory programs require all residential projects subject to program requirements to comply, which guarantees that every market-rate project contributes to affordable housing production. Voluntary programs give developers a choice in providing affordable units in exchange for incentives like added density. According to a 2021 study, approximately 70 percent of U.S. inclusionary housing programs are mandatory, compared to 30 percent voluntary. Furthermore, the mandatory programs typically apply to both for-sale and for-

rent units, although a small minority designate either for-sale or for-rent projects as mandatory and the remaining as voluntary.[6]

- Compliance Triggers: Most inclusionary housing programs provide an exemption for projects below a specified unit threshold. Thresholds typically range between 1 and 50 units. The most common minimum threshold range is between 5 and 10 units. Some programs set the threshold as low as 1 or 2 units, for which compliance is enabled through an in-lieu fee. Some jurisdictions have different set-aside percentages for projects in different size categories under the assumption that larger projects are better able to absorb the cost imposed by a higher set-aside requirement.
- Comparability: Most programs require inclusionary housing units to be comparable in size and quality. Some may provide flexibility for set-aside units to be smaller, but usually only if aggregate area meets or exceeds the requirement. Some may also allow for inclusionary units to have different bedroom mix, but usually only if the number of provided bedrooms is greater than for the non-inclusionary units. Additionally, a few jurisdictions allow for different interior finishes, features, and appliances as long as the interior components are of durable quality and are consistent with contemporary new housing standards. Affordable dwelling units are typically dispersed to the maximum extent possible to avoid over-concentration in a development and should not appear as a separate product from the overall development. Offsite units must also be of similar size, appearance, materials, and finished quality. Though some of these standards may be modified at the discretion of the city on a project-by-project basis such as by modifying the appearance of units to fit the architectural style and physical characteristics of a given neighborhood.

3.2.4.2 Sub-Area Variations

Many programs, especially those with large and diverse terrain that encompasses multiple residential sub-markets, feature program compliance requirements that differ by sub-area.

- Sub-area requirements may reflect differences in market economics. For example, a sub-area may feature higher set-aside requirement because high market rents provide a greater source of subsidy for rent-restricted units than in sub-areas with lower rents.
- Sub-area requirements may also reflect land use regulations. A sub-area with higher permitted densities is more likely to be able to support affordable housing and reach economies of scale by taking advantage of density bonus incentives.
- Sub-areas may also be defined to provide exemption from compliance requirements entirely. These may correspond to areas that for economic, regulatory, or policy reasons are not a feasible source of support for affordable housing. For example, an area with little new development activity and low market rents that cannot support market-rate development will be even less able to support development that's encumbered with an inclusionary set-aside requirement. Alternatively, an area under a larger discretionary permit such as a specific plan area may have affordability requirements that supersede a regional inclusionary program.
- Sub-area exclusions may also be employed in areas with significant natural, historic, archeological and scenic resources where the provision of affordable housing may neither be feasible nor desirable.
- Jurisdictions may also use sub-area variations to promote policy goals, such as Transit Oriented Development (TOD) or mixed-income development in areas lacking housing diversity.
- To assure clarity and ease of implementation, it is important that the number of sub-area boundaries are clear and comprehensible and that the number of sub-areas be kept as low as is feasible to adequately reflect sub-market variances. Some jurisdictions do not vary requirements by sub-area to make their program easily comprehensible or where such distinctions are unnecessary or undesirable. The use of sub-areas must align with the jurisdiction's housing market and policy goals.

[6] Wang, Ruoniu, and Sowmya Balachandran. "Inclusionary housing in the United States: dynamics of local policy and outcomes in diverse markets." *Housing Studies* (2021): 1-20.

3.2.4.3 Set-Aside Requirements

Jurisdictions establish requirements for inclusionary programs tailored to their demographics and residential markets. This includes considerations of household incomes and whether development creates products that are for-sale or for-rent.

- Household Income level: Required affordable set-asides are typically scheduled by AMI tiers, which reflect census data at the local level, published by HUD and updated annually. Typical AMI tiers for which inclusionary housing programs schedule set-asides are Very Low income households (<50 percent AMI), Low Income households (50-80 percent AMI), and Moderate Income households (80-120 percent AMI). In addition, some programs also include options for workforce housing or middle-income housing. These are not standardized by income tier and typically fall in a wide range of between 60 percent and 150 percent AMI. For example, the County of Los Angeles mandates a set-aside for for-sale development targeting an average household income of 135 percent AMI.
- For-Sale vs. For-Rent: Programs typically set different set-aside schedules for rental and sale projects. Rental project set-aside requirements may be more concentrated in lower-income tiers than for-sale project requirements. For example, the City of San Diego requires a 10% set-aside at 60% AMI in for-rent developments and either a 10% set-aside at 100% AMI or 15% set-aside at 120% AMI in for-sale developments. Counties and cities often set higher AMI limits for for-sale units than rental units because of market prices. It is usually more feasible for a household earning 50-80 percent of AMI to rent a unit than purchase a home. For-sale units also typically cost developers more to produce. The resulting policy for most jurisdictions allows developers serve a higher-income group that reduces the burden of the inclusionary for-sale program while still serving a real affordable-housing need.

3.2.4.4 Alternative Compliance Options

Jurisdictions that impose mandatory inclusionary housing programs are required to provide alternative options to on-site site construction of affordable units.[7] These alternative options allow flexibility for developers and the opportunity for jurisdictions to further tailor their programs to meet policy goals.

- Onsite Development: Most jurisdictions offer both onsite and off-site compliance options. Onsite compliance can promote policies of creating mixed-income communities and, through specified requirements, ensure the quality and location of the inclusionary units are equal to the market rate units. Onsite compliance allows for added density through the SDBL or other density bonuses that may be offered. The SDBL also allows for additional incentives and concessions that make the development of onsite units feasible and more attractive to developers. Where development displaces very low, low, and moderate income households, it's typical for jurisdictions to require onsite development over other compliance methods.
- Offsite Development: Offsite compliance allows for flexibility and permits developers multiple options to comply with mandatory ordinances. Offsite development may offer economic advantages, as 100 percent affordable projects have access to financing tools that market-rate projects do not. For example, developers can leverage tools such as Low Income Housing Tax Credits, a joint venture with a qualified affordable housing developer, and the use of an affordable housing credit bank. For some jurisdictions, an affordable housing developer can combine inclusionary requirements from multiple market-rate developments. Offsite units may also help circumvent the challenges presented by increasing density in areas that may not be able to accommodate it. Still, offsite developments must also contain the equivalent number of units and bedrooms as required for on-site compliance. Typically, jurisdictions stipulate that offsite development occur in a location not far from the primary project, such as within a narrow radius, within the same planning area, or within the same sub-area. Alternately, program rules may seek to focus off-site development in areas that are consistent with jurisdiction goals for compact development and for co-location with transit and job centers. Many programs offer flexibility to comply through a mixture of both onsite and offsite development.
- In-Lieu Fees: Most jurisdictions provide an in-lieu fee option. The in-lieu fee must be calibrated to match a target percentage of set-aside. Depending on policy goals, an in-lieu fee can be set to represent an equivalent cost to building a unit on-site (typically calculated as the value gap between an affordable and market-rate unit), which offers a developer the maximum flexibility in complying with policy. Alternately, a fee that is lower than the cost of providing a unit onsite will provide an incentive to pay it, while a higher fee may compel onsite development. Many

[7] AB 1505 requires jurisdictions with mandatory inclusionary housing programs to provide alternative compliance options

programs offer flexibility to mix affordable unit development (both onsite and offsite) with payment of fees and other alternative compliance options. A more thorough discussion of in-lieu fees follows in Section 9.

- Acquisition and Rehabilitation: The acquisition and rehabilitation of existing residential units into very low or low income units is an option offered by most jurisdictions. Rehabilitation as a compliance mechanism includes the acquisition and rehabilitation of existing affordable units, or the conversion of market-rate units to affordable units. Jurisdictions may require the after-rehab value to exceed 25% of the market-value of the units after the rehabilitation is completed. Is it also common to require a physical needs assessment for each affordable dwelling unit, the property upon which the units are located, and any associated common area. Other stipulations may also apply to qualify the building acquired for renovation, such as evidence of substantial building code violations, abandonment, or long-term vacancy.
- Linkage Fees: An alternative to standard inclusionary housing programs is a housing impact or linkage fee program. Linkage fees are established through a nexus study that estimates how new demand for affordable housing may result from new commercial or market-rate residential development. Compared with the requirements for establishing an inclusionary housing and/or an in-lieu fee program, a linkage fee program represents a high analytical hurdle that may be subject to legal challenge if the nexus is not adequately proven. Furthermore, because the nexus requirement is generally based on job creation, high fee collections rely on high levels of commercial development; for areas with a greater concentration of residential development, this may result in a relatively small yield. A linkage fee program based on commercial development may be implemented in tandem with an inclusionary housing program. For example, the City of San Diego collects linkage fees for non-residential development, while residential development is subject to its inclusionary housing policy. Some jurisdictions assess linkage fees on residential development as well as commercial development. In these instances, the linkage fee program represents an alternative to an inclusionary housing program.
- Land Dedication: Most jurisdictions offer land dedications or donations as an alternative compliance option. Typical among cities and counties, land dedications must be of an equivalent value or greater than the in-lieu fees that otherwise would be required by the applicant's development. This land if often donated to a nonprofit agency or to the city. Land dedications must follow local inclusionary housing guidelines, approval from the city or county, and may also be required to be in the same market area. Like off-site production, land dedicated for affordable housing can allow for a greater production of affordable units than would have been possible on-site. These units also have the potential to be funded through tax credits or bonds.
- Accessory Dwelling Units: An approach adopted by several jurisdictions in San Diego County includes the acquisition of Accessory Dwelling Units (ADUs) off-site as an alternative to on-site affordable units or provision of on-site ADUs as affordable units. The primary advantage of ADU units is flexibility and cost effectiveness. One key disadvantage is ADUs may not meet the standard of comparability that affordable on-site units should match the size and quality of market-rate units.

3.2.4.5 Covenant Period

All programs specify a covenant period that preserves units as affordable for a defined length of time. Many older programs specified covenant periods of 30 years, but the recent the trend has been to stipulate longer periods, and 45 years, 55 years, and perpetuity covenants are now commonplace. Most jurisdictions use a housing commission or housing authority to monitor compliance.

3.2.4.6 Incentives and Offsets

To encourage compliance and mitigate potential negative impacts to the financial bottom line of proposed residential development, jurisdictions offer additional incentives and offsets to improve the feasibility of development.

- Density Bonus Unit Density and Floor to Area Ratio (FAR): All jurisdictions in California must comply with the SBDL and allow density bonuses according to the state schedule, which establishes allowable density bonuses for the minimum threshold of set-asides for Very low, Low, and Moderate Income tiers. Jurisdictions can further their housing policy goals by allowing additional compliance options for targeted household income levels, increasing density bonuses, or lowering the minimum threshold of set-asides. Some jurisdictions codify additional bonuses in their own set-aside schedules while others allow for a discretionary process to grant concessions, incentives, offsets, and additional density bonuses on a case-by-case basis.

- Fee Reduction: Jurisdictions levy fees on new development to recoup costs including staff time to process permits as well as to pay for infrastructure needed to support new development. These fees can take the form of development impact fees, housing impact fees, traffic impact fees, and others. In order to lower impediments to affordable housing development, some jurisdictions reduce or waive fees that apply to affordable housing development. Reduction/waiver commonly applies only to the affordable units, but discretionary processes allow for further case-by-case negotiation.
- Expedited Processing: Due to high carrying costs of land and tight schedules for development, some jurisdictions allow for expedited processing or priority processing for projects with inclusionary housing. This typically entails making certain approvals by-right or reducing timelines for project review, which allows developers to bring projects to market faster. These programs can have specialized city staff, significantly shorter staff review times, and priority on hearing dockets among other benefits.
- Relaxed Development Standards/Design Guidelines: The SDBL mandates that jurisdictions grant concessions or incentives to developers that qualify for density bonuses through affordable housing set-asides. The jurisdiction is required to grant the concession/incentive unless it finds the proposed concession does not result in actual cost reductions, causes public health, safety, or environmental problems, damages historical property, or is contrary to the state and federal law. Potential incentives include reduction of parking requirements, development standards pertaining to setbacks, heights and other zoning codes, or the approval of mixed-use land designations. The menu of options can be detailed in the jurisdiction's ordinance or subject to legal precedent or development feasibility analyses.
- Administration: Successful inclusionary housing programs have clear guidance and administrative procedures. This can often include an administrative manual and a regular schedule of program updates. A periodic reevaluation and update is important to assure that program parameters track changes in the real estate market. Typical update intervals include 5 years for the program as a whole and annually for in-lieu fees. The in-lieu fee schedule may also be indexed to a common register such as the construction cost index.

3.3 Comparable Inclusionary Housing Programs

3.3.1 Overview

A comparison of existing Inclusionary Housing Programs provides insights into options available for San Diego County. The 12 programs reviewed include seven city programs and five county programs, each tailored to the market dynamics and demographic needs of the jurisdictions they serve, which differ in terms of political, geographical, and socio-economic variables.

3.3.2 General Program Characteristics

See Table 2 for a summary of general program characteristics for each of the 12 programs reviewed.

- 9 of 12 jurisdictions profiled have in the last three years established or updated inclusionary zoning programs. The affordable housing crisis in California, coupled with stronger demands from Sacramento for enforcement of RHNA standards, has led to a growing interest by jurisdictions in inclusionary housing.
- Riverside County is the only jurisdiction of the 12 profiled with an entirely voluntary inclusionary housing policy. The City of Carlsbad program is mandatory for for-sale projects and voluntary for rental projects (unless the rental project seeks a density bonus or other development incentives). All others are mandatory for both rental and sale projects.
- Minimum project sizes that trigger compliance range from 1 to 50. Typically, those with lower thresholds allow payment of in-lieu fees to comply.

Table 2: Inclusionary Program General Information by Comparable Jurisdiction

	Established/ Last Revised	Mandatory/Voluntary	Project Size Trigger
Cities			
Carlsbad	1993/2000	Mandatory (For Sale) Voluntary (For Rent)	1 unit
Chula Vista	1981/2015	Mandatory	50 units
Long Beach	2021	Mandatory (but some subareas excluded)	10 units
Oceanside	1991/2020	Mandatory	3 (different set-asides for projects sized 10-19 and >20 units)
Pasadena	2001/2020	Mandatory	10 (different set-asides for projects 10-19 and >20 units)
San Diego	2003/2020	Mandatory	10 units
San Jose	2010/2021	Mandatory	10 (different set-asides for projects 10-19 and >20 units)
Counties			
Los Angeles	2020	Mandatory (but some subareas excluded)	5 (different set-asides for projects sized 5-15 and >15 units)
Riverside	2013	Voluntary	Discretionary
San Luis Obispo	2008/2019	Mandatory	1, 2, 11 (depending on sub-area)
Santa Barbara	2019/2021	Mandatory	20 units
Santa Clara	1992/2020	Mandatory	10 units
Density Bonus Law	1979/2020	Voluntary	NA

3.3.3 Minimum Set-Aside

See Table 3 for a summary of set-aside requirements for each of the 12 programs reviewed.

- Minimum compliance for mandatory programs ranges from 5 percent to 20 percent. The lowest minimum corresponds to the very low household income tier (the 5 percent minimum set-aside at 40 percent AMI for Los Angeles County). No jurisdictions except LA County have programs that target the very low income tier.
- 10 of 12 jurisdictions profiled provide compliance options to set aside units for moderate income households (80 percent-120 percent AMI). Moderate Income set-aside requirements apply mainly to for-sale units.
- Set-asides for-rental and for-sale projects fall into two categories between peer jurisdictions. The first, Chula Vista and Carlsbad, have identical minimum set-asides for-rental and -sale projects. All the remaining jurisdictions maintain separate requirements between ownership and rental units.
- San Luis Obispo County, the only jurisdiction to do so, reduces inclusionary housing requirements by 25 percent if a project's inclusionary requirements are met through either on-site housing for residential units, on-site housing for commercial or industrial projects, or if the development of affordable housing occurs within incorporated city limits.
- Newer inclusionary housing programs including San Luis Obispo and the City of San Diego incrementally phase-in set-asides over five years.
- Most jurisdictions stipulate that the size, quality, number of bedrooms, access, and other characteristics must be equal between the inclusionary and market-rate units.

Table 3: Affordable Set-Aside Requirements by Comparable Jurisdiction

	Rental Projects	Sale Projects
Cities		
Carlsbad	15% at 50%-80% AMI	15% at 50%-80% AMI
Chula Vista	10%: 5% at 50%-80% AMI and 5% at 80%-120% AMI	10%: 5% at 50%-80% AMI and 5% at 80%-120% AMI
Long Beach	11% at 30-50% AMI.	10% at 100% Moderate Income
Oceanside	10% at Low Income	10% at Low and Moderate Income
Pasadena	5% at very low income, 5% at low income, and 10% at moderate income	20% at moderate income
San Diego	10% averaging 60% AMI	10% averaging 100% AMI or 15% averaging 120% AMI
San Jose	5% at 100% AMI, 5% at 60% AMI, 5% at 50% AMI, or 10% at 30% AMI	15% at 120% of AMI
Counties		
Los Angeles	"5-15 Units: 5% at 40% AMI (avg.) or 7% at 65% AMI or 10% at 80% AMI.	
Riverside	>15 Units: 10% at 40% AMI (avg.) or 15% at 65% AMI or 20% at 80% AMI"	"5-15 Units: At 135% avg. AMI between 0% and 10% depending on sub-area.
San Luis Obispo	>15 Units: At 135% avg. AMI between 5% and 20% depending on sub-area. "	
Santa Barbara	N/A	15% at 50%-80% AMI or 25% at 80%-120% AMI or 80% average area price
Santa Clara	Coastal Zone. 15% @ 50%-80% AMI or 15% @ 80%-120% AMI	Coastal Zone A: 5% at 30%-50% AMI, 5% at 50%-80%, 5% at 80-120%, and 5% at 120-150%. Coastal Zone B: 15% at 50-80%. Inland Zone: 2% at 30%-50% AMI, 2% at 50%-80%, 2% at 80-120%, and 2% at 120-150%
Density Bonus Law	N/A	2.5% Very Low Income, 2.5% Low income, 5% Moderate income, 5% Workforce

3.3.4 Sub-Area Variations

See Table 4 for a summary of how different jurisdictions treat sub-areas.

- 9 of 12 jurisdictions profiled include sub-areas with different set-aside requirements and compliance options. For example, Los Angeles County has 6 subareas, Carlsbad 4, San Luis Obispo County 2, and the City of San Diego 2.
- Inclusionary set-aside requirements change for each sub-area except for Carlsbad. These requirements reflect market conditions, growth management, and a wide variety of physical characteristics within a jurisdiction.
- Though not included in the set of peer jurisdictions, many cities also maintain sub-area variations for the calculation of in-lieu fees.

Table 4: Geographical Sub-Area Variation by Comparable Jurisdiction

	Onsite Unit Requirements: Sub-Areas	In-Lieu Fee Schedule and Options: Sub-Areas
Cities		
Carlsbad	4 sub-areas	No
Chula Vista	2 sub-areas	No
Long Beach	3 sub-areas	3 sub-areas
Oceanside	Yes	Yes
Pasadena	No	6 sub-areas
San Diego	2 sub-areas	No
San Jose	2: strong and moderate market areas	2: strong and moderate market areas
Counties		
Los Angeles	6 sub-areas	NA
Riverside	No	
San Luis Obispo	2 sub-areas	No
Santa Barbara	3: CBD, high-density priority, medium-high density	3: CBD, high-density priority, medium-high density
Santa Clara	No	Yes
Density Bonus Law	N/A	N/A

3.3.5 Alternative Compliance Options

See Table 5 for a summary of how alternative compliance options are addressed in different jurisdictions.

- 10 of the 12 jurisdictions profiled provide options for **off-site development** with rules for where offsite units can be located. Some require units to be developed in the general vicinity of the project, either within a pre-set distance, planning area geography, or political jurisdiction. Others stipulate off-site to development to be near critical infrastructure such as transit. The City of San Diego, City of Chula Vista, and San Luis Obispo County grant exceptions if the development assists in meeting other goals such as providing economically balanced communities, transit-oriented development, or a unique public benefit that might not otherwise occur. For example, San Diego requires that the number of offsite units be increased by 5 percent over on-site units. Chula Vista additionally prohibits the use of the off-site option in areas of low and moderate income concentration, which ensures affordable units will be built in areas with more resources, including access to jobs and education. Off-site units must also mirror the quality and design of market-rate units, although there are exceptions when modifying the appearance of units to fit the architectural style of a neighborhood. Three of these jurisdictions explicitly note that developers may partner with another developer, such as an affordable housing developer, to meet off-site inclusionary requirements.
- Only Riverside and Santa Barbara Counties in the set do not provide an **in-lieu fee** option. In-lieu fees are typically developed to align with a target percentage set-aside. Of the 5 jurisdictions that allow compliance through the in-lieu fee, only San Luis Obispo County differentiates between sub-areas: for-sale developments in the Coastal Zone have an in-lieu fee for dwelling units larger than 900 square feet, while developments in the Inland areas have an in-lieu fee for dwelling units larger than 2,200 square feet. All jurisdictions offering in-lieu fees allow mixing in-lieu fees with other compliance alternatives and the fees are pro-rated to reflect their share of the total compliance obligation.
- **Land Dedication:** 6 of the 12 jurisdictions allow for compliance through a land dedication or donation. The land must either have an equivalent value as the in-lieu fee or be zoned for development suitable to meet the minimum requirements of the inclusionary ordinance. Sacramento and San Luis Obispo Counties stipulate land dedications must be in the same market area as the project and must follow site specific characteristics such as proximity to an existing or planned transit stop or proximity to a public elementary, middle, or high school. San Luis Obispo County further mandates the dedicated land shall be donated to a nonprofit or for-profit developer acceptable to the County that is willing to develop affordable housing on the land. The County will also reduce the inclusionary housing requirement by 25 percent if the inclusionary requirements are met on donated land within the urban limits of an incorporated city in the county. Other jurisdictions do not stipulate the location of the land, but rather mandate that the land dedicated is either of equal value to the applicable in-lieu fee or the land can accommodate the applicable units (Lot Size, General Plan Development Capacity, Zoning). The City of San Diego allows land dedication based on market value, and the City of Pasadena based on development capacity.
- The **rehabilitation of existing units** as a compliance option found in 7 of the 12 jurisdictions. This can be achieved through the acquisition and rehabilitation of existing affordable units, or the conversion of market-rate units to affordable units. Rehabilitation of dwelling units is typically done in the same market area with a few exceptions. San Diego also requires a physical needs assessment for each dwelling unit, the premises where the affordable dwelling units are located, and for any associated common area. The City of San Diego stipulates that the rehabilitation process cannot result in a net increase of dwelling units on the premises. Additionally, the city requires that the value of each affordable dwelling unit after rehabilitation work is 25 percent or more than the value of the dwelling unit prior to rehabilitation, inclusive of land value.
- **Commercial Linkage or Non-residential Housing Impact Fees**: Several of the jurisdictions collect linkage fees from commercial or non-residential development that contribute to the funding of affordable housing development. Linkage fees are established by nexus studies to mitigate the impact of new development on housing costs for lower-income households. No jurisdictions have both in-lieu fees for set-aside requirements and linkage fees for residential development, as they would be redundant.[8] The City of Los Angeles currently collects linkage fees for

[8] Prior to the 2020 adoption of an Inclusionary Housing Ordinance in the County of Los Angeles, both non-residential and residential linkage fees were considered but not pursued. Studies found that non-residential linkage fees would generate insignificant funds, and residential linkage fees would likely produce fewer affordable units than an inclusionary housing ordinance. Their conclusions are consistent with the national study carried out in 2015 by the Lincoln Institute that found linkage fees established through nexus

both commercial and residential developments but is in the process of developing a potential city-wide inclusionary housing program.

- Accessory Dwelling Units: 1 of the 12 jurisdictions surveyed and one additional city in the San Diego Region permit the construction of ADUs as an alternative to the provision of on-site affordable units. The City of Encinitas allows ADUs to replace affordable single family homes that would be required by the inclusionary housing ordinance with a maximum of five ADUs per development project. The ADUs are rent-restricted and must be built on-site. The City of Carlsbad allows for the construction of ADUs as an alternative compliance option for projects of more than 200 detached single family units with a maximum of 15 ADUs per development project. The ADUs are rent-restricted (at 70 percent AMI rather than the 80 percent normally required) and must be built on-site. Both programs have proven popular with developers since allowed in 2019.

Table 5: Alternative Compliance Options by Comparable Jurisdiction

	In-Lieu Fee	Off-Site Units	Land Dedication
Cities			
Carlsbad	Yes (<7 units or at City discretion)	Yes (city discretion; in same quadrant)	Yes (city discretion)
Chula Vista	Yes	Yes (excluding areas with low/moderate income)	No
Long Beach	Yes	Discretionary	No
Oceanside	Yes	Discretionary	No
Pasadena	Yes	Discretionary	Yes
San Diego	Yes	Yes (one mile or same community planning area, or +5% additional units > 1 mile)	Yes
San Jose	Yes	Yes	Yes
Counties			
Los Angeles	No	Yes (within submarket area)	No
Riverside	No	No	No
San Luis Obispo	Yes (tiered rate based on unit size)	Yes (within Market Area)	Yes
Santa Barbara	Yes	No	No
Santa Clara	Yes	Yes	Yes
Density Bonus Law	No	Yes	Yes

3.3.6 Other Incentives and Offsets

See Table 6 for a summary of how alternative compliance options are addressed in different jurisdictions.

- 4 of 12 profiled jurisdictions offer the possibility of fee reduction or waiver. These fees typically only include development impact fees. The reduction/waiver option commonly applies only to affordable units in the project, but discretionary processes allow negotiation for exact incentives. The City of Long Beach waives transportation improvement, park and recreation, and police/fire development fees for all affordable units in an inclusionary project. The City of San Diego waives discretionary building permit, development impact, and traffic impact fees for all affordable units. Other jurisdictions, such as the County of Los Angeles, waive fees only for projects that are 100 percent affordable.
- Only the Cities of San Diego and Long Beach provide expedited permit processing as an incentive for compliance with inclusionary housing requirements. However, both of these jurisdictions only allow 100 percent affordable projects to qualify for this incentive. Inclusionary housing projects that are 100 percent affordable are often the result of off-site construction of affordable units or a pooled effort from several projects. The City of San Diego allows developers of projects that are not 100 percent affordable to pay a fee to expedite processing. This typically results in a 50 percent reduction of project processing time.

studies faced significant legal challenges that lead to jurisdictions adopting lower than optimal fee schedules. While inclusionary housing programs establish in-lieu fees through the cost of affordable units, linkage fees are based on the economic impacts identified in nexus studies, for which estimates and subsequent fees are consistently lower relative to the costs of affordable development.

- All profiled jurisdictions offer **reduction or modification of development standards and design guidelines** as an incentive for providing affordable set-asides, which is an incentive also provided by the SDBL, Jurisdictions have flexibility, however, in defining a menu of options for this incentive. These can touch on parking requirements, height and set-back limits, discretionary design reviews, and other measures.

Table 6: Developer Incentives and Offsets for Comparable Programs

	Density Bonus (Beyond SDBL)	FAR Bonus	Fee Reduction	Expedited Processing	Reduced Development Standards	Reduced Design Guidelines
Cities						
Carlsbad	Yes	Yes	Yes	No	Yes	Yes
Chula Vista	Yes	Yes	No	No	Yes	Yes
Long Beach	Yes	No	Yes[1]	Yes	Yes	Yes
Oceanside	No	No	No	No	Yes	Yes
Pasadena	No	No	No	No	Yes	Yes
San Diego	Yes	No	Yes[2]	Yes	Yes	Yes
San Jose	Yes	No	No	No	Yes	Yes
Counties						
Los Angeles	Yes	No	Yes[3]	No	Yes	Yes
Riverside	Yes	No	No	No	Yes	Yes
San Luis Obispo	No	Yes	No	No	Yes	Yes
Santa Barbara	Yes	No	No	No	Yes	Yes
Santa Clara	No	No	No	No	Yes	Yes
Density Bonus Law	NA	Yes	Yes	NA	Yes	Yes

(1) Transportation improvement, park and recreation, police, and fire development impact fees
(2) Discretionary building permit, development impact, and traffic impact
(3) For 100% affordable: building permit and traffic impact fees

3.3.7 Density Bonuses and the State Density Bonus Law

- The profiled jurisdictions fall into two categories in how they relate to the set-asides and incentives provided by the California State Density Bonus Law program (SDBL). The first category, which includes Carlsbad, Chula Vista, Riverside, San Luis Obispo, features programs with density incentives that align with the SDBL schedule but that require a discretionary process to permit an exchange of higher set-asides for higher densities that surpass those allowed in the SDBL. This process usually entails approval of a zoning change and other provisions to address any negative effects that might result from increased density.
- The second category, which includes the City of San Diego and Los Angeles County programs, provides a set schedule with density bonuses that extend beyond those provided by the SDBL. The City of San Diego has lower incentive thresholds for its very low income category, enabling developers to claim more incentives than the SDBL allows. The City also grants 4 and 5 concessions at lower thresholds while the SDBL maxes out at 4 concessions. Los Angeles County incentives also align with the SDBL schedule but has additional incentives for developers who provide extremely low income housing units (30% AMI).
- As outlined in the SDBL, developers may be granted density bonuses through land donations for very low income projects. The SDBL allows for a land donation to be combined with density bonuses granted through affordable housing or senior citizen housing, up to a maximum of 35%. The parcel must be located within the boundary of the proposed development, or with one-quarter mile of the boundary of the proposed development if the jurisdiction agrees.
- Incentives and concessions among all jurisdictions are similar such as reductions in development standards or in design requirements, or approval of mixed-use zoning.

4. GPA Policy Peer Jurisdiction Review

Cities and counties employ a range of regulatory tools to facilitate housing development such as zoning code amendments, special overlays, specific plans, master plans, and general plan amendments. The general plan amendment process is a path for land development projects that seek non-general plan-compliant development. Up-zoning or re-zoning through changes to the zoning code or general plan can increase density, create value, and provide a resource to fund affordable housing, ensure community benefits, and manage growth.

AECOM surveyed ten peer jurisdictions, including five California cities and five California counties, to explore how each couples affordable housing development with the GPA process. The five peer cities include San Diego, Chula Vista, Los Angeles, San Francisco, and Carlsbad; the five peer counties include Riverside, Sacramento, Los Angeles, Placer, and Monterrey. A summary of the comparison is shown Table 7, and the key observations are as follows.

- Eight of the ten jurisdictions have mandatory inclusionary housing programs in place, and a ninth (the City of Los Angeles), has one under development.
- Nine of ten jurisdictions require GPAs to provide affordable housing, and one (Los Angeles County) specifies that some form of community benefit be provided, which may consist of affordable housing.
- Five of ten jurisdictions (Chula Vista, Los Angeles City, Riverside County, Placer County, and Monterey County) require GPAs to provide greater amounts of set-aside than GP-compliant projects. For example, Chula Vista requires projects seeking a land use plan amendment to provide equal or greater public benefit to the community. The City of Los Angeles through Measure JJJ sets inclusionary requirements for projects that request a density increase beyond what is allowed by the State Density Bonus Law or for projects switching land use from non-residential to residential. In Placer County, GP-compliant projects between 8 and 99 units are required to provide a 10% set-aside, whereas projects requiring General Plan Amendments must also provide a 10% set-aside for projects between 1 and 7 units. And in Monterey County, the Inclusionary Housing Program mandates 20% set-asides for GP-compliant projects and 35% set-aside for GPA projects.
- Some jurisdictions have inclusionary requirements in certain subareas where planned unit developments (PUDs) are the norm or only for projects of a certain size. For example, the City of San Diego has separate, higher set-aide requirements for its North City Future Urbanizing Area, where master-planned developments predominate. The City of Chula Vista applies inclusionary housing requirements to projects of 50 units or greater, which make up most of the residential development in the city. In both cases, the cities' reliance on PUDs results in a de-facto inclusionary housing requirement for large residential developments.
- In the five jurisdictions without specific set-asides for GPA projects where discretionary Development Agreements are negotiated on a case-by-case basis, the affordable set-asides are nonetheless typically set at a rate higher than required for GP-compliant projects.

Table 7: Inclusionary Programs for GPA Projects at Peer Jurisdictions

Jurisdiction	Mandatory/Voluntary Inclusionary Housing Program	Are Affordable Set-Aside Requirements for GPA projects different from those for GP-Compliant Projects?
Cities		
San Diego	Mandatory	**No**: However, while citywide inclusionary Program applies equally to all development, projects in the North City Future Urbanizing Area (NCFUA), which is dominated by large PUDs, must provide 20% affordable set-aside compared to 10% in the remainder of the City.
Chula Vista	Mandatory	**Yes**: Set-aside requirements are applied through discretionary Development Agreement (DA) but must be greater than required by GP-compliant projects.
Los Angeles	Voluntary (but Mandatory under development)	**Yes**: Per Measure JJJ, up-zoned GPA projects or parcels converted from non-residential uses must have affordable set-asides
San Francisco	Mandatory	**No**: But as set-aside requirements are applied through discretionary Development Agreement (DA), the set-asides are in practice usually larger than for by-right projects.
Carlsbad	Mandatory	**No**: Set-aside requirements are applied through discretionary Development Agreement (DA), but there is no provision that GPA projects set aside more than GP-compliant projects.
Counties		
Riverside	Voluntary	**Yes**: Incentive Zoning ties up-zoning to affordable for-sale housing. R-6 Residential Incentive Zone allows higher-density residential zoning with an inclusionary housing requirement: 15% Low or 25% Moderate
Sacramento	Mandatory	**No**: But Master Plans in New Growth Areas are required to provide 34.8% new units at 20 DU/AC or more, which provides housing that can be more affordable (if not covenanted).
Los Angeles	Mandatory	**No**: Specific Plans, which are guided through a discretionary Development Agreement (DA), are required to provide community benefits, which may include affordable housing.
Placer	Mandatory	**Yes**: GPA projects must provide 10% set-aside for all project sizes, while GP-Compliant projects require 10% set-aside for projects 100 units or more, and fees for projects between 8-99 units.
Monterey	Mandatory	**Yes**: GP-Compliant projects require 20% set-aside, but GPA projects require 35% set-asides

From this review, it may be concluded that GPA projects at peer jurisdictions are expected to provide a higher inclusionary set-aside than GP-compliant projects.

5. Market Assessment

5.1 Overview

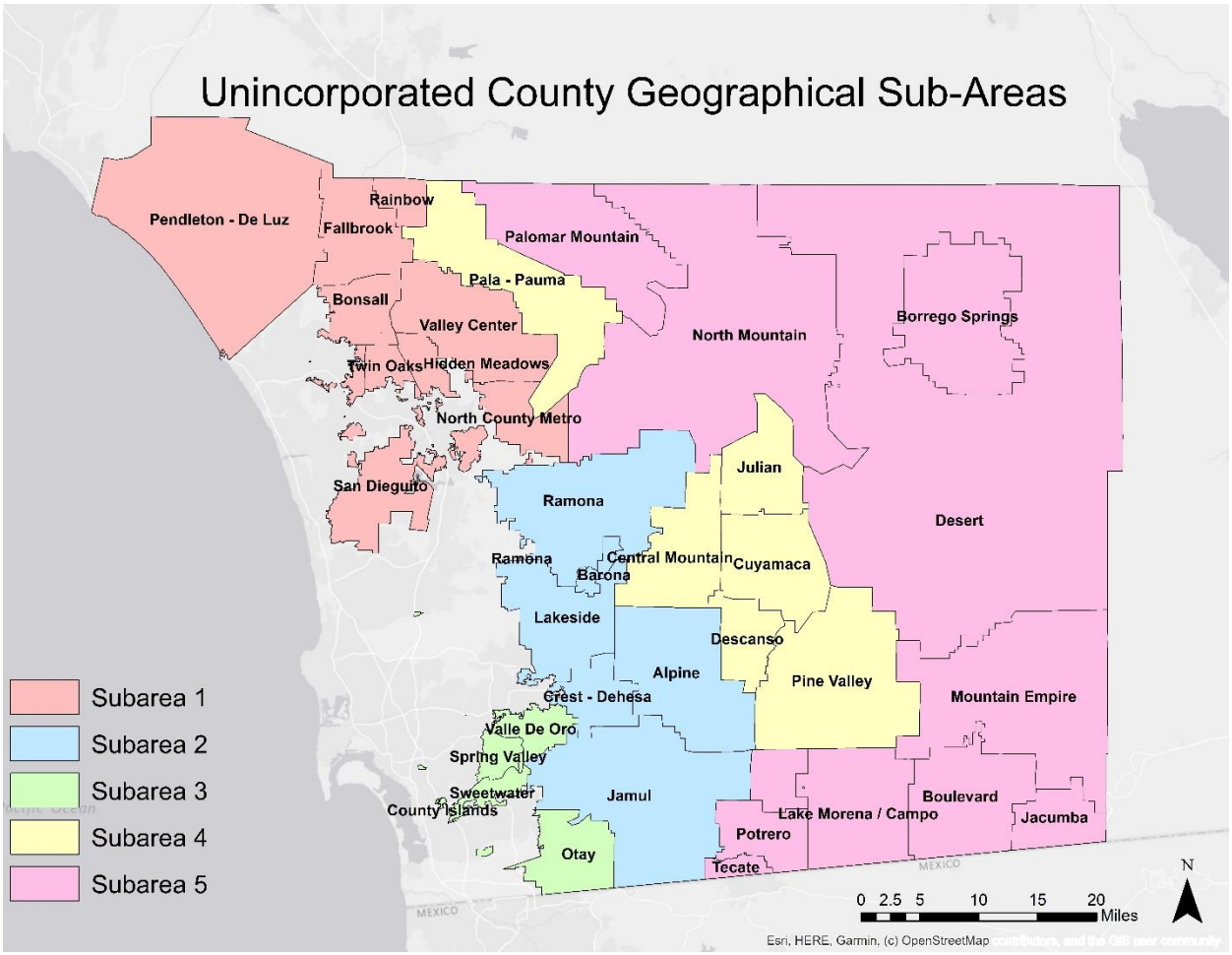
The purpose of this chapter is to evaluate the socio-economic characteristics and residential market trends in the unincorporated County area that inform housing production and provide a foundation for assessing the feasibility of an inclusionary housing program. The analysis draws upon existing housing policy documents such as the California Department of Housing and Community Development State Income Limits for 2022, SANDAG Regional Housing Needs Assessment (6th Housing Element Cycle), the adopted Housing Element of the County's General Plan, and the County of San Diego's 2018 report on Options to Improve Housing Affordability in the unincorporated area.

5.2 Geographic Subareas

The unincorporated area occupies a large proportion of total county area and features many submarkets with unique economic conditions. As noted in Section 4, inclusionary housing programs at some jurisdictions feature set-aside and in-lieu fee schedules differentiated by geographical sub-area where underlying conditions warrant.

To explore whether the San Diego County inclusionary housing program should differentiate between submarket area, AECOM assessed market and socioeconomic conditions in five discrete geographies, which correspond to major political, geographical, and market boundaries. Subarea 1 features the northern-most CPAs, Subarea 2 corresponds to the most centrally located CPAs, and Subarea 3 references the southern-most CPAs. Subarea 4 describes a generally mountainous portion of the County, while subarea 5 corresponds to the County's least-settled areas. Subareas 1 through 5 are shown in Figure 2. (For the remainder of this document, the total county area inclusive of both unincorporated and incorporated areas is referred to as the "County" or "San Diego County," and the unincorporated area is referred to either by sub-area, as the "unincorporated area," or as the "unincorporated county.")

Figure 2: Geographical Sub-Area Map



Source: ESRI, AECOM

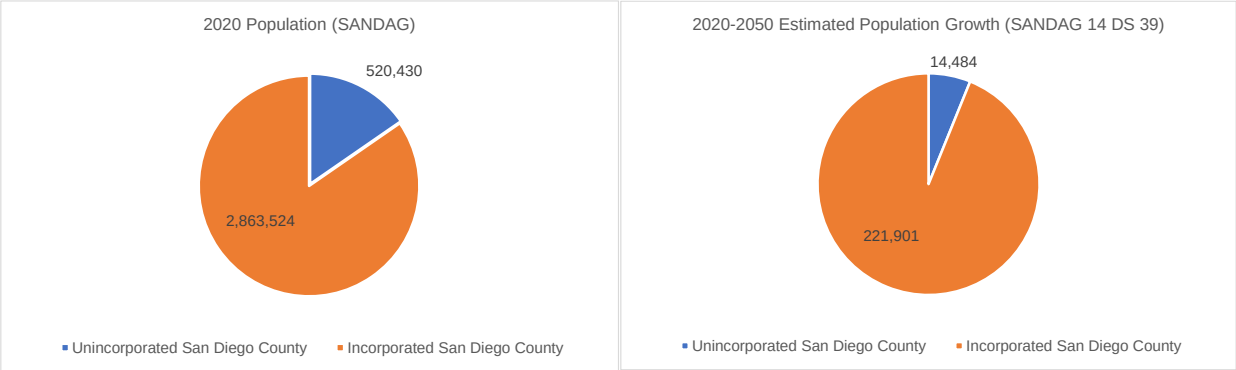
5.3 Population, Employment, and Income

Population, employment, and income trends provide the basis for understanding residential demand in the unincorporated area and sub-areas.

- As indicated in Figure 3, the unincorporated area has a population of 520,0430, which is equivalent to 15% of the County population of 3,383,954. From 2020 to 2050, SANDAG (14 DS 39) projects the unincorporated area to capture 6% of population growth, indicating expected slower growth in the unincorporated area.[9]

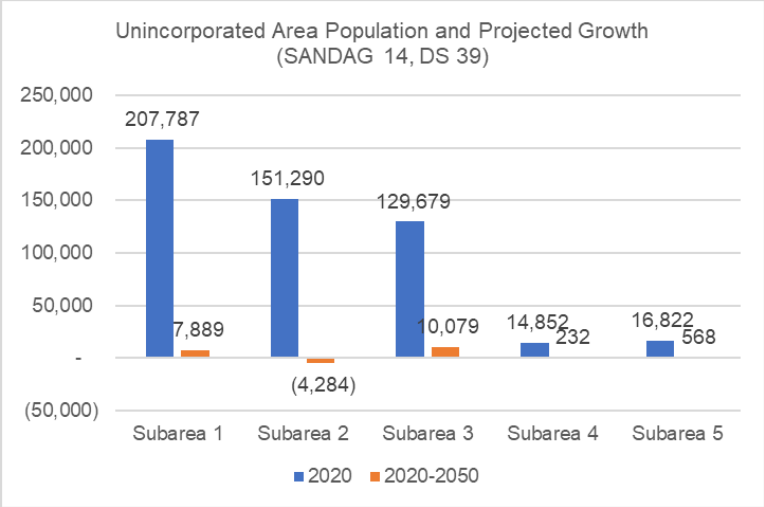
[9] Projected future growth comes from SANDAG's Regional Growth Forecasts, which rely on the interaction of four models: (1) Demographic and Economic Forecasting Model, (2) Interregional Commute Model, (3) Urban Development Model, and (4) the Transportation Forecasting Model. The growth forecasts indicate that the areas in the east of the unincorporated County are likely to grow faster than those of the north and south because of current trends in employment and housing growth, land use designations, and transportation patterns.

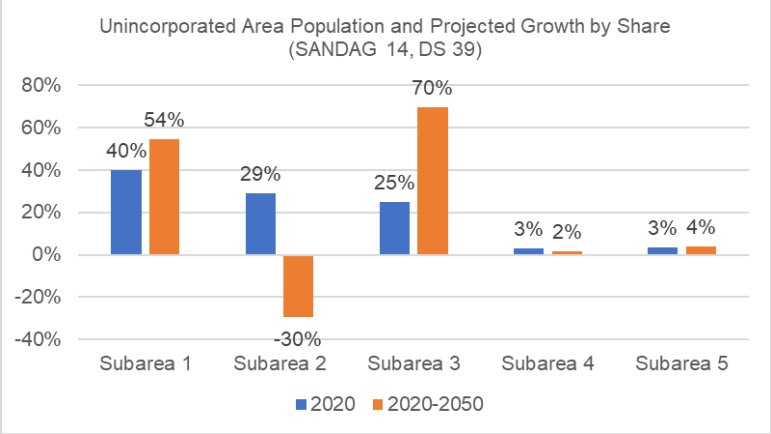
Figure 3: Population and Forecast, Incorporated and Unincorporated Areas, 2020-2050



- Figure 4 shows that Subarea 1, Subarea 2, and Subarea 3 contribute most of unincorporated area population. SANDAG projects Subarea 1 and Subarea 3 to also capture most new growth through 2050 and Subarea 2 to lose a significant amount of population.

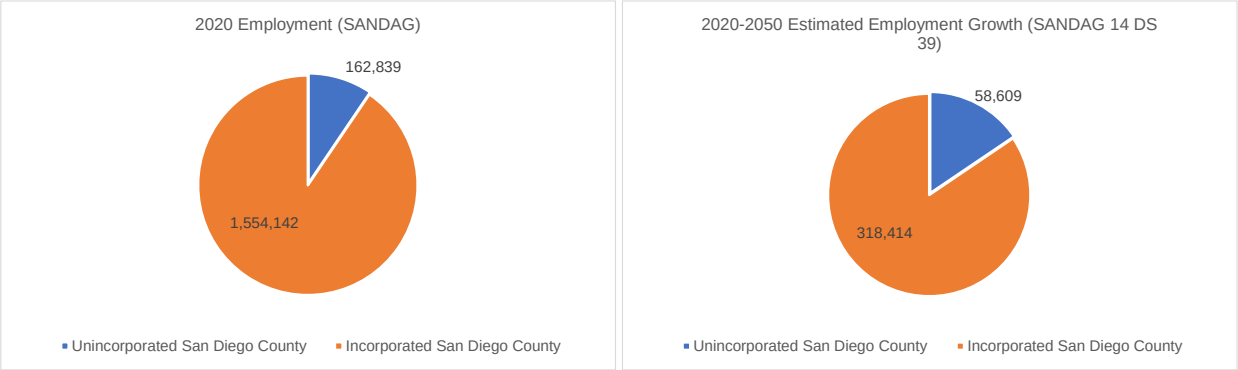
Figure 4: Population and Forecast by Sub-Area 2020-2050





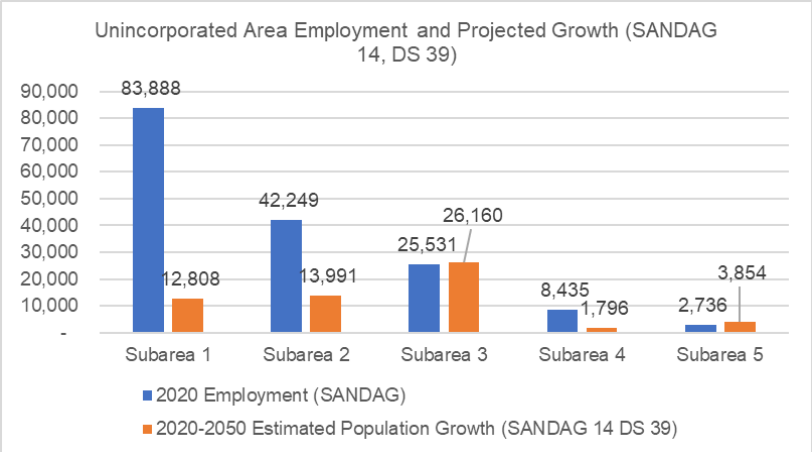
- Figure 5 shows current unincorporated area employment of 162,839, which is 95% of total County employment. Projections indicate that unincorporated area employment will grow faster through 2050 than in the incorporated area.

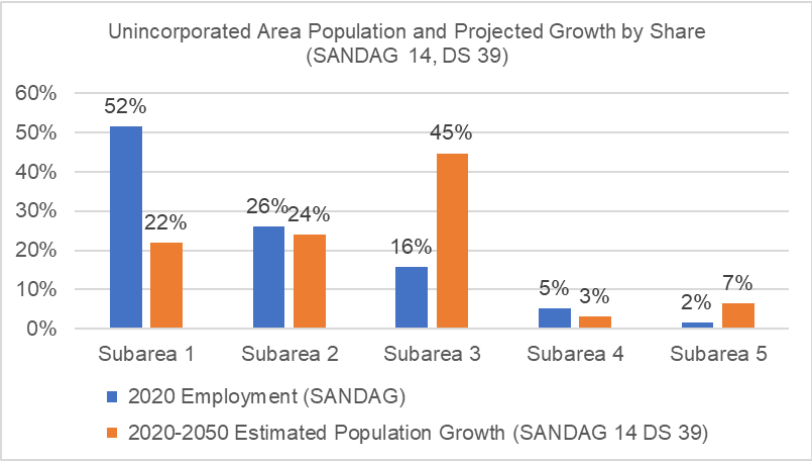
Figure 5: Employment and Forecast, Incorporated and Unincorporated Areas, 2020-2050



- Figure 6 shows that Subarea 1, Subarea 2, and Subarea 3 contribute 151,668 jobs representing 94% of the unincorporated area. SANDAG projects Subarea 3 (Otay Mesa in particular) will capture most new growth through 2050, followed by Subarea 2 and Subarea 1.

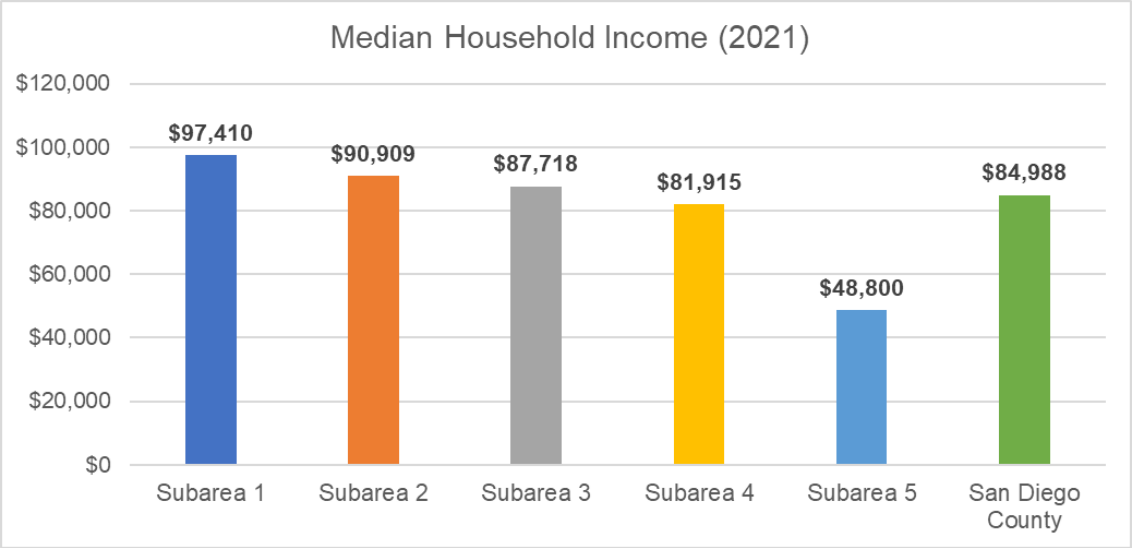
Figure 6: Employment Forecast by Sub-Area 2020-2050





- In all the prior illustrations, Subarea 4 and Subarea 5 are revealed as relatively modest contributors of population and employment.

Figure 7: Median Household Income (All Households) by Sub-Area



Source: ESRI

- As shown in Figure 7, Subarea 1, Subarea 2, and Subarea 3 exceed the County average while Subarea 4 and Subarea 5 lag it.[10]

5.4 Residential Supply Characteristics

This section documents historical and pipeline trends in residential supply production to obtain insight into current and future market-supported residential uses in the unincorporated area.

5.4.1 Housing Inventory

Table 8: Housing Inventory and General Plan Capacity

	2021 Inventory		General Plan Capacity			Inventory Growth 2011-2021		
	Units	Share of Total	Total Capacity	Remaining Capacity	Remaining % Total	Units	CAGR	Share of Capacity
Subarea 1	67,442	38%	91,828	24,386	41%	4,500	0.69%	5%
Subarea 2	55,770	31%	70,940	15,170	25%	2,032	0.37%	3%
Subarea 3	42,146	23%	47,418	5,272	9%	577	0.14%	1%
Subarea 4	6,076	3%	8,993	2,917	5%	176	0.29%	2%
Subarea 5	8,315	5%	20,747	12,432	21%	140	0.17%	1%
Total Unincorporated Area	**179,749**	**100%**	**239,926**	**60,177**	**100%**	**7,425**	**0.42%**	**3%**

Source: County of San Diego Planning and Development Services, AECOM

- According to PDS and the County's Housing Production and Capacity Portal, the unincorporated area has approximately 180,000 residential units as of 2021. Of these, the Subarea 1 contributes 38%, Subarea 2 31%, Subarea 3 23%, Subarea 4 3%, and Subarea 5 5%.
- The County General Plan has capacity for approximately 240,000 residential units, which means the unincorporated area is approximately 75% built out. The largest share of the 60,000 units of remaining capacity is in Subarea 1 with 41 percent, followed by Subarea 2 at 25 percent, Subarea 5 at 21%, Subarea 3 9%, and Subarea 4 at 5%.

[10] County median income is a different measure than Area Median Income (AMI), which is referenced in Table 14. Median income is derived from a base of all households in the County regardless of household size, while AMI, a measure prepared by HUD for use in gauging household eligibility for affordable housing, is based on a four-person household. For 2021, the AMI in the San Diego-Carlsbad Metropolitan Statistical Area (MSA) for a family of four is $106,900.

Table 9: Residential Development 2011-2021 by Type and Sub-Area

	Subarea 1		Subarea 2		Subarea 3		Sub Area 4		Subarea 5		Total Unincorporated County	
	Units	% Total	Units	% Total	Units	% Total	Units	% Total	Units	% Total	Units	% Total
Single Family	1,284	29%	756	37%	174	30%	106	60%	50	36%	2,370	32%
Tract Home	2,403	53%	368	18%	75	13%	0	0%	0	0%	2,846	38%
Duplex/Condominium	200	4%	107	5%	40	7%	3	2%	0	0%	350	5%
Apartment	68	2%	148	7%	92	16%	0	0%	0	0%	308	4%
Mobile Home	273	6%	428	21%	73	13%	53	30%	85	61%	912	12%
ADU/Guesthouse[1]	250	6%	207	10%	113	20%	7	4%	3	2%	580	8%
Miscellaneous[2]	22	0%	18	1%	10	2%	7	4%	2	1%	59	1%
Total Dwelling Units	**4,500**	**100%**	**2,032**	**100%**	**577**	**100%**	**176**	**100%**	**140**	**100%**	**7,425**	**100%**

(1) Category will be reorganized in the future to remove reference to guesthouses, which are no longer counted as housing units by the county, and to add Junior ADUs as a separate category.

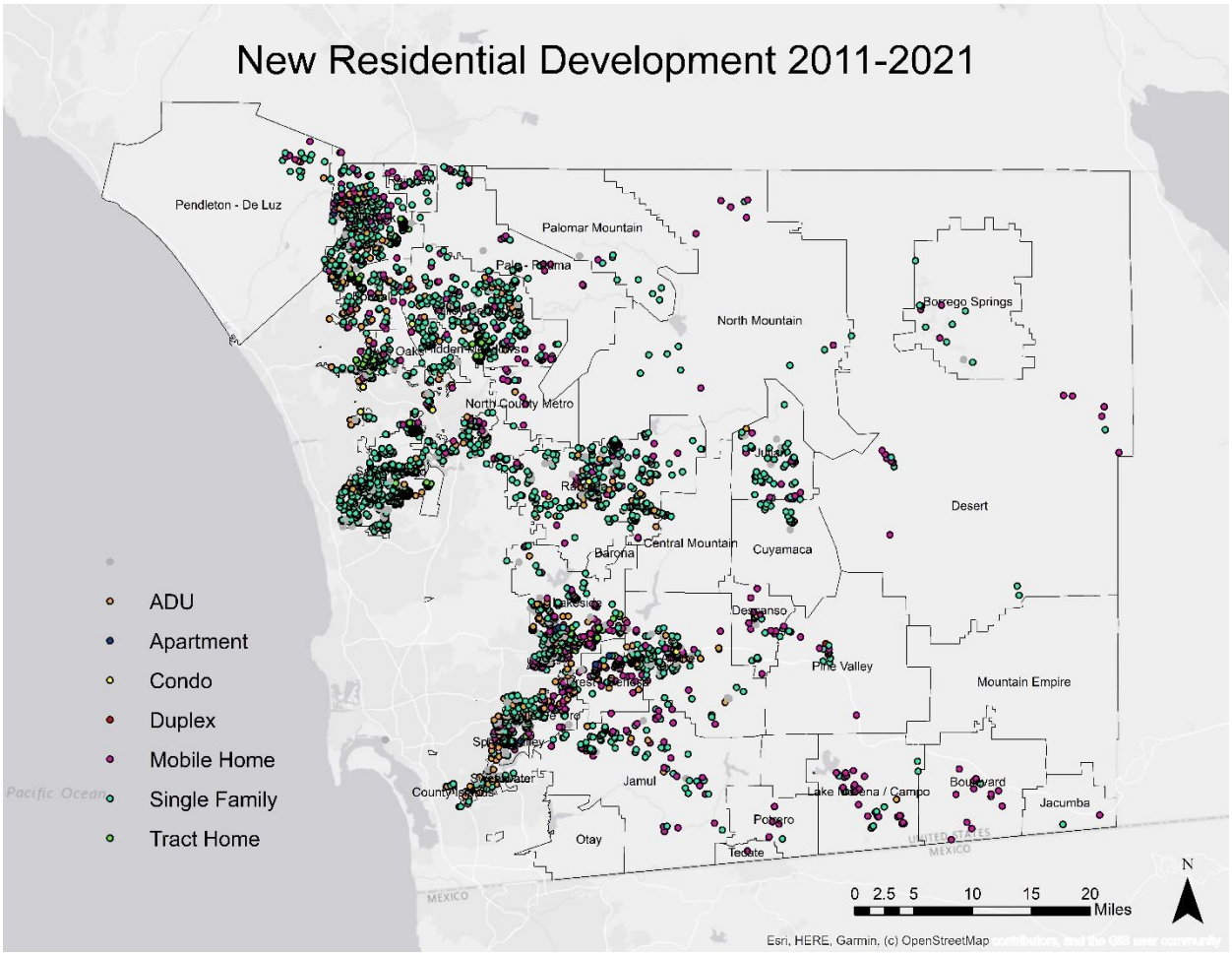
(2) Includes multiple building permit types where completed dwelling units were recorded, including: lodges, fraternity and sorority houses, hotels, motels, tourist cabines, and pool houses.

Source: San Diego County Building Permits Data, AECOM

- According to County Permits Data[11], from 2011 to 2021, unit inventory in the unincorporated area grew approximately 4.3 percent.
- Most recent development (61%) occurred in Subarea 1, followed by Subarea 2 (27%), Subarea 3 (8%), Subarea 4 (2%), and Subarea 5 (2%)
- Approximately 32 percent of inventory growth between 2011 and 2021 was in the Single Family Detached category. Attached housing (Duplexes/Condominium plus Apartments) contributed 9 percent of growth, while Mobile Homes added 12 percent.
- Broken out by sub-area, Subarea 1 overwhelmingly added Single Family Detached Units and Tract Homes with a combined 82 percent of growth in the sub-area in these categories alone. Subarea 5 added 85 Mobile Homes, 61% of its inventory. Subarea 3 saw the most balanced mixed of residential growth, with no one category exceeding 30% of total growth.

[11] Note: figures for total residential unit growth between 2011 and 2020 in the unincorporated area differ slightly by data source, with figures from Permits Data shown in Table 9 close to but slightly lower than figures from PDS shown in Table 8.

Figure 8: New Development 2011-2021 by Type and Sub-Area



Source: San Diego County Building Permits, AECOM

5.4.2 Residential Development Pipeline

Table 10: County Housing Development Pipeline by Type

	Subarea 1		Subarea 2		Subarea 3		Sub Area 4		Subarea 5		Total Unincorporated	
	Units	% Total	Units	% Total	Units	% Total	Units	% Total	Units	% Total	Units	% Total
Single Family	78	16%	42	30%	17	24%	9	69%	2	29%	148	20%
Tract Home	307	62%	18	13%	6	8%	0	0%	0	0%	331	46%
Duplex/Condominium	9	2%	1	1%	0	0%	1	8%	0	0%	11	2%
Apartment	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Mobile Home	16	3%	23	17%	1	1%	2	15%	3	43%	45	6%
ADU/Guesthouse[1]	83	17%	51	37%	45	63%	0	0%	1	14%	180	25%
Miscellaneous[2]	3	1%	3	2%	2	3%	1	8%	1	14%	10	1%
Total Dwelling Units	**496**	**100%**	**138**	**100%**	**71**	**100%**	**13**	**100%**	**7**	**100%**	**725**	**100%**

(1) Category will be reorganized in the future to remove reference to guesthouses, which are no longer counted as housing units by the county, and to add Junior ADUs as a separate category.

(2) Includes multiple building permit types where completed dwelling units were recorded, including: lodges, fraternity and sorority houses, hotels, motels, tourist cabines, and pool houses.

Source: San Diego County Building Permits Data, AECOM

- San Diego County Building Permits Data indicates a total of 725 units in the development pipeline[12] in the unincorporated area. If built, these will increase inventory by 0.7% percent.
- Most of the pipeline (68%) is in Subarea 1, followed by Subarea 2 (19%), Subarea 3 (10%), Subarea 4 (2%), and Subarea 5 (2%)
- The development pipeline generally reflects the product mix from the 2011 to 2021 period. Single Family Detached Units make up 20 percent of the total, while Tract Homes constitute 46%. Attached housing (Duplex/Condominium plus Apartments) consists of 2 percent of the pipeline.
- ADU/Guesthouse units, making up 25% of the pipeline, is the only category exhibiting significant change from the prior period, which saw 6 percent of units in this category.
- The geographical pattern of development for pipeline units continues historical development trends from 2011-2021, which saw new development concentrated in the western portion of the unincorporated sub-areas and along major freeways.

5.4.3 GPA Market Trends Analysis

This section considers how trends in GPA growth have differed from GP-compliant growth in the unincorporated county area.

- As indicated in Table 11, General Plan Amendment (GPA) Projects have been a significant source of residential growth, contributing more than 20,000 dwelling units in 51 projects to the County's housing inventory, including more than 1,800 units between 2011 and 2021.
- While most GPA projects change land use designation to Specific Plan Area (SPA), others adopt standard County land use designations. Some SPA projects were not created through an amendment to the General Plan or were initiated by the County. For this reason, there is a close correlation between GPA and SPA projects, but they are not always the same.
- The CPAs with the largest shares of the current GPA dwelling unit inventory are San Dieguito (41%), Valle de Oro (24%) and Fallbrook (11%).
- Several GPA projects are completely built out, whereas others have yet to break ground. For example, Valle de Oro has a large inventory but no remaining GPA capacity, and large approved projects at Otay and Jamul-Dulzura have yet to initiate construction.
- The most active GPA projects from 2011 to 2021 were in the Fallbrook and San Dieguito CPAs Subarea 1. These areas have experienced significant growth in GPA inventories and have also had new projects approved in recent years.
- GPA Projects range in size from less than one hundred units to several thousand. The average developed lot size for GPA dwelling units is around one acre, although recent growth patterns indicate a shift to smaller lots and low density multifamily building types, such as detached condominiums and townhomes. More recently approved projects have continued the trend towards denser building types, such as in Otay, Jamul-Dulzura, and San Dieguito.
- The remaining GPA development capacity is for approximately 16,000 dwelling units. Because these units are already entitled, their development will not be subject to inclusionary housing requirements.

[12] The pipeline indicated in the table reflects only projects under construction. Adding proposed projects, projects in the middle of obtaining approvals, and approved projects that have not yet begun construction would increase the pipeline by an additional 15,500 units. These units have been proposed in various GPA projects at all stages of development, and the timeline and eventual construction is uncertain.

Table 11: GPA Project Inventory by CPA[13]

		GPA Projects		Total Inventory		Units Built 2011-2021		Remaining Capcity	
CPA	Region	Projects	% Total	Units	% Total	Units	% Total	Pipeline	Unbuilt Capacity
Bonsall	Subarea 1	3	6%	169	1%	0	0%	0	0
Fallbrook	Subarea 1	6	12%	2,307	11%	632	34%	213	1,080
North County Metro	Subarea 1	5	10%	1,891	9%	132	7%	4	756
Valley Center	Subarea 1	4	8%	289	1%	16	1%	84	369
San Dieguito	Subarea 1	10	20%	8,228	41%	972	53%	227	1,276
Alpine	Subarea 2	1	2%	121	1%	0	0%	0	0
Crest-Dehesa	Subarea 2	2	4%	362	2%	0	0%	0	0
Jamul-Dulzura	Subarea 2	0	0%	0	0%	0	0%	0	2,209
Lakeside	Subarea 2	6	12%	1,059	5%	61	3%	6	307
Ramona	Subarea 2	5	10%	528	3%	0	0%	0	542
Otay	Subarea 3	1	2%	16	0%	16	1%	0	6,082
Spring Valley	Subarea 3	2	4%	0	0%	0	0%	15	325
Valle De Oro	Subarea 3	1	2%	4,957	24%	2	0%	1	0
Desert	Subarea 5	3	6%	370	2%	1	0%	2	1,809
Mountain Empire	Subarea 5	1	2%	3	0%	0	0%	0	1,244
North Mountain	Subarea 5	1	2%	0	0%	0	0%	0	358
Total		**51**	100%	**20,300**	100%	**1,832**	100%	**552**	**16,357**

Source: San Diego County Builing Permits, San Diego County Tax Assessor, Housing Cpacity Portal, AECOM

- More recently, as shown in Table 12, of the 7,425 housing units completed between 2011 and 2021, 67% were in GP-compliant projects and 33% in GPA projects.[14]
- Single-family homes on both large lots (densities less than 2 dwelling units per acre) and small lots were the largest contributors to growth in inventory. GP-compliant projects at these densities yielded 52 percent of all units produced.
- Single Family residents in Specific Plan[15] areas comprised a large and growing share of units with 24 percent of the total. These are typically master-planned communities or planned unit developments from large land developers and homebuilders. The developers here include Lennar, D R Horton, Richmond Homes, Beazer Homes, and KB Home. The next-largest category was for Detached Condominiums in Specific Plan Areas followed by single-family homes in SR-1 (Semirural Residential) areas.
- Notably lacking are projects at higher densities that would be permitted in the Village Residential 20, 24, and 30 DU/AC tiers. This is consistent with historical trends in the unincorporated area that show a strong market preference for detached single family homes over attached products.

[13] For a complete list of GPA projects, see Table 52 in the Appendix.
[14] Note: this set excludes mobile homes and ADUs.
[15] A Specific Plan is a planning document that implements the goals and policies of the General Plan for a defined sub-area. Specific Plans typically contain development standards and implementation measures that go beyond what the normal zoning would regulate, providing an additional layer of planning control. Many GPA projects adopt a Specific Plan Area land use designation upon approval.

Table 12: GPA and GP-Compliant Residential Production in the Unincorporated Area 2011-2021

Land Use Designation	Units	Share of Total
By Right Projects		
Single-Family Large Lot (<VR 2)	2,978	40%
Single-Family Small Lot (VR 2 to VR 7.3)	915	12%
Multifamily Lower Density (>VR 7.3 to VR 15)	574	8%
Multifamily Higher Density (>VR 15 to VR 30)	250	3%
Non-Residential Land Uses	244	3%
SubTotal	**4,961**	**67%**
Specific Plan Area Projects		
Single Family Large Lot	546	7%
Single Family Small Lot	1,289	17%
Multifamily Low Density	465	6%
Multifamily High Density	88	1%
Mobile Home	46	1%
ADU	30	0%
Subtotal	**2,464**	**33%**
Total	**7,425**	**100%**

Source: San Diego County Builing Permits, San Diego County Tax Assessor, AEOCM

5.5 Affordable Housing Demand

This task integrates findings from the socio-economic and residential supply analyses to characterize demand for affordable housing in the unincorporated area. The analysis builds upon work conducted separately as part of the 6th Cycle Regional Housing Needs Assessment (RHNA) and Housing Element update.

California state law mandates that regions produce a Regional Housing Needs Assessment as part of a periodic process of updating local housing elements of general plans. RHNA quantifies the need for housing within each jurisdiction and establishes goals for housing production at various income levels. In July 2020, the San Diego Association of Governments (SANDAG) approved the 6th Cycle Regional Housing Need Assessment Plan for San Diego, which allocates residential growth for the period of 2021-2029.

Table 13: RHNA County and Unincorporated Area Allocation 2021-2029

	Very Low (30%-50% AMI)	Low (50%-80% AMI)	Moderate (80%-120% AMI)	Above Moderate (>120% AMI)	Total
Unincorporated Area					
Allocation	1,834	992	1,165	2,709	6,700
% Total Allocation	27%	15%	17%	40%	100%
% County	4%	4%	4%	4%	4%
San Diego County					
Allocation	42,332	26,627	29,734	72,992	171,685
% Total Allocation	25%	16%	17%	43%	100%

Source: SANDAG RHNA Allocation 6th Cycle

- The 6th Cycle RHNA mandated by the state of California to quantify housing need and update General Plan Housing Elements, establishes housing production goals for the period of 2021-2029 for all of San Diego and the unincorporated area.

- SANDAG adopted the RHNA Plan in July of 2020, which targets growth of 171,685 units in the County between 2021 and 2029.
- Although the unincorporated area comprises 16 percent of County population and is forecast by SANDAG to capture 16 percent of population growth between 2020 and 2035, the RHNA allocation targets the unincorporated area for only 4 percent (6,700 units) of total housing growth. This allocation, which is also lower than that allocated in the 5th cycle RHNA Allocation for the previous decade, is due to the fact that the 6th cycle Allocation was developed in compliance with the state of California's Sustainable Communities Strategy and SANDAG's Regional Plan, which encourages housing development near employment centers and transportation infrastructure (both existing and planned).[16] Relative to other areas of the County, the unincorporated area has a small share of both transit platforms and jobs.[17]
- Of the total allocation, 27 percent of units are targeted for households at the Very Low Income tier earning between 30 and 50 percent of AMI, 15 percent for the Low Income Tier (50%-80% AMI), 17 percent to the Moderate Income tier (80%-120% AMI), and the remaining 40 percent to households with incomes above 120 percent AMI. This distribution by income category is consistent with the distribution for the County as a whole, which by comparison has a slightly lower allocation of units at Very Low Income (25% vs. 27%) and a slightly higher allocation of units at Above Moderate Income (43% vs. 40%). These allocations of housing goals by income category are designed to align with the needs of current and future residents through 2029 according to their location and household income levels.

Table 14: HUD/HCD Affordable Housing Income Limits (2022)

	Extremely Low 30% AMI	Very Low 50% AMI	Low 80% AMI	Moderate 120% AMI
AMI % for calculating qualifying income[1]	30%	50%	80%	120%
Share of Qualifying Income Towards Housing[1]	30%	30%	30%	35%
Qualifying Income[2,3]				
1-Person Household (Studio)	$27,350	$45,550	$72,900	$89,800
2-Person Household (1BR)	$31,250	$52,050	$83,300	$102,600
3-Person Household (2BR)	$35,150	$58,550	$93,700	$115,500
4-Person Household (3BR)	$39,050	$65,050	$104,100	$128,300
5-Person Household (4BR)	$42,200	$70,300	$112,450	$138,600
Housing Cost/Year				
1-Person Household (Studio)	$8,205	$13,665	$21,870	$31,430
2-Person Household (1BR)	$9,375	$15,615	$24,990	$35,910
3-Person Household (2BR)	$10,545	$17,565	$28,110	$40,425
4-Person Household (3BR)	$11,715	$19,515	$31,230	$44,905
5-Person Household (4BR)	$12,660	$21,090	$33,735	$48,510

(1) Affordability tiers and share of qualifying income from CA Health and Safety Code Section 50052.5.

(2) Area Median Income limits for Extremely Low, Very Low, and Low income tiers: San Diego County (effective 4/18/22). AMI is $106,900. (https://www.sandiegocounty.gov/sdhcd/rental-assistance/income-limits-ami/)

(3) Area Median Income limits for Moderate from AECOM by applying 120% of AMI for a 4-person household and discounting (per HUD standard practice) by 90% for a two-bedroom household, 80% for a 1 bedroom household, and 70% for a studio.

- The California Department of Housing and Community Development (HCD) updates affordable housing state income limits each year based on guidelines established by the US Department of Housing and Urban Development (HUD).
- The HUD/HCD affordable housing income limits establish the maximum household income by household size for each income tier of affordable housing. Limits are based on the AMI that applies to all jurisdictions in a county. The

[16] The RHNA allocation methodology is based on access to transit and jobs with an equity adjustment to encourage lower-income housing in areas of historically higher income levels.
[17] The unincorporated areas of the county contain no major transit stops,1.3 percent of the SANDAG Region's Rail & Rapid Stations, and 9.3 percent of total jobs.

AMI for a 4-person household in 2022 is $106,900.[18] The inclusionary housing program is one of many policy tools that will help create new residential development to address the housing needs of the San Diego Region, which includes households of these sizes and income levels. The inclusionary housing program should be designed to address the RHNA allocations and create more dwelling units at lower levels of household income.

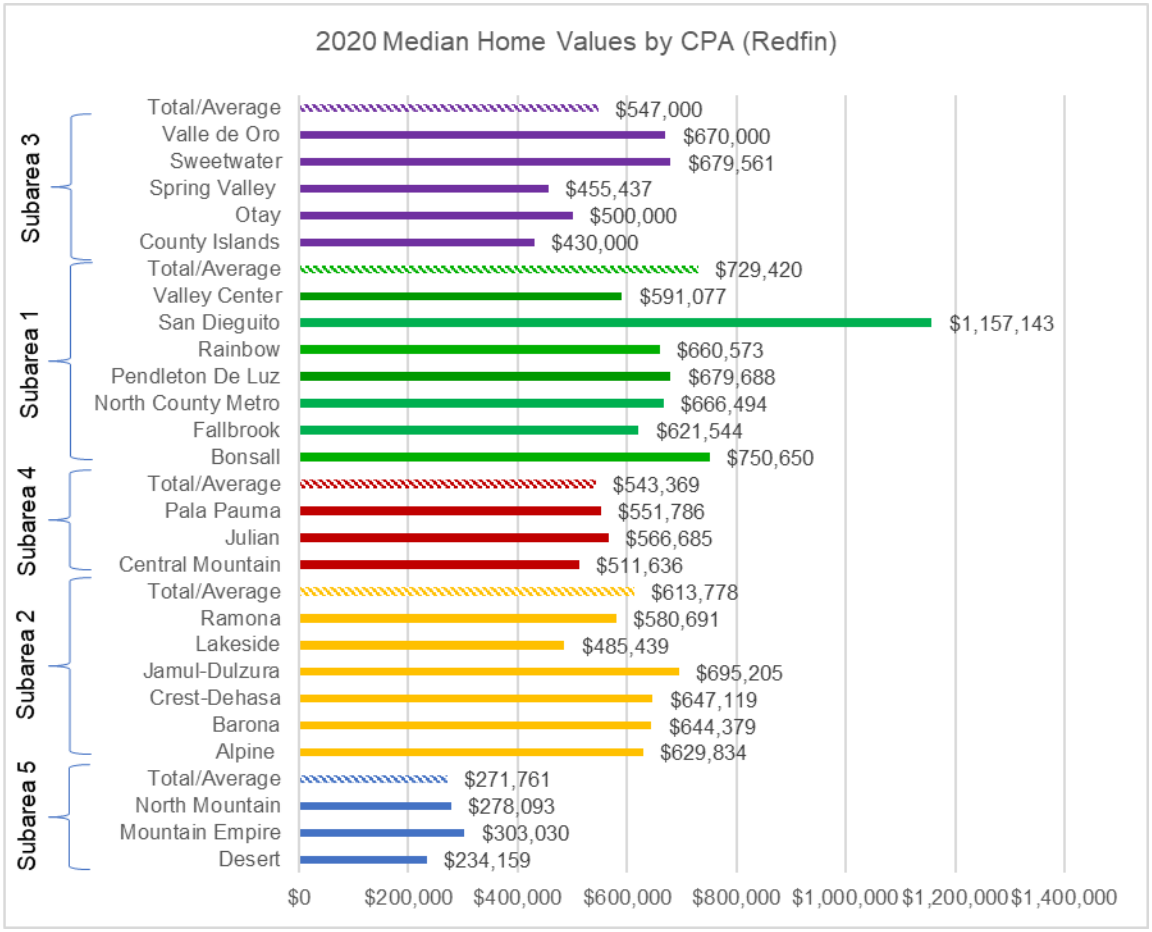
5.6 Residential Values

The unincorporated areas of the County encompass numerous communities that vary in size, proximity to urban centers, amenities, and even climate conditions. Consequently, there is significant diversity within each sub-area and even within each CPA. Some of this diversity can be seen in residential values.

Figure 9 shows median home value by CPA and average value by sub-area. Subarea 1's average median home value of $729,000 is the highest among sub-areas, followed by $613,778 for Subarea 2, $547,000 for Subarea 3, and $543,000 for Subarea 4, with Subarea 5 last at a significantly lower $272,000.

However, many CPAs across sub-area show similar values. Eleven out of 18 CPAs in Subarea 3, Subarea 2, and Subarea 1 have median home values in the range between $610,000 to $695,000. The only clear median home value outlier among sub-areas is Subarea 5.

Figure 9: 2020-21 Median Home Values by Sub-Area and CPA[19]



Furthermore, when median home values are normalized for price per square foot, as shown in Table 15, the range between sub-areas narrows even further. Subarea 4, which has the second-lowest median home value, has the

[18] Area Median Income (AMI) here is a different measure than County median income, which is referenced in Figure 7. County median income is derived from a base of all households in the County, while AMI is tiered based household sizes, as shown in Table 9.
[19] Values reference homes that were built and sold in 2020 and 2021

highest per-square foot value of $352, and Subarea 1, which has the highest sub-area value, has the second-lowest per-square foot value at $284.

The high level of home value heterogeneity within sub-areas and within CPAs themselves defies easy classification of residential submarkets.

Table 15: Home Sale Price per Square Foot by Sub-Area[1]

	Median	Maximum	Minimum
Subarea 1	$284	$500	$178
Subarea 2	$310	$454	$264
Subarea 3	$273	$344	$220
Subarea 4	$352	$443	$185
Subarea 5	$290	$318	$261

(1) Based on home sales for GP-compliant dwelling units 2020-2021
Source: Redfin, Zillow, AECOM

5.7 Summary and Conclusions

- The unincorporated area is predominantly made up of bedroom communities that export workers to job centers elsewhere in the County and beyond.
- Unincorporated area communities enjoy relatively high household incomes relative to the County average.
- Population growth in the unincorporated area has kept pace with the County, but projections indicate slower growth in the future.
- The unincorporated area is built-out to 76 percent of General Plan capacity. Subarea 1 and Subarea 2, with 66 percent of remaining capacity, have the greatest potential to absorb future growth.
- Residential inventory in the unincorporated area shows a high proportion of detached single-family homes, and recent development and project pipeline indicates continued strong emphasis on this product. The pipeline also indicates strong growth in ADUs, which represent 25 percent of dwelling units under development.
- The political and geographical sub-areas analyzed do not in general reflect clear submarkets with discrete economic characteristics that might benefit from tailored set-aside requirements. The exception is the Subarea 5, which has significantly lower home values, a small share of total unincorporated area inventory, and very little recent or pipeline development activity. Consequently, AECOM recommends applying a single set of set-aside requirements to the entire unincorporated county area but exempting Subarea 5 entirely from program participation.

6. Public Outreach

6.1 Overview

To complement the process of developing guidelines for an inclusionary housing program, the County sought input from constituents and key stakeholders involved with housing development. This section summarizes insights gained through interviews with land use professionals (Section 6.2) and focus group discussions (Section 6.3).

6.2 Interviews with Land Use Professionals

AECOM conducted a series of interviews with developers, brokers, and industry association representatives familiar with the economic geography of the unincorporated county area.

The interviewees were selected in cooperation with County staff to provide a range of perspective from the development and housing advocacy communities. The interviews were conducted telephonically and were distinct from the community workshops, which were conducted separately. Each interviewee was questioned about the opportunities and challenges of market-rate GPA development in the incorporated and unincorporated areas of the County and asked to provide feedback about a proposed inclusionary housing program and recommendations for implementation.

The following is a summary of the response received from ten interviewees. (Note: the summary reflects differing viewpoints expressed in the interviews and should not be construed as conclusive.)

Table 16: Interviewees

Interviewee	Firm/Organization	Date of Interview
Ed Holder	Mercy Housing	10/6/2020
Kurt Hubbell	DR Horton	10/7/2020
Gary London	London Moeder Advisors	10/8/2020
Jim Schmid	Chelsea Investment Corporation	10/13/2020
Mike Sweeney	Building Industry Association	10/13/2020
Matt Adams	Building Industry Association	10/13/2020
Bob Cummings	MirKa Investments	10/19/2020
William Ostrem	Lennar	10/21/2020
Andrew Malick	Malick Development	10/22/2020
Paul Barnes	Shea Homes	10/26/2020

6.2.1 Market-Rate Developer Interviews

6.2.1.1 Challenges of GPA Development in County Unincorporated Area

- Long and uncertain process for GPA project approval due to long entitlement process, CEQA, traffic impact VMT (Vehicle Miles Travelled) requirement, threat of voter referenda.
- Lack of land near transit corridors zoned for large-scale residential development.
- Topographical and environmental challenges on available land adds cost and delay.
- Limited market demand for denser residential types outside the incorporated cities. (The market favors small-lot SFR and detached condominiums in the 4.3-10.9 DU/AC range).
- Financial burden and limited sources of equity for large developments.

6.2.1.2 Challenges Posed by an Affordable Housing Requirement

- Requiring affordable units on site of "like kind" could create an extraordinary burden.

- An inclusionary housing ordinance would reduce land value, but this is unlikely to reduce land sales in the long term. Developers adjust quickly to new realities.
- The minimum project compliance trigger should be 100-150 units for a development project that could absorb the loss of value from inclusionary requirements. A 50-units threshold would be very challenging, especially if compliance required all on-site affordable units.
- A 10 percent affordable set aside is likely the upper limit for financial feasibility.
- An inclusionary housing ordinance would act as a tax on residential property. This increases the residual land value of non-residential uses.
- All projects are different, so the 30% reduction in land value threshold (for determining feasibility) is crude. However, there is likely no better rule of thumb for the entire unincorporated county.

6.2.1.3 Alternative Compliance Ideas

- Clear guidelines with maximum flexibility to allow for tailor-made solutions, as all projects are different in terms of geography, type, timing, price-point, site-constraints, etc.
- In-lieu fees, off-site compliance, and land donation are all crucial to create an inclusionary housing ordinance that works.
- Several mentioned the use of affordable housing credits or an affordable housing bank that would allow affordable developers to sell credits to market-rate developers to meet inclusionary requirements. Affordable units could be pooled together, and projects would achieve economies of scale.
- Several would be willing to exchange affordable housing units for expedited processing, guaranteed timelines, or reductions in impact fees (i.e. new traffic impact fee).
- Allow for the rehabilitation/conversion of older/dilapidated dwelling units to satisfy affordable requirement.
- Allow for For-Rent Affordable Units to satisfy requirement of For-Sale Market Rate development. This is the most cost-effective method of providing affordable housing.
- All inclusionary requirements should be introduced in phases over time to allow the market to adjust gradually.

6.2.1.4 Other Offsets the County Might Provide

- Self-certification for inspections (using a roster of pre-approved inspection consultants).
- By-right development if affordable is included.
- A tax abatement system akin to an opportunity zone with tax increment financing (TIF) for affordable housing.

6.2.2 Affordable Housing Developer Interviews

6.2.2.1 AH Financing Tools and Program Administration

- Affordable housing requires the provision of social and financial services, administrative and compliance requirements, and other legal obligations that favor larger developments that are 100% affordable.
- The cites of San Diego, Carlsbad, and Chula Vista all leverage their own city funds to help finance affordable projects. The City of San Diego has issued many bonds. Land donations from jurisdictions are also commonly used.
- Most sources of federal and state funding target very low and low income groups, but there should be more options for around 110 percent AMI. There is a significant gap between 60 percent AMI and 110 percent AMI. There are almost no tax credits or funding sources for household incomes at 120 percent AMI.
- Successful projects layer sources of funding and financing.
- Affordable housing credit bank to finance units, buy and sell credits, and/or build the project. Would reduce restrictions and burdens on developers. Several projects could serve as the bank and pool inclusionary requirements and realize scale economies, that will produce more affordable units.

6.2.2.2 Affordable Development Guidelines for GPA

- The goal of any inclusionary housing program should be to maximize the number of affordable units produced.
- Affordable Housing development requires a skillset and access to financial resources that are rare among market-rate developers.
- Site and resource identification are crucial for affordable provision. This is often a collaboration between private affordable developers, market rate developers and the jurisdiction.
- Affordable housing should be located near employment, transit, and site amenities that are seldom available in a GPA PUD project.
- For-sale affordable housing requires complex equity sharing agreements that often make them infeasible or undesirable, difficult to regulate, difficult to find buyers, and inefficient.
- For Sale Affordable Housing for income groups below 80%-120% AMI creates an affordability gap that is too large to fill.
- Inclusionary Housing Ordinances require a careful trade-off between market-rate and affordable housing. Too steep of a requirement will produce less affordable housing if it dampens supply of market-rate housing.
- Affordable det-aside should be capped at 10%. 15% would be the upper limit.
- 24 DU/AC is usually the most cost-efficient density for creating homes.

6.2.2.3 Alternative Compliance Options

- On-site compliance is less appealing for market-rate developers than in-lieu fees that the jurisdiction can leverage. Having the fee option can make both market rate and affordable housing more feasible.
- Allow for the rehabilitation/conversion of older/dilapidated dwelling units to satisfy affordable requirement.
- The in-lieu fee option should address the affordability gap of a unit, not more.
- Developers often favor credits or off-site pooled projects over in-lieu fees due to questions of transparency.
- Reduction in parking requirements is often desirable and feasible for affordable developments.
- There are numerous sources of gap-funding available. Projects with more and deeper levels of affordability are more competitive for funding.
- Extremely Low and Very Low Income levels are difficult to finance and require significant outside financing.

6.3 Focus Groups

Three stakeholder focus group workshops were held to gauge support for different program criteria and explore possible impacts.

Focus group sessions were conducted via Zoom virtual meetings. A total of thirty-three stakeholders representing affordable and market-rate developers, environmental groups, and equity and labor groups participated. The sessions took place on February 28 and March 2, 2022. Participants contributed by responding to Zoom poll questions, open forum discussion, live comments posted to the Zoom chat page, and follow-up emails. Participants were asked to choose two of three topics for discussion to allow for the appropriate length and depth of conversations and to focus on topics most relevant to their interests and expertise. The three options were: A) Minimum Project Thresholds, B) Alternative Compliance Options, and C) Incentives and Concessions.

Table 17: Focus Groups

Date	Focus Group	Participants	Selected Topics
February 28, 2022	#1 – Affordable Housing Developers, Advocacy Groups	14	A – Minimum project thresholds C – Incentives and concessions
February 28, 2022	#2 – Environmental and Equity Groups, Labor Unions	7	A – Minimum project thresholds B – Alternative compliance
March 2, 2022	#3 – Market Rate Developers and Building Industry	12	B – Alternative compliance C – Incentives and concessions

The following is a summary of responses from workshop participants. (Note: the summary reflects differing viewpoints expressed in the focus groups and should not be construed as conclusive.)

- The majority of Respondents favor inclusionary requirements triggered at low thresholds (5-10 units) with few opting for All Projects (1+) or the Large Thresholds (50+).
- Respondents support more density in the unincorporated areas. To the question of which residential typology represents the best opportunity for future growth in the county, the most popular response was densities higher than 30 DU/AC, followed by Townhomes (10-20 DU/AC) and Garden Apartments (20-30 DU/AC). (Note that the question of which typology best would be able to sustain inclusionary requirements was not asked).
- A consensus of respondents preferred inclusionary units to be located in high resource areas.
- One commenter opined that the Inclusionary Ordinance should be applied county-wide and should not become a de-facto growth management policy.
- Respondents at all three focus groups emphasized support for maximum flexibility in the program with respect to set-asides and AMI levels. They agreed there should be several options available as each project is unique.
- There were several comments made to the chat and in follow-up emails about the need for different programs for for-sale vs for-rent projects. For example, for-sale projects could have higher AMI options or shorter affordability durations than for-rent.
- One commenter suggested that off-site compliance or in-lieu fees should be used to fund a pool of NOAH or provide gap financing for affordable projects that are already shovel-ready.
- In-lieu fees are popular with the majority favoring them for all projects as an option. When asked how they should be assessed, the majority opted for the size of the market rate units and for “project characteristics.”
- Follow-up comments suggested that in-lieu fees are a good way to leverage state and federal funds, provide key funding, and connect with affordable developers. Success stories in the city of San Diego were cited.
- Throughout the chat and follow-up comments, participants emphasized that affordable housing should be directed at high resource areas.
- Several commenters suggested that land dedication should be considered as an alternative compliance option only if the land can provide for the capacity of the affordable units and be provided in high resource areas.
- Participants were strongly opposed to ADUs as a compliance option (83%). (Only one focus group faced this question).
- The majority of respondents favored provision of additional incentives if developers surpassed minimum threshold requirements, and they were equally disposed towards expedited processing, additional bonus, and additional development standard waiver as potential incentive options.
- To the question of whether GPA projects should have separate requirements from GP-compliant projects, the consensus opinion was that an increase in land value or density should trigger additional requirements.

7. GPA Case Studies

In August 2021, the Board of Supervisors gave direction to:

> "Explore the potential to capture up-zoning land value windfalls through an inclusionary housing program focused on County general plan amendments (GPAs)."[20]

The purpose of this chapter is to illustrate the economics of GPA projects through case studies that explore how up-zoning creates value that may potentially be used to fund affordable housing and other community benefits.

7.1 Overview

General Plan Amendment (GPA) projects in the unincorporated County area have for decades contributed significant residential inventory to the County. GPA projects make up 12 percent of all residential inventory in the unincorporated area and have contributed 33 percent of all unit growth since 2011. GPA project applicants typically seek discretionary approval for projects that for different reasons are not permitted within the adopted General Plan framework. Consequently, each GPA project is unique, and the diversity of projects is vast with variety in location, underlying land characteristics, available and required critical infrastructure, size, density, residential product mix, commercial mix, and community benefits.

From a zoning perspective, most GPA projects change the existing land use designation to Specific Plan Area (SPA) to accommodate the new uses. The majority of GPA projects seek density increases, although some downzone, and others reorganize existing zoning to fit a new program concept, such as one that consolidates open space and concentrates residential uses near major existing or proposed infrastructure.

Some CPAs have a significant portion of total housing inventory in GPA projects, many of which have been in place for decades and predate the County's current General Plan. For example, Rancho San Diego in Valle de Oro, a master planned community with single family, multifamily, and non-residential uses, has served as a major driver of growth in that CPA. Likewise, 4S Ranch in San Dieguito has developed over 5,000 units, many of which are smaller, more affordable, and better connected to transportation networks than most GP-compliant developments in the CPA.

7.2 GPA Advantages and Risks

GPA projects can offer advantages to developers over GP-compliant projects. Foremost among them, GPA projects allow larger land parcels to be assembled than is typically possible for GP-compliant projects, and larger projects lead to scale economies that lower per-unit development costs and facilitate financing. Subject to County approval, large-scale GPA projects may also offer developers greater flexibility in master planning, landscape design, residential design, and provision of community amenities than smaller-scale GP-compliant projects. GPA projects can provide developers greater flexibility and control to design a compelling and market-sensitive product. GPA projects can benefit jurisdictions by providing a market-responsive way to recycle and re-position land between General Plan update intervals.

The advantages of GPA projects can come with substantially more market and entitlement risk than GP-compliant projects. GPA projects typically require substantial investment in land development that GP-compliant projects do not. Improvement of raw land entails expenditure for clearing, grading, infrastructure like streets, utilities, and storm drainage. This adds considerable cost and complexity to project planning

[20] County of San Diego Board of Supervisors, Tuesday, August 31, 2021, as part of the Transformative Housing Solutions

long before revenues can be collected, especially where unknown soil and environmental conditions may exist.

And because GPA projects are often located far from established urban areas, they frequently include a wide range of amenities and community benefits on site such as open space, parks, police station, fire station, and community center. Table 18 shows a summary of community benefits provided by recently approved or built GPA projects. All examples provide open space and either a park or recreational area, while the larger projects add facilities and amenities for both public and private use.

Table 18: Community Benefits from Recent GPA Projects

GPA Project	CPA	Units Entitled	Community Benefits
Campus Park	Fallbrook	751	Open Space, Private Parks, Sports Facility, Equestrian Trails, Hiking Trails, Neighborhood Commercial
Meadowood	Fallbrook	844	Open Space, Private Parks, Public Parks, Hiking Trails, Elementary School, Wastewater Treatment
Harmony Grove	San Dieguito	738	Open Space, Private Parks, Public Parks, Hiking Trails, Community Center, Fire Station
Harmony Grove South	San Dieguito	453	Open Space, Public Parks, Hiking Trails
Valiano	San Dieguito	326	Open Space, Public Parks, Private Park, Equestrian Trails, Water Treatment Facility
Aventine	Spring Valley	97	Open Space, Recreational Area
Sweetwater Vistas	Spring Valley	218	Open Space, Public Park
Sweetwater Place	Spring Valley	122	Open Space, Public Park
Otay Ranch 14	Otay	1,266	Open Space, Private Parks, Public Parks, Hiking Trails, Community Center, Fire Station, Library, School

Source: County PDS Specific Plans, AECOM

Furthermore, the entitlement process can take many years, during which time developers typically incur land costs, technical consultant fees, and overhead costs without compensation. The prominence of a GPA project tends to excite strong community resistance, which can further delay (or cancel) project approvals and require costly concessions that undercut project economics. Use of the ballot initiative process to force a public vote on GPA projects, an impediment that typically comes at the end of the entitlement process, adds further uncertainty to project planning and the threat of total project loss at the point when investors are most financially exposed. Finally, the long and unpredictable entitlement period adds considerable market risk.

As a result of these factors, many GPA projects fail due to cancellation, delay, or missed market opportunities. Recent examples include Lilac Hills Ranch and Newland Sierra, which were rejected by the Board of Supervisors; Valiano and Harmony Grove South, which while approved have been delayed by litigation; and long-approved Warner Springs Ranch and Borrego have stagnated after decades of market weakness.

7.3 How Up-zoning Creates Value

GPA projects offer a resource for affordable housing, because up-zoning raw or underutilized land can create land value that may be captured and used to fund affordable units. While up-zoning may also occur as part of a General Plan Update (GPU), the amount of up-zoning and value created in a typical GPA project can be significantly greater than the more incremental up-zoning entailed in a GPU.

An illustration of how up-zoning may create value on land zoned for lower density is shown in Error! Reference source not found.. The example is based on a recent adopted GPA project for which a site originally zoned for rural residential at approximately 1 unit per residential acre (on land designated for residential development; the project's open space is excluded from the density calculation) was rezoned to support approximately 9.7 units per acre.

The first example is the base case, which assumes the land is developed in accordance with the original zoning for large lot single-family homes averaging 3,500 square feet. In the example, the 50-acre project with 35 units generates revenue of approximately $920,000 per unit with a development cost of $660,000 for the vertical improvements and a finished lot cost of $451,000. (Note: cost and revenue assumptions

are based on current market rates.) The difference between revenue and project cost is a negative $190,000 per unit, equivalent to a -17% return on cost and indicating an infeasible project.

The second example is the up-zoned scenario, which assumes the site is developed to a density of 9.7 units per acre with 262 units averaging 2,000 square feet generating revenue of $570,000 per unit against a development cost of $403,700 per unit and a finished lot cost of $65,300. The variance between revenue and project cost is $101,000 per unit, equivalent to a 22% return on cost.

As the illustration demonstrates, the GPA up-zoning creates value that substantially increases project returns. With a mandatory inclusionary housing requirement, some of this value can potentially be captured to fund affordable housing.

Table 19: Illustration: Impact of GPA Up-zoning on Development Economics

	Base Case--Original Zoning		GPA Case--Upzoned	
Program				
ResidentialTypes	**Single Family Detached**		**Single Family Detached, Single and Multifamily Attached**	
Total Area	50 acres		50 acres	
Net Residential Lot Area	27 acres		27 acres	
Open Space	20 acres		20 acres	
Permitted Units	35		262	
Lot Area Density (DU/AC)	1.3		9.7	
Sq.Ft./Unit	3,500		2,000	
Residential Unit Development	Total Project	/Unit	Total Project	/Unit
Revenue	**$32,200,000**	**$920,000**	**$149,340,000**	**$570,000**
Development Cost	$21,000,000	$600,000	$96,154,000	$367,000
Return at 10% Cost before Land	$2,100,000	$60,000	$9,615,400	$36,700
Total Residential Unit Cost	**$23,100,000**	**$660,000**	**$105,769,400**	**$403,700**
Land Development	Total Project	/Finished Lot	Total Project	/Finished Lot
Direct Costs[1]	$10,780,000	$308,000	$10,780,000	$41,100
Indirect Costs	$830,000	$23,700	$1,775,000	$6,800
Financing	$1,300,000	$37,100	$1,400,000	$5,300
Developer Fee	$645,500	$18,400	$697,750	$2,700
Preferred Yield on Cost	$2,200,000	$62,900	$2,400,000	$9,200
Total Land Development Cost	**$15,800,000**	**$451,400**	**$17,100,000**	**$65,300**
Yield	Total Project	/Finished Lot	Total Project	/Finished Lot
Revenue	$32,200,000	$920,000	$149,340,000	$570,000
Cost	($38,900,000)	($1,111,400)	($122,869,400)	($469,000)
Residual	**($6,700,000)**	**($191,400)**	**$26,470,600**	**$101,000**
Return on Cost	**-17%**		**22%**	

(1) Land, clearing and grading, infrastructure and utilities, interior streets, hardscape/landscape, retention/detention basins, sewer system, water system, storm drainage, dry utilities, finished lots

Source: AECOM

7.4 Types of GPA Projects

There is no prototypical GPA project, as each is tailored to its location, unique land conditions, and market support. Projects range in size, and infrastructure costs can be extremely variable, as each GPA area presents a unique set of conditions for providing roads, utilities, erosion control, and other infrastructure.

A review of historical and recently approved projects, shown in Table 20, reveals that while GPA project sizes range widely, the projects that cluster towards these extremes typically share common characteristics.

- Larger Projects. From the 1980s through 2015, the most common type of GPA was a larger greenfield project based on rural residential or agricultural land up-zoned and master-planned for higher-density residential land use. These projects typically require substantial investment to convert unimproved or lightly improved land for residential construction. Larger projects typically range in size from 100 to 2,500 acres and contain between 125 and 3,000 dwelling units. Examples of recently adopted larger projects in the unincorporated county area include Horse Creek Ridge (Campus Park) and Meadowood. These have average land area of 403 acres, of which 166 acres (41%) is allocated to residential units and 204 acres (51%) is open space. At the original land use designation, the two projects had capacity for 256 units (1.6 du/ac), which the GPA increased to 798 units (4.9 du/ac).
- Smaller Projects: The most common type of GPA project since 2015 has been a smaller infill project. These projects are typically located in more urban areas, enjoy more proximate access to commercial and employment centers, and frequently utilize commercial or industrial land re-zoned for residential use. Smaller GPA projects typically feature medium density housing types like detached condominiums and townhomes. Smaller projects range in size from 10 to over 200 acres and contain between 50 to 220 dwelling units. Recently approved smaller projects in the unincorporated area include include Sweetwater Place, Sweetwater Vistas, Aventine, and Smilax. These have average land area of 22 acres, of which 14 acres (64%) is allocated to residential units and 7 acres (32%) is open space. At the original land use designation, the four projects had average capacity for 3 units (0.6 du/ac), which the GPA increased to 124 units (9.8 du/ac).

Table 20: Recent GPA Project Programs

	Campus Park	Meadowood	Sweetwater Vistas	Sweetwater Place	Aventine	Smilax	Average
Year of Project Opening	2009	2010	2017	2017	2018	2021	
Land Program							
Area (ac)							
Total	416	390	52	20	11	5	149
Residential	138	194	23	17	10	5	64
Amenities *(includes open space)*	258	182	29	3.0	0.3	0.4	79
Other	20	14	0	0	0	0	6
Share of Total							
Residential	33%	50%	44%	85%	97%	92%	67%
Amenities *(includes open space)*	62%	47%	56%	15%	3%	8%	32%
Other	5%	4%	0%	0%	0%	0%	1%
Residential Program							
Units							
Pre-GPA Capacity	258	253	0	1	0	10	87
GPA Capacity	751	844	218	122	92	62	348
GPA Permitted Increase	493	591	218	121	92	52	261
Gross DU/AC							
Pre-GPA	1.9	1.3	0.0	0.1	0.0	2.2	0.9
GPA	5.4	4.4	9.4	7.2	9.0	13.5	8.2
GPA Permitted Increase	3.6	3.0	9.4	7.1	9.0	11.3	7.3
Net DU/AC (net of circuation)							
Pre-GPA	2.1	1.4	0.0	0.1	0.0	2.4	1.0
GPA	6.1	4.8	10.5	8.0	10.0	15.0	9.1
GPA Permitted Increase	4.0	3.4	10.5	7.9	10.0	12.6	8.1
Amenities							
Open Space *(exclusive of parks)*							
Area (ac)	236	172	28	0	0	0.2	72.7
Trails (miles)	10	6	0	0	0	0	2.7
Parks and Trails							
Neighborhood/Public Park (ac)	22	10	0	3	0.3	0	5.9
Picnic Area (ac)	0	0	0	0	0	0	0
Playground (ac)	0	0	0.9	0	0	0.2	0.2
Other	Office (11.5 ac), Town Center with Retail (8.1 ac)	Elementary School (12.7 ac), Wastewater	27.9 ac biological preserve				

The distinction between larger and smaller projects oversimplifies the incredible diversity of GPA projects that have been proposed and built in the unincorporated areas of the County. However, as noted above, public opposition to large, greenfield projects has grown, and increasingly, GPA projects are becoming

smaller with an increased emphasis on infill locations where infrastructure costs and environmental concerns are lower.

8. Economic Analysis

This chapter explores the impact of different affordable set-aside scenarios on the development feasibility of a range of housing types typically developed in the unincorporated county area, for both GP-Compliant and GPA projects. The findings from the analysis form the basis for recommendations and program parameters for each program initiative.

8.1 Key Modeling Assumptions

Development feasibility analysis using a static pro forma model provides the technical means for assessing the development economics of a project and for exploring how different assumptions and input factors influence development feasibility. The key assumptions used in the analysis are discussed further below. All other assumptions may be seen in the Base Case pro formas and Land Development pro forma, in the Appendix.[21]

8.1.1 Residential Prototypes

To select a set of representative residential products for analysis that reflect market preferences, AECOM conducted analyses of recently completed residential projects mostly in the County unincorporated area[22], From these, AECOM developed a set of representative for-sale and for-rent residential prototypes. For comparability, AECOM classified the residential prototypes by referring to the equivalent General Plan designations for density. The GP-compliant for-sale prototypes are shown in Table 21, and the GPA for-sale prototypes in Table 22.

Table 21. For-Sale Residential Prototypes: GP-Compliant Projects

	SFD Large Lot 2.9 (sale)	**SFD Medium Lot 4.3 (sale)**	**SFD Small Lot 7.3 (sale)**	**SFA/SFD Small Lot 10.9 (sale)**	**SFA / Townhome 15 (sale)**
	Single-Family Detached, Large Lot	Single-Family Detached, Medium Lot	Single-Family Detached, Small Lot	Single-Family Detached, Very Small Lot or Attached Condo	Attached Condo or Townhome
Equivalent General Plan Designation	Village Residential 2.9 (VR 2.9)	Village Residential 4.3 (VR 4.3)	Village Residential 7.3 (VR 7.3)	Village Residential 10.9 (VR-10.9)	Village Residential 15, 20 (VR 15,20)
DU/AC	2.9	4.3	7.3	10.9	15.0
Average Lot/Unit Size	15,000	10,100	6,000	4,000	2,900
Average Project Size (Units)	29	43	73	109	150
Average Unit Size (Sq.Ft.)	2,800	2,400	2,700	1,900	1,500
Parking Type	Garage	Garage	Garage	Garage	Garage/Tuck
Bedrooms	4, 5	4, 5	3,4	3,4	3

Source: AECOM analysis of recent San Diego County Projects

[21] The Base Case is an all-market rate prototype that does not include affordable set-asides.
[22] While there are proposed developments in GPA projects with densities at 20 or 30 DU/AC and developable GP-Compliant parcels at this density, there has been no recent construction at these densities in the unincorporated regions of the County. For this reason, AECOM used comparable projects in areas immediately adjacent to the unincorporated regions in the jurisdictions of Chula Vista, Escondido, San Marcos, Santee and San Diego.

Table 22. For-Sale Residential Prototypes: GPA Projects

	SFD Large Lot 2.9 (sale) Single-Family Detached, Large Lot	SFD Medium Lot 4.3 (sale) Single-Family Detached, Medium Lot	SFD Small Lot 7.3 (sale) Single-Family Detached, Small Lot	SFA/SFD Small Lot 10.9 (sale) Single-Family Detached, Very Small Lot or Attached Condo	SFA / Townhome 15 (sale) Attached Condo or Townhome
Equivalent General Plan Designation	Village Residential 2.9 (VR 2.9)	Village Residential 4.3 (VR 4.3)	Village Residential 7.3 (VR 7.3)	Village Residential 10.9 (VR-10.9)	Village Residential 15 (VR 15)
DU/AC	2.9	4.3	7.3	10.9	15
Average Lot/Unit Size	15,000	10,100	6,000	4,000	2,900
Average Project Size (Units)	29	43	73	109	150
Average Unit Size (Sq.Ft.)	3,500	2,900	2,200	1,900	1,500
Parking Type	Garage	Garage	Garage	Garage	Garage/Tuck
Bedrooms	4, 5	4, 5	3,4	3,4	3
SPA/GPA project where found	Meadowood, Harmony Grove, Pala Mesa Highlands, Sugarbush	Meadowood, Harmony Grove, Pala Mesa Highlands	Meadowood, Harmony Grove, Ocean Breeze	Meadowood, Harmony Grove, Aventine	Harmony Grove South, Sweetwater Vista

Source: AECOM analysis of recent San Diego County Projects

For multi-family rental projects, AECOM conducted a review using CoStar and project websites to identify a set of recent representative projects from 2018-2022, which are shown in Table 23. From these, AECOM derived the set of representative multifamily rental prototypes shown in Table 24. Note that while the garden apartments at 20 dwelling units per acre and flats at 30 units per acre are common throughout the unincorporated County area, the podium product at 45 units per acre is above the maximum density allowed by the County General Plan. AECOM included this prototype in the analysis to consider its potential for future development in the unincorporated area as it could be subject to inclusionary housing policy.

Table 23. Recent San Diego County Multifamily Projects

Address	City	Total		1BR		2BR		3BR	
		Units	Avg SF	Units	Avg SF	Units	Avg SF	Units	Avg SF
Garden Apt.									
501 W Bobier Dr	Vista	290	944	168	815	110	1,108	12	1,244
1401 N Melrose Dr	Vista	410	985	190	793	200	1,130	20	1,358
1925 Avenida Escaya	Chula Vista	272	961	141	790	111	1,068	20	1,569
2760 Lake Pointe Dr	Spring Valley	88	1,067	14	743	59	1,081	15	1,315
Stacked Flats									
10785 Pomerado Rd.	San Diego	84	1,161	9	897	63	1,160	12	1,366
9865 Eerma Rd.	San Diego	114	895	64	767	50	1,059	0	0
2414 Escondido Blvd.	Escondido	76	962	36	766	34	1,100	6	1,353
2043 Artisan Way	Chula Vista	272	969	149	827	105	1,102	18	1,371
1629 Santa Venetia St.	Chula Vista	300	972	129	731	129	1,097	42	1,330
1660 Metro Ave.	Chula Visa	309	1,022	189	841	111	1,302	9	1,380
300 Town Center Pky.	Santee	172	949	52	700	84	1,010	36	1,166
Stacked Flats on Podium									
6850 Mission Gorge	San Diego	444	986	220	787	158	1,107	66	1,363
700 W Grand Ave	Escondido	126	1,095	63	649	55	1,486	8	1,925
152 N Twin Oaks Valley Rd	San Marcos	118	1,378	0	0	32	1,235	86	1,431
650 N Centre City Pky	Escondido	112	1,012	60	863	52	1,184	0	0
10625 Calle Mar De Mariposa	San Diego	384	1,001	192	835	128	1,132	64	1,239

Source: Costar, project websites, AECOM

Table 24. For-Rent Residential Prototypes: GP-Compliant and GPA Projects

	Garden 20 (Rent) Garden Apt.	**Flats 30 (Rent)** Stacked Flats	**Podium 45 (Rent)** Stacked Flats on Podium
Equivalent General Plan Designation	Village Residential 20 (VR 20)	Village Residential 30 (VR 30)	Beyond VR-30 Maximum
DU/AC	20	30	45
Bedrooms	1,2,3	1,2,3	1,2,3
Average Unit Size (Sq.Ft.)	963	1,006	1,094
1BR	790	790	800
2BR	1,100	1,120	1,260
3BR	1,370	1,300	1,480
Stories	2-3	3-4	4-5
Parking Type	Surface	Surface/Tuck	Surface/Structure

Source: AECOM analysis of recently-constructed San Diego County Rental Projects

8.1.2 GPA Land Development Prototype

The economics of GP-Compliant projects can be modeled assuming that the underlying land consists of improved lots or pads connected to critical infrastructure such as roads, utilities, and a sewer or septic tank system. Thus, a residential unit development proforma focusing mainly on vertical improvements is adequate to assess feasibility and the impact of different affordable set-aside scenarios.

GPA projects on the other hand typically require substantial land development before housing construction can commence. Consequently, a land development model complementing residential development pro formas is needed to explore land development economics and opportunities for capturing value stemming from GPA up-zoning. However, as illustrated by Table 20 above, GPA projects are heterogeneous, differing widely by size and underlying land condition, and testing GPA land development economics using a standardized model cannot perfectly reflect the full range of potential applications.

To reflect the range of GPA projects that have occurred and are likely to occur in the unincorporated County area, AECOM formulated a land development model that averages program parameters of the six recent GPAs shown in Table 20. A summary of the resulting land development program is shown in Table 25. (For the full land development proforma, see Table 82 in the Appendix.)

Key assumptions for the land development model include total project area of 150 acres with 67% allocated to residential development (including internal street circulation) and the remainder for open space and other amenities. The model assumes a residential density of 9.7 units per acre, moderate levels of clearing and grading, installation of both dry and wet utilities, and a moderate level investment of hardscape and landscape features. Additional amenities include 4.5 acres of programmed park area, 3 miles of dirt hiking trails, and a 3,000-square-foot clubhouse facility.

Table 25. GPA Land Development Model Program

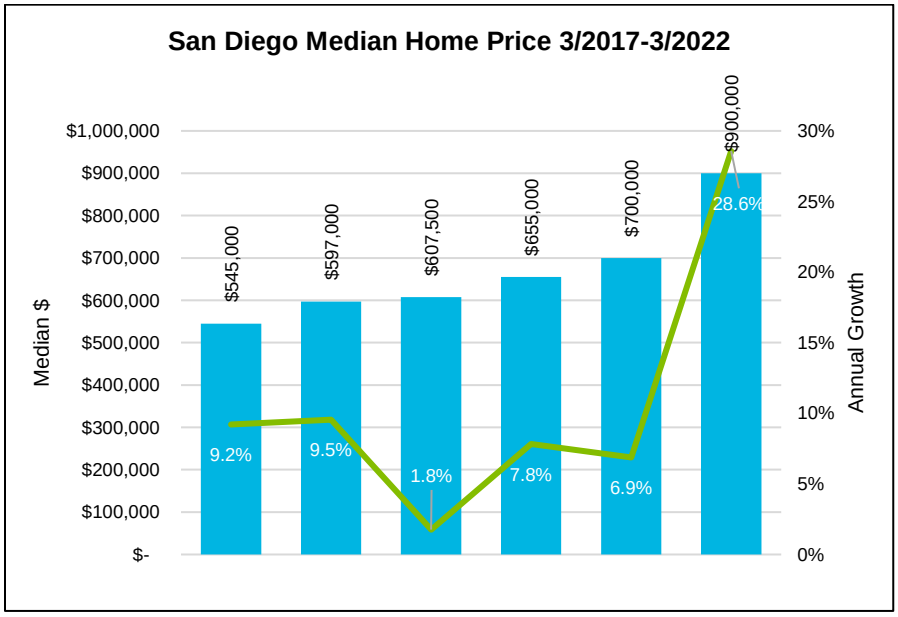
Total Area	150 acres
Residential	*67%*
Open Space	*30%*
Other	*3%*
Project Size (Units)	882
Average DU/AC	9.7
Residential Types (sale)	Single family large lot, medium lot, small lot, very small lot,condo/townhome
Residential Types (rent)	Stacked flats and midrise podium
Average Lot Size	4,491 Sq.Ft.
Clearing and Grading	Moderately rolling land, minimal tree removal, local cut and fill
Critical Infrastructure and Utilities	Dry and wet utilities, detention basins, sewer system, water system, storm drain/levee system.
Hardscape/Landscape	Assumed: moderate entry features, interior walls, landscaping
Parks	4.5 acres
Hiking Trails	3 miles
Clubhouse facility	3,000 square feet

Source: AECOM

8.1.3 A Note on Inflation

At the time research for this study was conducted, the United States housing sector and the national economy were experiencing unprecedented inflation. As shown in Figure 10, median housing prices in San Diego County spiked 28.6% between 2021 and 2022.

Figure 10: San Diego Median Home Price Trends 2017-2022



Source: Redfin

The cause of this inflation has been attributed to several factors including:

- A surge in consumer demand and a lag in supply—both consequences of the COVID-19 pandemic

- Increasing demand for homeownership and larger homes as working from home has grown in popularity
- High energy costs due to disruption caused by the war in Ukraine

In such a fast-moving situation, demand measures (home pricing) and supply measures (construction costs) are volatile and can move asynchronously before finding equilibrium, and a data snapshot taken at the wrong time can misrepresent the supply/demand relationship.

To assure that the revenue and cost assumptions used in this analysis are reliable, AECOM reviewed market data over a multi-year period from 2016 to 2022 before ultimately selecting the 2020-2021 period on which the base the assumptions. The intent of this was to consider a long enough period to smooth over temporary spikes of disequilibrium but also avoid the extreme volatility of the last three-to-six months. While these cost and revenue assumptions do not reflect the very latest numbers, we believe they encompass a stable economic relationship between unincorporated area supply and demand that is predictive and can serve as a foundation for this analysis.

8.1.4 Market Revenue Assumptions

Market pricing for for-sale projects was derived from analysis of home sale transactions in each of the residential product categories. The set included 145 GP-Compliant project and 188 GPA project transactions that took place between 2020 and 2021 within the unincorporated San Diego County area. The assumed pricing resulting from this analysis is shown in Table 26 for GP-Compliant projects and Table 27 for GPA projects. Expanded transaction data for the analysis can be found in the Appendix.

Table 26. GP-Compliant Projects: For-Sale Pricing Assumptions

	SFD Large Lot 2.9 (sale) Single-Family Detached, Large Lot	**SFD Medium Lot 4.3 (sale)** Single-Family Detached, Medium Lot	**SFD Small Lot 7.3 (sale)** Single-Family Detached, Small Lot	**SFA/SFD Small Lot 10.9 (sale)** Single-Family Detached, Very Small Lot or Attached Condo	**SFA / Townhome 15 (sale)** Attached Condo or Townhome
Sales Price/Unit	$952,000	$816,000	$810,000	$589,000	$510,000
Sales Price/Sq.Ft.	$340	$340	$300	$310	$340

Source: AECOM analysis of 145 sales transactions 2020-2021 in San Diego County non-GPA Projects. Note: because of an insufficient number of sales comps for SFA/SFD Small Lot 10.9 in 2021, the analysis based pricing for the category on 2020 comps, which were escalated by 13.5%, reflecting average measured year over year growth for the unincorporated area

Table 27. GPA Projects: For-Sale Pricing Assumptions

	SFD Large Lot (2.9) Single-Family Detached, Large Lot	**SFD Medium Lot (4.3)** Single-Family Detached, Medium Lot	**SFD Small Lot (7.3)** Single-Family Detached, Small Lot	**SFA/SFD Small Lot (10.9)** Single-Family Detached, Very Small Lot or Attached Condo	**SFA Small Lot/ Townhome (15)** Attached Condo or Townhome
Sales Price/Unit	$980,000	$783,000	$748,000	$589,000	$555,000
Sales Price/Sq.Ft.	$280	$270	$340	$310	$370

Source: AECOM analysis of 188 sales transactions 2020-2021 in San Diego County GPA Projects

Market pricing for multifamily rental projects is based on an analysis of asking rents for units from a set of recently constructed projects, which can be found in the Appendix (Table 62, Table 63, and Table 64). The Assumed rents for GP-Compliant projects used in this analysis are shown in Table 28. For GPA projects, for which there are few good rental comps (although more in the development pipeline), AECOM assumed a 5 percent premium over GP-Compliant projects, as shown in Table 29.

Table 28. GP-Compliant Projects: Rental Project Rent Assumptions

	Garden 20 (Rent) Garden Apt.	Flats 30 (Rent) Stacked Flats	Podium 45 (Rent) Stacked Flats on Podium
Average Rent/Unit	$2,740	$2,810	$3,130
1BR	$2,500	$2,370	$2,640
2BR	$2,920	$2,960	$3,280
3BR	$3,450	$3,390	$4,030
Average Rent/Sq.Ft.	$2.84	$2.79	$2.86
1BR	$3.17	$3.00	$3.30
2BR	$2.65	$2.64	$2.60
3BR	$2.52	$2.61	$2.72

Source: AECOM analysis of recently-built San Diego County Rental Projects

Table 29. GPA Projects: Rental Project Rent Assumptions

	Garden 20 (Rent) Garden Apt.	Flats 30 (Rent) Stacked Flats	Podium 45 (Rent) Stacked Flats on Podium
Average Rent/Unit	$2,873	$2,946	$3,286
1BR	$2,630	$2,489	$2,772
2BR	$3,061	$3,105	$3,440
3BR	$3,625	$3,563	$4,227
Average Rent/Sq.Ft.	$2.98	$2.93	$3.00
1BR	$3.33	$3.15	$3.47
2BR	$2.78	$2.77	$2.73
3BR	$2.65	$2.74	$2.86

Source: AECOM analysis of recently-built San Diego County Rental Projects plus a 5% GPA premium

8.1.5 Affordable Price and Rent Assumptions

Affordable sales prices and rents used in the analysis have been estimated based on established practices for determining affordable housing eligibility by income tier, which can be found in California Health and Safety Code Section 50052.5 for owner-occupied housing and Section 50053 for rental housing. In addition, AECOM referenced published sales price and rent schedules provided the U.S. Department of Housing and Urban Development (HUD) and the San Diego County Housing and Community Development Services.

Supportable housing cost is calculated by multiplying household income by a factor that allocates a percentage to housing costs. This factor differs by household income tier. The household income tiers used in the analysis correspond to Area Median Incomes (AMI) by household size in the County. AMI, which is published annually by HUD and the San Diego County Housing and Community Development Services department, is at the median of a region's household income distribution. Most housing policy focuses on households in the ranges of Very Low (<50% AMI), Low (50-80% AMI), and Moderate (80-120%).

The analysis considers AMI tiers for extremely low income households (at 30% AMI), very low income (50% AMI), low income households (80% AMI), and moderate income households (120%) AMI. The calculations for supportable housing cost by income tier are shown in Table 30.

Table 30. Housing Cost Affordability by Income Tier

	Extremely Low 30% AMI	Very Low 50% AMI	Low 80% AMI	Moderate 120% AMI
AMI % for calculating qualifying income[1]	30%	50%	80%	120%
Share of Qualifying Income Towards Housing[1]	30%	30%	30%	35%
Qualifying Income[2,3]				
1-Person Household (Studio)	$27,350	$45,550	$72,900	$89,800
2-Person Household (1BR)	$31,250	$52,050	$83,300	$102,600
3-Person Household (2BR)	$35,150	$58,550	$93,700	$115,500
4-Person Household (3BR)	$39,050	$65,050	$104,100	$128,300
5-Person Household (4BR)	$42,200	$70,300	$112,450	$138,600
Housing Cost/Year				
1-Person Household (Studio)	$8,205	$13,665	$21,870	$31,430
2-Person Household (1BR)	$9,375	$15,615	$24,990	$35,910
3-Person Household (2BR)	$10,545	$17,565	$28,110	$40,425
4-Person Household (3BR)	$11,715	$19,515	$31,230	$44,905
5-Person Household (4BR)	$12,660	$21,090	$33,735	$48,510

(1) Affordability tiers and share of qualifying income from CA Health and Safety Code Section 50052.5.

(2) Area Median Income limits for Extremely Low, Very Low, and Low income tiers: San Diego County (effective 4/18/22). AMI is $106,900. (https://www.sandiegocounty.gov/sdhcd/rental-assistance/income-limits-ami/)

(3) Area Median Income limits for Moderate from AECOM by applying 120% of AMI for a 4-person household and discounting (per HUD standard practice) by 90% for a two-bedroom household, 80% for a 1 bedroom household, and 70% for a studio.

Estimation of supportable affordable housing costs also requires consideration of other housing-related expenses, such as property taxes, home-owners insurance, and maintenance/HOA Fees for for-sale units, and utilities costs for for-sale and for-rent units.

The utilities allowance for the San Diego Housing Authority is provided annually by HUD and is shown in the Appendix. AECOM has provided costs for property taxes, HOA fees, and homeowner's insurance based on market research and experience with similar projects. These expenses are deducted from estimated housing costs to calculate a supportable monthly payment for a mortgage. A down payment of 5 percent, which is a standard lender requirement for affordable units, is used to calculate the overall supportable housing price for all units. The resulting supportable sales prices and calculations are shown on Table 31. The supportable rent estimates are shown in Table 32.

Table 31. Supportable Sales Price by Affordable Income Tier

Annual	Extremely Low @30% AMI	Very Low @50% AMI	Low @80% AMI	Moderate @120% AMI
Allocated Housing Cost[1]				
1-Person Household (Studio)	$8,205	$13,665	$21,870	$31,430
2-Person Household (1BR)	$9,375	$15,615	$24,990	$35,910
3-Person Household (2BR)	$10,545	$17,565	$28,110	$40,425
4-Person Household (3BR)	$11,715	$19,515	$31,230	$44,905
5-Person Household (4BR)	$12,660	$21,090	$33,735	$48,510
Utilities[2]				
1-Person Household (Studio)	$3,048	$3,048	$3,048	$3,048
2-Person Household (1BR)	$4,008	$4,008	$4,008	$4,008
3-Person Household (2BR)	$5,502	$5,502	$5,502	$5,502
4-Person Household (3BR)	$6,624	$6,624	$6,624	$6,624
5-Person Household (4BR)	$7,080	$7,080	$7,080	$7,080
HOA[3]				
1-Person Household (Studio)	$570	$950	$1,520	$2,280
2-Person Household (1BR)	$660	$1,100	$1,760	$2,640
3-Person Household (2BR)	$750	$1,250	$2,000	$3,000
4-Person Household (3BR)	$830	$1,380	$2,200	$3,300
5-Person Household (4BR)	$900	$1,500	$2,400	$3,600
Home Owners Insurance[4]				
1-Person Household (Studio)	$1,010	$1,010	$1,010	$1,010
2-Person Household (1BR)	$1,150	$1,150	$1,150	$1,150
3-Person Household (2BR)	$1,330	$1,330	$1,330	$1,330
4-Person Household (3BR)	$1,850	$1,850	$1,850	$1,850
5-Person Household (4BR)	$2,000	$2,000	$2,000	$2,000
Property Tax[5]				
1-Person Household (Studio)	$649	$1,572	$2,958	$4,556
2-Person Household (1BR)	$646	$1,699	$3,282	$5,104
3-Person Household (2BR)	$538	$1,722	$3,500	$5,555
4-Person Household (3BR)	$438	$1,754	$3,732	$6,016
5-Person Household (4BR)	$487	$1,908	$4,040	$6,505
Available for Mortgage Payment				
1-Person Household (Studio)	$2,928	$7,085	$13,334	$20,536
2-Person Household (1BR)	$2,911	$7,658	$14,790	$23,008
3-Person Household (2BR)	$2,425	$7,761	$15,778	$25,038
4-Person Household (3BR)	$1,973	$7,907	$16,824	$27,115
5-Person Household (4BR)	$2,193	$8,602	$18,215	$29,325
Supportable Mortgage[6]				
1-Person Household (Studio)	$51,421	$124,435	$234,186	$360,669
2-Person Household (1BR)	$51,133	$134,495	$259,758	$404,099
3-Person Household (2BR)	$42,598	$136,307	$277,103	$439,748
4-Person Household (3BR)	$34,652	$138,864	$295,482	$476,230
5-Person Household (4BR)	$38,512	$151,078	$319,905	$515,034
Down Payment[7]	5%	5%	5%	5%
Supportable Sales Price (rounded)				
1-Person Household (Studio)	**$54,100**	**$131,000**	**$246,500**	**$379,700**
2-Person Household (1BR)	**$53,800**	**$141,600**	**$273,400**	**$425,400**
3-Person Household (2BR)	**$44,800**	**$143,500**	**$291,700**	**$462,900**
4-Person Household (3BR)	**$36,500**	**$146,200**	**$311,000**	**$501,300**
5-Person Household (4BR)	**$40,500**	**$159,000**	**$336,700**	**$542,100**

(1) Area Median Income limits for Extremely Low, Very Low, and Low income tiers: San Diego County (effective 4/18/22). For Moderate from AECOM by applying 120% of AMI for a 4-person household and discounting (per HUD standard practice) by 90% for a two-bedroom household, 80% for a 1 bedroom household, and 70% for a studio. AMI is $106,900. (https://www.sandiegocounty.gov/sdhcd/rental-assistance/income-limits-ami/)

(2) San Diego Housing Commission (effective 4/1/2022). (https://www.sdhc.org/wp-content/uploads/2022/Utility-Allowance-Chart.pdf)

(3) AECOM estimate assuming developer indexes HOA fees to affordability. Moderate Income based on market-rate comps for San Diego County comparable projects. Low, Very Low, and Extremely Low Income scaled by AMI based on Moderate 120% AMI.

(4) Calculated as 0.19% of market value of the unit (derived from medians for home value and insurance rates, 2021 California)

(5) 1.2% of sales price

(6) 30-year mortgage, 3.95% rate (based on annual average 2013-7/22/2022)

(7) A 5% down payment is a typical minimum for affordable for-sale units

Source: AECOM

Table 32. Supportable Monthly Rent by Affordable Income Tier

Monthly	Extremely Low 30% AMI	Very Low @50% AMI	Low @80% AMI	Moderate @120% AMI
Allocated Housing Cost[1]				
1-Person Household (Studio)	$684	$1,139	$1,823	$2,619
2-Person Household (1BR)	$781	$1,301	$2,083	$2,993
3-Person Household (2BR)	$879	$1,464	$2,343	$3,369
4-Person Household (3BR)	$976	$1,626	$2,603	$3,742
5-Person Household (4BR)	$1,055	$1,758	$2,811	$4,043
Utilities[2]				
1-Person Household (Studio)	$254	$254	$254	$254
2-Person Household (1BR)	$334	$334	$334	$334
3-Person Household (2BR)	$459	$459	$459	$459
4-Person Household (3BR)	$552	$552	$552	$552
5-Person Household (4BR)	$590	$590	$590	$590
Available for Rent Payment				
1-Person Household (Studio)	$430	$885	$1,569	$2,365
2-Person Household (1BR)	$447	$967	$1,749	$2,659
3-Person Household (2BR)	$420	$1,005	$1,884	$2,910
4-Person Household (3BR)	$424	$1,074	$2,051	$3,190
5-Person Household (4BR)	$465	$1,168	$2,221	$3,453

(1) Area Median Income limits for Extremely Low, Very Low, and Low income tiers: San Diego County (effective 4/18/22). For Moderate from AECOM by applying 120% of AMI for a 4-person household and discounting (per HUD standard practice) by 90% for a two-bedroom household, 80% for a 1 bedroom household, and 70% for a studio. AMI is $106,900. (https://www.sandiegocounty.gov/sdhcd/rental-assistance/income-limits-ami/)

(2) San Diego Housing Commission (effective 4/1/2022). (https://www.sdhc.org/wp-content/uploads/2022/Utility-Allowance-Chart.pdf)

8.2 Feasibility Testing

8.2.1 Methodology

AECOM used three screens to assess the feasibility of a mandatory inclusionary housing program in the unincorporated County area: residual land value analysis (RLV) and Return on Cost analysis (ROC) for GP-Compliant projects; and Supportable Finished Lot Value analysis for GPA projects. Each approach is based on static pro forma models, which provide the technical means for assessing project development economics and exploring how different assumptions and input factors influence development feasibility. A static pro forma model measures a development project's economics at a single point in time—at full absorption for for-sale projects and at leasing stabilization for rental projects.[23]

- For the GP-Compliant project analysis, AECOM created pro forma models for each residential product type shown in Table 21 and Table 24 featuring current market sales prices and rents (as shown in Table 26, and Table 29), affordable prices and rents (as shown in Table 31 and Table 32), current development costs, and standard developer return expectations to simulate the development economics faced by private market developers under current market conditions.

- For the GPA analysis, AECOM prepared models for each residential product type (shown in Table 22 and Table 24), featuring GPA-specific sales prices and rents (in Table 27 and Table 29), the same affordable sales

[23] The advantage of a static pro forma model compared with a cashflow pro forma model is its simplicity, which allows for easy comparison of different projects. A cashflow pro forma model also considers the impact of time on project returns and is particularly suited to assessing projects where timing-related risk must be considered or quantified (e.g., for complex projects with long entitlement processes, where absorption or lease-up timing is a critical component of project returns, or where land carry costs may be considerable). However, because timing-related issues are extremely variable and closely tied to the project itself, and because typical returns measures used in cashflow analysis, including IRR (internal rate of return) and NPV (net present value), are extremely sensitive to small variations in inputs, static pro forma models are generally preferred for planning-level analysis.

price and rent assumptions as for the GP-Compliant projects (as shown in Table 31 and Table 32), and current development costs and standard developer return expectations. In addition, to assess the additional value that a GPA project creates through upzoning and land development, AECOM paired the residential product pro forma models with a land development model to estimate the development cost for a finished lot.

Static pro forma models can be configured to estimate different measures of project feasibility, such as residual land value, return on costs, and supportable lot value:

- Residual land value (RLV) analysis estimates the amount an investor or developer should be willing to pay for land given project economics. Residual land value is the amount that remains after total project costs (including direct costs, indirect costs, fees, financing costs, expected project return) are subtracted from project revenues. If the estimated residual land value is consistent with the market value of the land, the project is feasible. Residual land value analysis is used here to assess the feasibility of a mandatory inclusionary housing program for GP-Compliant projects.
- Return on Cost (ROC) analysis estimates profit as a percentage of costs remaining after a project has been leased up or sold out. If the profit margin meets an expected threshold or developer hurdle rate, a project is feasible. Return on cost analysis is used here to assess the feasibility of a mandatory inclusionary housing program for GP-Compliant projects.
- Supportable lot value analysis estimates the amount a homebuilder should be willing to pay for a finished lot in a master-planned or GPA development. Finished lot value is the amount that remains after residential unit construction costs (including direct costs, indirect costs, fees, financing costs, expected project return) are subtracted from project revenues. If the estimated supportable lot value is equal to or higher than the estimated cost of developing the finished lot (including land costs, grading, infrastructure, fees, and preferred return), a project is feasible. Supportable lot value analysis is used here to assess the feasibility of a mandatory inclusionary housing program for GPA projects.

Each product type for both GP-Compliant and GPA projects is analyzed under a Base Case scenario and 29 different affordable housing set-aside scenarios, as shown in Table 33. The Base Case is a feasible all-market-rate project while the set-aside scenarios are intended to explore a wide range of parameters for an inclusionary housing program. The set-aside scenarios differ by income tier (Extremely Low Income, Very Low Income, Low Income, Moderate Income) and by set-aside amount (between 5% and 20% of total units).

To explore the impact of the density bonus on feasibility, 20 set-aside scenarios are also tested assuming application of the maximum density bonus available through the State Density Bonus Law. As described above in 3.2.3, the State Density Bonus Law makes density bonuses and other incentives available by schedule in exchange for a project setting aside a portion of units as affordable. (Notably, GPA projects are not eligible for benefits under the State Density Bonus Law, because upzoning for GPA projects is a fully discretionary process unconstrained by existing General Plan parameters.)

Table 33. Affordable Set-Aside Scenarios Tested

Scenario		Density Bonus	Affordable Set-Aside				
			Extremely Low (@30% AMI)	Very Low (@50% AMI)	Low (@80% AMI)	Moderate (@120% AMI)	Total
1a	5% EL	0%	5%	0%	0%	0%	5%
1b	5% EL, 20.0% Density Bonus	20%	5%	0%	0%	0%	5%
2a	10% EL	0%	10%	0%	0%	0%	10%
2b	10% EL, 32.5% Density Bonus	32.5%	10%	0%	0%	0%	10%
3a	5% VL	0%	0%	5%	0%	0%	5%
3b	5% VL, 20.0% Density Bonus	20%	0%	5%	0%	0%	5%
4a	10% VL	0%	0%	10%	0%	0%	10%
4b	10% VL, 32.5% Density Bonus	32.5%	0%	10%	0%	0%	10%
5a	15% VL	0%	0%	15%	0%	0%	15%
5b	15% VL, 50.0% Density Bonus	50%	0%	15%	0%	0%	15%
6a	10% L	0%	0%	0%	10%	0%	10%
6b	10% L, 20.0% Density Bonus	20%	0%	0%	10%	0%	10%
7a	15% L	0%	0%	0%	15%	0%	15%
7b	15% L, 27.5% Density Bonus	27.5%	0%	0%	15%	0%	15%
8a	20% L	0%	0%	0%	20%	0%	20%
8b	20% L, 35.0% Density Bonus	35%	0%	0%	20%	0%	20%
9a	5% VL, 5% L	0%	0%	5%	5%	0%	10%
9b	5% VL, 5% L, 20.0% Density Bonus	20%	0%	5%	5%	0%	10%
10a	10% VL, 5% L	0%	0%	10%	5%	0%	15%
10b	10% VL, 5% L, 32.5% Density Bonus	32.5%	0%	10%	5%	0%	15%
11a	10% VL, 10% L	0%	0%	10%	10%	0%	20%
11b	10% VL, 10% L, 35.0% Density Bonus	35%	0%	10%	10%	0%	20%
12a	5% VL, 10%L	0%	0%	5%	10%	0%	15%
12b	5% VL, 10%L, 27.5% Density Bonus	27.5%	0%	5%	10%	0%	15%
13a	5% VL, 15%L	0%	0%	5%	15%	0%	20%
13b	5% VL, 15%L, 35.0% Density Bonus	35%	0%	5%	15%	0%	20%
14a	10% M	0%	0%	0%	0%	10%	10%
14b	10% M, 5.0% Density Bonus	5%	0%	0%	0%	10%	10%
15a	15% M	0%	0%	0%	0%	15%	15%
15b	15% M, 10.0% Density Bonus	10%	0%	0%	0%	15%	15%
16a	20% M, 5% L	0%	0%	0%	5%	20%	25%
16b	20% M, 5% L, 15.0% Density Bonus	15%	0%	0%	5%	20%	25%
17a	5% VL, 5% L, 5% M	0%	0%	5%	5%	5%	15%
17b	5% VL, 5% L, 5% M, 20.0% Density Bonu	20%	0%	5%	5%	5%	15%
18a	5% L, 10% M	0%	0%	0%	5%	10%	15%
18b	5% L, 10% M, 10.0% Density Bonus	10%	0%	0%	5%	10%	15%
19a	10% L, 10% M	0%	0%	0%	10%	10%	20%
19b	10% L, 10% M, 20.0% Density Bonus	20%	0%	0%	10%	10%	20%
20a	10% L, 5% VL	0%	0%	5%	10%	0%	15%
20b	10% L, 5% VL, 27.5% Density Bonus	27.5%	0%	5%	10%	0%	15%
21a	5% VL, 5% L, 10%M		0%	5%	5%	10%	20%
22a	5% VL, 10% L, 5%M		0%	5%	10%	5%	20%
23a	10% VL, 5% L, 5%M		0%	10%	5%	5%	20%
24a	7% VL, 7% L, 6%M		0%	7%	7%	6%	20%
25a	8% VL, 6% L, 6%M		0%	8%	6%	6%	20%
26a	9% VL, 6% L, 5%M		0%	9%	6%	5%	20%
27a	11% EL		11%	0%	0%	0%	11%
28a	12% EL		12%	0%	0%	0%	12%
29a	13% EL		13%	0%	0%	0%	13%

Source: AECOM

8.2.2 Standard of Feasibility

In this analysis, to be "feasible," a program should, to the extent possible, meet two standards: a legal standard and an economic standard.

- The **legal standard** stems from court rulings that have upheld the legality of inclusionary housing ordinances as a means of providing affordable housing. The courts have also determined that such programs may not deprive an owner of "all economically beneficial use" of the land. However, because a more precise definition for "all economically beneficial use" has not been established, there is both uncertainty and flexibility in how this standard should be applied.

- The economic standard is based on the County's goal of encouraging production of both affordable and market-rate housing, and so an inclusionary housing program should not have a negative impact on overall housing production. An affordable set-aside requirement that is considered economically infeasible by the development and landowner communities will likely result in a decrease in housing production for two reasons: investors may look elsewhere for opportunities that offer higher return potential and less risk, and landowners may be unwilling to accept a lowered land value resulting from the inclusionary requirements and choose to hold rather than sell land. (It should be noted that landowners for proposed GPA projects may be less price-sensitive to a decrease in land value from inclusionary requirements than landowners for by-right projects, because up-zoning through the GPA project entitlement can add considerable land value even after the net impact of inclusionary requirements.)

The fundamental challenge in applying either the legal or economic standard is the fact that every set-aside scenario results in a lower estimated return than the Base Case, as affordable set-aside units are income-restricted and generate less revenue than market-rate units. Therefore, a determination about whether a project is feasible is essentially an evaluation of how to balance the extent to which landowners and developers will subsidize affordable housing development out of return and land value expectations.

The State Density Bonus Law offers some potential remedy for this loss of revenue from affordable set-asides, although application presents certain challenges. To qualify for the bonus, the developer must go through an application process, which while ministerial has been shown to add time and uncertainty to the entitlement process in many jurisdictions. Because the density bonus allows a project to receive exemptions and concessions, it can result in a project that does not fit community context. Finally, there are instances where the bonus does not actually increase project feasibility, such as in markets where consumers prefer lower-density housing or where higher-density housing requires a more expensive approach to construction. These reasons are in part why the density bonus law has been used minimally in San Diego County since adoption in 1979. However, recent updates to the State Density Bonus Law (Schreiber v. City of Los Angeles in 2021 and Bankers Hill 150 v. City of San Diego in 2022) and a correlated increase in density bonus applications suggest that some of these challenges have been addressed.

To reflect these standards of feasibility, AECOM has assessed the set-aside scenarios using three screens for evaluation: a residual land value (RLV) threshold, a return on costs (ROC) threshold, and a supportable finished lot value standard.

1. Residual Land Value (RLV). An established approach to determining economic feasibility, which has been employed in other inclusionary housing studies[24], is to set a feasibility threshold of 30 percent reduction in land value: if a scenario lowers residual land value by less than 30 percent compared to the Base Case (where the base case achieves a typical market return), then it is considered feasible. This approach meets the economic standard of feasibility by assuming landowners will absorb up to a 30 percent loss in value without a change in their willingness to sell. It should be noted that in jurisdictions with inclusionary programs there is historical evidence that transacted land value does eventually shift to accommodate the impact of inclusionary requirements, but this transition can be prolonged as land markets are typically "sticky" and slow to reflect factor changes. This tendency can be exacerbated where there is long-term land ownership and owners are accustomed to waiting out market fluctuations. The 30 percent reduction in land value approach is used to evaluate GP-Compliant projects.
2. Return on Costs (ROC). The legal standard that an inclusionary program should not deprive a developer of "all economically beneficial use" can be considered by using a return on cost approach, whereby the Base Case land value is assumed, and the impacts of each set-aside scenario are measured through return on costs: if ROC is negative, then all economic value has been deprived. Conversely, if ROC is positive, then some

[24] This standard was used in the economic analyses for the City of San Diego, the County of Los Angeles, the County of Sacramento and others.

economic value has been preserved, and the set-aside scenario is potentially feasible. While this approach preserves a reasonable portion of the land-seller's return, it places the onus of subsidizing the set-aside units squarely on the developer. In practice, a developer will only pursue a project if it meets investor expectation for project return, and any decrease from this return will render the project infeasible. Consequently, this ROC approach is best used to screen out clearly non-feasible scenarios where ROC is negative rather than to identify feasible scenarios. The ROC reduction approach is used to evaluate GP-Compliant projects.

3. Supportable Finished Lot Value. The supportable lot value standard is an economic assessment that tests how much of the value created through GPA up-zoning may be captured for provision of inclusionary housing. If the estimated finished lot cost inclusive of a preferred land developer return is less than the value a homebuilder is willing to pay for a finished lot (the supportable finished lot value), the project is feasible. The supportable lot value standard is used here to evaluate GPA projects.

8.3 Analysis

8.3.1 Impact of Affordable Set-Aside on RLV for GP-Compliant Projects

For each of the eight prototype alternatives for GP-Compliant projects, AECOM created a Base Case with which to compare impacts of different affordable set-asides. The Base Case is an all-market-rate project, representing an estimate of developer economics without any set-aside for affordable units. The Base Case assumes a developer return on costs (before the cost of land) of 10 percent, which represents a common investment threshold[25] and basis from which to derive a residual land value (RLV) output. Summaries of the Base Case scenarios are shown on Table 34. Full Base Case proformas are also shown in the Appendix.

Table 34. GP-Compliant Project Base Case Residual Land Value by Residential Type

Prototype	SFD Large Lot 2.9 (sale)	SFD Medium Lot 4.3 (sale)	SFD Small Lot 7.3 (sale)	SFA/SFD Small Lot 10.9 (sale)	SFA / Townhome 15 (sale)	Garden 20 (Rent)	Flats 30 (Rent)	Podium 45 (Rent)
Unit Size (Sq.Ft.)	2,800	2,600	2,500	2,400	1,500	963	1,006	1,094
DUAC	2.9	4.3	7.3	10.9	15.0	20	30	45
Prototype Economics								
Value/Unit (after broker, closing fees)	$923,000	$792,000	$786,000	$571,000	$495,000	$504,000	$508,000	$574,000
Dev Cost/Unit Before Profit and Land	$600,000	$519,000	$466,000	$452,000	$425,000	$379,000	$377,000	$440,000
Dev Return at 10% of Cost bf Land	$60,000	$52,000	$47,000	$45,000	$42,000	$38,000	$38,000	$44,000
Dev Cost/Unit Before Land	$660,000	$571,000	$513,000	$497,000	$467,000	$417,000	$415,000	$484,000
RLV/Unit	$263,000	$221,000	$273,000	$74,000	$28,000	$87,000	$93,000	$90,000
RLV/land sf	$18	$22	$46	$19	$10	$40	$65	$94

Source: AECOM

As indicated, estimated RLV per unit differs widely by product type with values generally (although not entirely) following a spectrum of lower land values for lower-density products and higher values for higher-density products. The major exception to this pattern is for the Townhome prototype, which generates lower land value than might be expected given the density and popularity of the product throughout California. This can be explained by the relatively low market value assigned to for-sale townhomes in the unincorporated area, where two-story detached residential products are highly preferred. If higher-density attached uses become more widely accepted in the unincorporated area, it is likely they will generate the price premiums seen for these prototypes in other jurisdictions.

By comparing the Base Case residual land value with different affordable set-aside scenarios, it is possible to quantify the impact of each on residual land value. As shown in Table 35, the set-aside scenarios for GP-Compliant prototypes reduce residual land value significantly. However, several set-aside scenarios yield a RLV loss that is less than the -30% feasibility standard and are thus potentially feasible.

[25] For some developers and investors, the 10 percent hurdle is aggressive, and for others, it may be conservative as risk and return expectations differ by project and project conditions. For the purpose of this planning-level analysis, which must be standardized to apply to projects throughout the unincorporated area, the 10 percent before land cost hurdle offers a common threshold measure of return and basis from which to derive residual land value.

Table 35. GP-Compliant Projects Change in Residual Land Value by Prototype (No Density Bonus)

Scenario *(No Density Bonus)*		SFD Large Lot *(Sale)*	SFD Medium Lot *(Sale)*	SFD Small Lot *(Sale)*	SFA/SFD Small Lot *(Sale)*	SFA Small Lot/ *(Sale)*	Garden Apt. *(Rent)*	Stacked Flats *(Rent)*	Stacked Flats on Podium *(Rent)*
1a	5% EL	-12%	-16%	-15%	-33%	-89%	-24%	-24%	-25%
2a	10% EL	-34.7%	-32%	-26%	-73%	-167%	-50%	-44%	-58%
3a	5% VL	-10%	-14%	-13%	-27%	-68%	-18%	-18%	-20%
4a	10% VL	-30%	-27%	-23%	-58%	-128%	-38%	-33%	-46%
5a	15% VL	-39%	-41%	-36%	-85%	-196%	?	-50%	-37%
6a	10% L	-23.4%	-21%	-17%	-37%	-70%	-20%	-17%	-27%
7a	15% L	-30%	-31%	-27%	-53%	-107%	-27%	-25%	-11%
8a	20% L	-46%	-47%	-36%	-73%	-140%	-36%	-34%	-23%
9a	5% VL, 5% L	-18%	-24%	-23%	-43%	-106%	-28%	-28%	-32%
10a	10% VL, 5% L	-37%	-38%	-32%	-75%	-165%	-45%	-41%	-29%
11a	10% VL, 10% L	-53%	-48%	-40%	-95%	-198%	-55%	-49%	-45%
12a	5% VL, 10% L	-32.7%	-34%	-30%	-63%	-138%	-36%	-34%	-19%
13a	5% VL, 15% L	-40%	-45%	-40%	-80%	-176%	-46%	-43%	-31%
14a	10% M	-16%	-13%	-11%	-12%	-3%	1%	2%	-6%
15a	15% M	-20%	-19%	-17%	-17%	-5%	4%	4%	19%
16a	20% M	-38%	-39%	-32%	-40%	-43%	-5%	-5%	5%
17a	5% VL, 5% L, 5% M	-22%	-30%	-29%	-49%	-107%	-25%	-25%	-6%
18a	5% L, 10% M	-23%	-23%	-20%	-28%	-40%	-6%	-6%	10%
19a	10% L, 10% M	-38%	-34%	-27%	-48%	-73%	-16%	-14%	-6%
20a	10% L, 5% VL	-33%	-34%	-30%	-63%	-138%	-36%	-34%	-19%
21a	5% VL, 5% L, 10% M	-33%	-37%	-33%	-55%	-109%	-25%	-25%	-10%
22a	5% VL, 10% L, 5% M	-38%	-41%	-36%	-69%	-140%	-35%	-33%	-22%
23a	10% VL, 5% L, 5% M	-42%	-44%	-38%	-80%	-167%	-45%	-40%	-32%
24a	7% VL, 7% L, 6% M	-45%	-46%	-34%	-77%	-147%	-35%	-33%	-22%
25a	8% VL, 6% L, 6% M	-45%	-46%	-35%	-79%	-146%	-38%	-37%	-28%
26a	9% VL, 6% L, 5% M	-50%	-49%	-38%	-82%	-163%	-44%	-38%	-30%
27a	11% EL	-34%	-40%	-30%	-80%	-189%	-51%	-49%	-32%
28a	12% EL	-34%	-40%	-34%	-86%	-200%	-55%	-54%	-36%
29a	13% EL	-45%	-48%	-34%	-93%	-222%	-62%	-58%	-43%

(1) Highlighted values indicate where the decline in residual land value from the base case is less than the -30%
Source: AECOM

By applying the maximum available density bonus, as shown in Table 36, many more of the tested prototype scenarios fall within the -30% RLV loss threshold, and in two of the 20 density bonus scenarios (1b and 3b), the SFD large lot prototypes even meet or exceed the returns of the Base Case. However, most prototypes in the scenarios (158 out of 160) lose value. What this suggests in general is that for unincorporated area projects, the available density bonuses provided by the State Density Bonus Law do not offer enough value to fully offset the revenues lost to affordable set-asides.

Table 36. GP-Compliant Projects Change in Residual Land Value by Prototype (With Density Bonus)

Scenario *(with Density Bonus)*		SFD Large Lot *(Sale)*	SFD Medium Lot *(Sale)*	SFD Small Lot *(Sale)*	SFA/SFD Small Lot *(Sale)*	SFA Small Lot/ Townhome *(Sale)*	Garden Apt. *(Rent)*	Stacked Flats *(Rent)*	Stacked Flats on Podium *(Rent)*
1b	5% EL, 20.0% Density Bonus	0%	-5%	-9%	-19%	-56%	-16%	-18%	-19%
2b	10% EL, 32.5% Density Bonus	-13.0%	-13%	-14%	-42%	-100%	-31%	-30%	-41%
3b	5% VL, 20.0% Density Bonus	1%	-3%	-7%	-13%	-39%	-11%	-13%	-15%
4b	10% VL, 32.5% Density Bonus	-10%	-9%	-12%	-31%	-71%	-22%	-21%	-32%
5b	15% VL, 50.0% Density Bonus	-6%	-12%	-16%	-38%	-96%	-27%	-28%	-12%
6b	10% L, 20.0% Density Bonus	-9.7%	-9%	-10%	-21%	-41%	-12%	-12%	-21%
7b	15% L, 7.5% Density Bonus	-11%	-14%	-16%	-30%	-62%	-15%	-16%	-1%
8b	20% L, 35.0% Density Bonus	-19%	-23%	-21%	-40%	-76%	-20%	-21%	-7%
9b	5% VL, 5% L, 20.0% Density Bonus	-5%	-12%	-15%	-27%	-70%	-19%	-21%	-25%
10b	10% VL, 5% L, 32.5% Density Bonus	-15%	-17%	-19%	-44%	-99%	-27%	-27%	-13%
11b	10% VL, 10% L, 35.0% Density Bonus	-24%	-24%	-23%	-57%	-119%	-34%	-31%	-23%
12b	5% VL, 10% L, 27.5% Density Bonus	-13.2%	-17%	-19%	-38%	-86%	-22%	-23%	-7%
13b	5% VL, 15% L, 35.0% Density Bonus	-15%	-21%	-23%	-45%	-102%	-27%	-28%	-13%
14b	10% M, 5.0% Density Bonus	-13%	-10%	-9%	-9%	2%	2%	2%	-6%
15b	15% M, 10.0% Density Bonus	-13%	-14%	-13%	-10%	5%	6%	5%	21%
16b	20% M, 15.0% Density Bonus	-27%	-29%	-25%	-28%	-24%	-1%	-2%	9%
17b	5% VL, 5% L, 5% M, 20.0% Density Bonus	-9%	-17%	-20%	-31%	-72%	-16%	-18%	1%
18b	5% L, 10% M, 10.0% Density Bonus	-15%	-17%	-17%	-21%	-27%	-3%	-4%	13%
19b	10% L, 10% M, 20.0% Density Bonus	-22%	-20%	-19%	-31%	-43%	-9%	-9%	2%
20b	10% L, 5% VL, 27.5% Density Bonus	-13%	-17%	-19%	-38%	-86%	-22%	-23%	-7%

(1) Highlighted values indicate where the decline in residual land value from the base case is less than the -30%
Source: AECOM

While affordable set-asides impact specific prototypes differently, county-wide policies must be generalized for a range of residential uses. To establish a basis for a County-wide policy, AECOM prepared estimates for the mix of future residential uses, shown in Table 37. The estimates for GP-Compliant sale

and rent prototype mixes are based on analysis of historical development patterns and opportunity sites identified by the county housing portal.

Table 37. Future Development Prototype Mix, GP-Compliant Projects

	SFD Large Lot 2.9 (sale)	SFD Medium Lot 4.3 (sale)	SFD Small Lot 7.3 (sale)	SFA/SFD Small Lot 10.9 (sale)	SFA / Townhome 15 (sale)	Garden 20 (Rent)	Flats 30 (Rent)	Podium 45 (Rent)
GP-Compliant For Sale[1]	60%	10%	10%	10%	10%			
GP-Compliant For Rent[2]						50%	50%	0%
(1) AECOM estimate, based on historical patterns and Housing Portal opportunity sites								
(2) AECOM estimate, based on historical patterns, Housing Portal opportunity sites, and development pipeline								

Applying the prototype mixes allows a weighted average impact on residual land to be estimated. Of the 29 non-density-bonus set-aside scenarios shown in Table 38, 6 are feasible for GP-Compliant Sale and 12 are feasible for GP-Compliant Rent.

Table 38. Prototypical Project Residual Land Value: Set-Aside Scenarios Variance with Base Case

Scenario		GP-Compliant (Sale)	GP-Compliant (Rent)
1a	**5% EL**	-22.2%	-24.3%
2a	**10% EL**	-50.6%	-47.0%
3a	**5% VL**	-18.2%	-18.4%
4a	**10% VL**	-41.7%	-35.7%
5a	**15% VL**	-59.4%	-52.0%
6a	**10% L**	-28.5%	-18.6%
7a	**15% L**	-40.1%	-26.1%
8a	**20% L**	-57.2%	-35.1%
9a	**5% VL, 5% L**	-30.3%	-28.0%
10a	**10% VL, 5% L**	-53.4%	-43.2%
11a	**10% VL, 10% L**	-69.7%	-52.1%
12a	**5% VL, 10% L**	-46.2%	-34.9%
13a	**5% VL, 15% L**	-58.3%	-44.5%
14a	**10% M**	-13.2%	1.3%
15a	**15% M**	-17.7%	4.1%
16a	**20% M**	-38.4%	-4.8%
17a	**5% VL, 5% L, 5% M**	-34.9%	-25.2%
18a	**5% L, 10% M**	-24.8%	-6.2%
19a	**10% L, 10% M**	-41.2%	-15.1%
20a	**10% L, 5% VL**	-46.2%	-34.9%
21a	**5% VL, 5% L, 10% M**	-43.0%	-24.6%
22a	**5% VL, 10% L, 5% M**	-51.2%	-34.2%
23a	**10% VL, 5% L, 5% M**	-58.4%	-42.5%
24a	**7% VL, 7% L, 6% M**	-57.6%	-34.1%
25a	**8% VL, 6% L, 6% M**	-57.7%	-37.4%
26a	**9% VL, 6% L, 5% M**	-63.4%	-41.1%
27a	**11% EL**	-54.2%	-50.3%
28a	**12% EL**	-56.3%	-54.2%
29a	**13% EL**	-66.9%	-59.9%
Highlighted values indicate decline in residual land value of less than the -30%			
Source: AECOM			

With the available density bonus, as shown in Table 39, almost all the GP-Compliant scenarios become feasible. However, as noted above, pursuit of a density bonus adds entitlement risk and may not be marketable if results in a residential product for which there is little actual market demand.

Table 39. Prototypical Project Residual Land Value (with Density Bonus): Set-Aside Scenarios Variance with Base Case

Scenario		GP-Compliant (Sale)	GP-Compliant (Rent)
1b	5% EL, 20.0% Density Bonus	-8.8%	-16.8%
2b	10% EL, 32.5% Density Bonus	-24.7%	-30.5%
3b	5% VL, 20.0% Density Bonus	-5.4%	-11.9%
4b	10% VL, 32.5% Density Bonus	-18.0%	-21.9%
5b	15% VL, 50.0% Density Bonus	-20.0%	-27.2%
6b	10% L, 20.0% Density Bonus	-14.0%	-12.1%
7b	15% L, 7.5% Density Bonus	-19.1%	-15.6%
8b	20% L, 35.0% Density Bonus	-27.7%	-20.1%
9b	5% VL, 5% L, 20.0% Density Bonus	-15.5%	-19.9%
10b	10% VL, 5% L, 32.5% Density Bonus	-26.7%	-27.0%
11b	10% VL, 10% L, 35.0% Density Bonus	-37.0%	-32.7%
12b	5% VL, 10% L, 27.5% Density Bonus	-23.9%	-22.5%
13b	5% VL, 15% L, 35.0% Density Bonus	-28.4%	-27.1%
14b	10% M, 5.0% Density Bonus	-10.4%	2.2%
15b	15% M, 10.0% Density Bonus	-10.8%	5.8%
16b	20% M, 15.0% Density Bonus	-26.5%	-1.3%
17b	5% VL, 5% L, 5% M, 20.0% Density Bonus	-19.2%	-17.3%
18b	5% L, 10% M, 10.0% Density Bonus	-17.2%	-3.6%
19b	10% L, 10% M, 20.0% Density Bonus	-24.4%	-8.9%
20b	10% L, 5% VL, 27.5% Density Bonus	-10.0%	-2.1%

Highlighted values indicate decline in residual land value of less than the -30%
Source: AECOM

8.3.2 Impact of Affordable Set-Aside on GP-Compliant Project Return on Cost

By assuming a constant Base Case land value, the impact of the set-aside requirements can be compared in terms of return on cost (ROC). Return on cost is measured as net value (total project value at stabilization or sale less total project cost inclusive of land) divided by total project costs. As shown in Table 40, ROC declines significantly from the Base Case in each scenario. Furthermore, of the 58 tests shown, more than half (31) show a negative return on cost, which indicates that total scenario costs are higher than total scenario revenues.

Table 40. Return on Cost Assuming Base Case Land Value (No Density Bonus)

Scenario		GP-Compliant (Sale)	GP-Compliant (Rent)
1a	5% EL	4.3%	4.2%
2a	10% EL	-4.3%	-1.2%
3a	5% VL	5.1%	5.6%
4a	10% VL	-2.2%	1.5%
5a	15% VL	-6.9%	-2.5%
6a	10% L	0.9%	5.6%
7a	15% L	-2.5%	3.8%
8a	20% L	-8.4%	1.6%
9a	5% VL, 5% L	1.5%	3.3%
10a	10% VL, 5% L	-5.7%	-0.3%
11a	10% VL, 10% L	-11.2%	-2.5%
12a	5% VL, 10%L	-3.8%	1.6%
13a	5% VL, 15%L	-7.4%	-0.7%
14a	10% M	4.5%	10.3%
15a	15% M	2.6%	11.0%
16a	20% M	-4.6%	8.8%
17a	5% VL, 5% L, 5% M	-0.4%	3.9%
18a	5%L, 10%M	1.1%	8.5%
19a	10%L, 10% M	-4.4%	6.4%
20a	10% L, 5% VL	-3.8%	1.6%
21a	5% VL, 5% L, 10%M	-3.8%	4.1%
22a	5% VL, 10% L, 5%M	-5.9%	1.8%
23a	10% VL, 5% L, 5%M	-7.8%	-0.2%
24a	7% VL, 7% L, 6%M	-8.2%	1.8%
25a	8% VL, 6% L, 6%M	-8.2%	1.0%
26a	9% VL, 6% L, 5%M	-10.0%	0.2%
27a	11% EL	-5.0%	-2.1%
28a	12% EL	-5.4%	-3.0%
29a	13% EL	-9.0%	-4.4%

Highlighted values indicate a negative return
Source: AECOM

Applying the density bonus, as shown in Table 41, improves ROC substantially, but in only two out of 20 scenarios does the bonus fully offset the loss incurred through the affordable set-asides. Thus, in an environment where land costs are fixed or slow to reflect market inputs, compliance with a mandatory inclusionary housing requirement, even after applying the density bonus, will reduce project return. This could have a negative impact on development in the short term if landowners or developers are unwilling to accept the reduction in value that a mandatory inclusionary housing requirement will entail. Mitigating against this is the fact that most of the development capacity in San Diego County, as noted earlier, is already subject to some form of mandatory inclusionary housing requirement, limiting alternatives for development in jurisdictions without the requirement.

Table 41. Return on Cost Assuming Base Case Land Value (With Density Bonus)

Scenario		GP-Compliant (Sale)	GP-Compliant (Rent)
1a	5% EL	8.6%	5.9%
2a	10% EL	3.6%	2.6%
3a	5% VL	9.3%	7.1%
4a	10% VL	5.2%	4.7%
5a	15% VL	5.4%	3.4%
6a	10% L	5.7%	7.1%
7a	15% L	4.3%	6.2%
8a	20% L	1.1%	5.1%
9a	5% VL, 5% L	6.3%	5.2%
10a	10% VL, 5% L	2.6%	3.4%
11a	10% VL, 10% L	-1.1%	2.1%
12a	5% VL, 10%L	3.3%	4.5%
13a	5% VL, 15%L	1.9%	3.4%
14a	10% M	5.4%	10.5%
15a	15% M	5.0%	11.4%
16a	20% M	-0.6%	9.7%
17a	5% VL, 5% L, 5% M	4.7%	5.8%
18a	5%L, 10%M	3.7%	9.1%
19a	10%L, 10% M	1.2%	7.9%
20a	10% L, 5% VL	3.3%	4.5%

Highlighted values indicate where scenario ROC exceeds the Base Case
Source: AECOM

8.3.3 Impact of Affordable Set-Asides on GPA Project Feasibility

Supportable lot value analysis is used to assess the feasibility of a mandatory inclusionary housing program for GPA projects. The analysis estimates the amount a homebuilder should be willing to pay for a finished lot (graded with all major infrastructure in place) in a GPA development. If supportable lot value is greater than finished lot development cost, a project is feasible.

Supportable lot value is calculated by deducting residential unit construction costs (including direct costs, indirect costs, fees, financing costs, and expected project return, which is set at 10% of cost before land) from expected project revenues. AECOM modeled supportable lot value in the Base Case (an all-market-rate project with any affordable set-aside) and for each of the 29 scenarios described in Table 33. As shown in Table 42, in the Base Case, supportable lot value ranges from $71,000 (for a townhome product) to $266,000 (for a single family-detached small-lot home).

Table 42. GPA Project Supportable Finished Lot Value by Residential Type—Base Case

Prototype	SFD Large Lot 2.9 (sale)	SFD Medium Lot 4.3 (sale)	SFD Small Lot 7.3 (sale)	SFA/SFD Small Lot 10.9 (sale)	SFA / Townhome 15 (sale)	Garden 20 (Rent)	Flats 30 (Rent)	Podium 45 (Rent)
Unit Size (Sq.Ft.)	3,500	2,900	2,200	1,900	1,500	963	1,006	1,094
DUAC	2.9	4.3	7.3	10.9	15.0	20.0	30.0	45.0
Prototype Economics								
Value/Unit (after broker, closing fees)	$951,000	$760,000	$726,000	$571,000	$538,000	$530,000	$534,000	$603,000
Dev Cost/Unit Before Profit and Land	$659,000	$567,000	$418,000	$367,000	$425,000	$379,000	$377,000	$440,000
Dev Return at 10% of Cost bf Land	$66,000	$57,000	$42,000	$37,000	$42,000	$38,000	$38,000	$44,000
Dev Cost/Unit Before Land	$725,000	$624,000	$460,000	$404,000	$467,000	$417,000	$415,000	$484,000
Finished Lot Value/Unit	$226,000	$136,000	$266,000	$167,000	$71,000	$113,000	$119,000	$119,000
Finished Lot Value/Land Sq.Ft.	$15	$13	$44	$42	$25	$51	$82	$123

Source: AECOM

As with the GP-compliant analysis, County-wide policies impacting GPA projects must be generalized for a range of residential uses, represented by those shown in Table 42. To establish the basis for County-wide assessment, AECOM prepared an estimate for the mix of future GPA residential uses, as shown in Table 43.

Table 43. Future Development Prototype Mix, GPA Projects

	SFD Large Lot 2.9 (sale)	SFD Medium Lot 4.3 (sale)	SFD Small Lot 7.3 (sale)	SFA/SFD Small Lot 10.9 (sale)	SFA / Townhome 15 (sale)	Garden 20 (Rent)	Flats 30 (Rent)	Podium 45 (Rent)
GPA For Sale and For Rent[1]	20.0%	10.0%	25.0%	35.0%	5.0%	3.0%	2.0%	0.0%
(1) AECOM estimate, based on analysis of recent GPA projects								

Calculating supportable lot value for each potential set-aside scenario (from Table 42), and weighting the findings by the assumed mix shown in Table 43 results in estimated supportable lot values shown in Table 44.

Table 44. GPA Supportable Lot Value by Set-Aside Scenario

Scenario		Supportable Lot Value
1a	5% EL	$163,000
2a	10% EL	$127,000
3a	5% VL	$168,000
4a	10% VL	$138,000
5a	15% VL	$113,000
6a	10% L	$154,000
7a	15% L	$137,000
8a	20% L	$113,000
9a	5% VL, 5% L	$150,000
10a	10% VL, 5% L	$121,000
11a	10% VL, 10% L	$99,000
12a	5% VL, 10%L	$129,000
13a	5% VL, 15%L	$112,000
14a	10% M	$173,000
15a	15% M	$164,000
16a	20% M	$134,000
17a	5% VL, 5% L, 5% M	$142,000
18a	5%L, 10%M	$155,000
19a	10%L, 10% M	$134,000
20a	10% L, 5% VL	$129,000
21a	5% VL, 5% L, 10%M	$130,000
22a	5% VL, 10% L, 5%M	$120,000
23a	10% VL, 5% L, 5%M	$112,000
24a	7% VL, 7% L, 6%M	$114,000
25a	8% VL, 6% L, 6%M	$113,000
26a	9% VL, 6% L, 5%M	$106,000
27a	11% EL	$121,000
28a	12% EL	$117,000
29a	13% EL	$107,000
Source: AECOM		

The land development model generates a finished lot cost estimate of $110,000. (For a full breakdown of the model and its assumptions, see Table 82 in the Appendix.) To determine scenario feasibility, lot cost is compared to supportable lot value. As indicated by Table 45, 26 of the 29 tested scenarios are feasible.

Table 45. GPA Feasibility by Set-Aside Scenario

Scenario		Supportable Lot Value	Supportable Lot Value > Finished Lot Cost ($110,000)
1a	5% EL	$163,000	Yes
2a	10% EL	$127,000	Yes
3a	5% VL	$168,000	Yes
4a	10% VL	$138,000	Yes
5a	15% VL	$113,000	Yes
6a	10% L	$154,000	Yes
7a	15% L	$137,000	Yes
8a	20% L	$113,000	Yes
9a	5% VL, 5% L	$150,000	Yes
10a	10% VL, 5% L	$121,000	Yes
11a	10% VL, 10% L	$99,000	No
12a	5% VL, 10%L	$129,000	Yes
13a	5% VL, 15%L	$112,000	Yes
14a	10% M	$173,000	Yes
15a	15% M	$164,000	Yes
16a	20% M	$134,000	Yes
17a	5% VL, 5% L, 5% M	$142,000	Yes
18a	5%L, 10%M	$155,000	Yes
19a	10%L, 10% M	$134,000	Yes
20a	10% L, 5% VL	$129,000	Yes
21a	5% VL, 5% L, 10%M	$130,000	Yes
22a	5% VL, 10% L, 5%M	$120,000	Yes
23a	10% VL, 5% L, 5%M	$112,000	Yes
24a	7% VL, 7% L, 6%M	$114,000	Yes
25a	8% VL, 6% L, 6%M	$113,000	Yes
26a	9% VL, 6% L, 5%M	$106,000	No
27a	11% EL	$121,000	Yes
28a	12% EL	$117,000	Yes
29a	13% EL	$107,000	No

Source: AECOM

8.3.4 Feasibility Summary

A summary of the feasibility findings for all tested scenarios is shown in Table 46. For GP-Compliant for-sale projects, there are 6 feasible set-aside scenarios that meet both the Residual Land Value and Return on Cost feasibility standards, and for GP-Compliant for-rent, there are 12 feasible scenarios. For GPA projects, 26 of 29 tested scenarios are feasible.

Table 46. Feasibility Summary

Scenario		Meets Residual Land Value Standard[1]		Meets Return on Cost Standard[2]		Meets Supportable Lot Standard[3]	Summary		
		GP-Compliant (Sale)	GP-Compliant (Rent)	GP-Compliant (Sale)	GP-Compliant (Rent)	GPA (Sale and Rent)	GP-Compliant (Sale)	GP-Compliant (Rent)	GPA (Sale and Rent)
1a	**5% EL**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2a	**10% EL**	No	No	No	No	Yes	No	No	Yes
3a	**5% VL**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4a	**10% VL**	No	No	No	Yes	Yes	No	No	Yes
5a	**15% VL**	No	No	No	No	Yes	No	No	Yes
6a	**10% L**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7a	**15% L**	No	Yes	No	Yes	Yes	No	Yes	Yes
8a	**20% L**	No	No	No	Yes	Yes	No	No	Yes
9a	**5% VL, 5% L**	No	Yes	Yes	Yes	Yes	No	Yes	Yes
10a	**10% VL, 5% L**	No	No	No	No	Yes	No	No	Yes
11a	**10% VL, 10% L**	No	No	No	No	No	No	No	No
12a	**5% VL, 10% L**	No	No	No	Yes	Yes	No	No	Yes
13a	**5% VL, 15% L**	No	No	No	No	Yes	No	No	Yes
14a	**10% M**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15a	**15% M**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
16a	**20% M**	No	Yes	No	Yes	Yes	No	Yes	Yes
17a	**5% VL, 5% L, 5% M**	No	Yes	No	Yes	Yes	No	Yes	Yes
18a	**5% L, 10% M**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
19a	**10% L, 10% M**	No	Yes	No	Yes	Yes	No	Yes	Yes
20a	**10% L, 5% VL**	No	No	No	Yes	Yes	No	No	Yes
21a	**5% VL, 5% L, 10% M**	No	Yes	No	Yes	Yes	No	Yes	Yes
22a	**5% VL, 10% L, 5% M**	No	No	No	Yes	Yes	No	No	Yes
23a	**10% VL, 5% L, 5% M**	No	No	No	No	Yes	No	No	Yes
24a	**7% VL, 7% L, 6% M**	No	No	No	Yes	Yes	No	No	Yes
25a	**8% VL, 6% L, 6% M**	No	No	No	Yes	Yes	No	No	Yes
26a	**9% VL, 6% L, 5% M**	No	No	No	Yes	No	No	No	No
27a	**11% EL**	No	No	No	No	Yes	No	No	Yes
28a	**12% EL**	No	No	No	No	Yes	No	No	Yes
29a	**13% EL**	No	No	No	No	No	No	No	No

(1) Scenarios that return a residual land value with a decline greater than -30% compared to the Base Case
(2) Scenarios that return a greater than 0% Return on Costs
(3) Scenarios where Supportable Lot Value is higher than or equal to Finished Lot Cost
Source: AECOM

The County could choose to adopt each feasible scenario into a mandatory inclusionary program, which would result in many different set-aside options. However, as shown in the literature review, jurisdictions typically take a more streamlined approach with fewer options. Some criteria for program design could include:

- Total "value" of the set-aside, measured as the set-aside scenario's effective subsidy value
- Alignment with affordability needs, as reflected in the housing element or RHNA allocation
- Balance between affordability tiers (e.g., similar quantities of Very Low, Low, and Moderate Income units)
- Ease of implementation for both the County and developer applicants

These criteria are discussed further below.

Set-aside scenario subsidy value. AECOM calculated potential in-lieu fees for each set-aside scenario by quantifying the value variance between an all market-rate project and a project with income-restricted affordable units. (For a full discussion of in-lieu fees and in-lieu fee calculations, see Chapter 9.) Because the fee essentially reflects the value of the affordable housing subsidy on a scenario-by-scenario basis, it can also provide a means for comparing the subsidy value of each scenario.

Table 47 shows the calculated fees for each of the feasible set-aside scenarios by project category.

- For GP-Compliant sale projects, the highest fee and highest subsidy value is for Scenario 18a (5% Low Income + 10% Moderate Income) at $22.08 per each market rate unit square foot, followed closely by 6a (10% Low Income) at $21.37.

- For GP-Compliant rent projects, **Scenario 21a (5% Very Low Income + 5% Low Income + 10% Moderate Income)** at $24.44 per market rate square foot has the highest subsidy value. Notably, the rates for the next-highest scenarios—**Scenario 7a (15% Low Income)** at $24.32 and **17a (5% Very Low Income + 5% Low Income + 5% Moderate Income)** at $23.50—are so close to Scenario 21a as to be almost effectively interchangeable.

- For GPA projects, **Scenario 13a (5% Very Low Income + 15% Low Income)** at $43.13 per market rate square foot has the highest subsidy value, followed closely by **Scenario 23a (10% Very Low + 5% Low + 5% Moderate)** at $42.81 and **25a (8% Very Low Income + 6% Low Income + 6% Moderate Income)** at $42.15. From a subsidy value perspective, each of the top-three scenarios are effectively interchangeable.

Table 47. Calculated In-Lieu Fees by Feasible Set-Aside Scenario

Scenario		Estimated in-lieu fee (per market-rate unit sq.ft.)		
		GP-Compliant (Sale)	GP-Compliant (Rent)	GPA (Sale and Rent)
1a	**5% EL**	$12.67	$18.69	$14.06
2a	**10% EL**			$31.32
3a	**5% VL**	$10.74	$14.16	$11.63
4a	**10% VL**			$25.95
5a	**15% VL**			$40.35
6a	**10% L**	$21.37	$15.17	$17.90
7a	**15% L**		$24.32	$27.76
8a	**20% L**			$41.82
9a	**5% VL, 5% L**			$20.64
10a	**10% VL, 5% L**			$36.27
12a	**5% VL, 10% L**			$31.84
13a	**5% VL, 15% L**			$43.13
14a	**10% M**	$12.75	$0.00	$8.58
15a	**15% M**	$18.34	$0.00	$13.21
16a	**20% M**		$6.87	$31.59
17a	**5% VL, 5% L, 5% M**		$23.50	$25.96
18a	**5% L, 10% M**	$22.08	$7.16	$17.93
19a	**10% L, 10% M**		$15.94	$29.75
20a	**10% L, 5% VL**			$31.84
21a	**5% VL, 5% L, 10% M**		$24.44	$32.71
22a	**5% VL, 10% L, 5% M**			$38.13
23a	**10% VL, 5% L, 5% M**			$42.81
24a	**7% VL, 7% L, 6% M**			$41.41
25a	**8% VL, 6% L, 6% M**			$42.15
27a	**11% EL**			$34.97
28a	**12% EL**			$37.79

Darker shading reflects higher fee value
Source: AECOM

Designing a program around the scenarios with the highest subsidy value can help maximize its impacts.

Alignment with County Housing Policy. The Sixth Cycle RHNA allocation for unincorporated San Diego County (as shown in Table 13), prioritizes Very Low Income unit production (27% of total) most highly, followed by Moderate (17%) and Low (15%), with the remainder (40%) at Above Moderate. By this measure, set-aside scenarios that prioritize units at the lower end of the affordability spectrum should be weighted more heavily.

- For GP-Compliant Sale projects, **Scenario 6a (10% Low Income)** has the highest proportion of units at the lower end of the affordability spectrum from among the high subsidy scenarios.

- For GP-Compliant Rent projects, **Scenario 21a (5% Very Low Income + 5% Low Income + 10% Moderate Income)** has the highest proportion of units at the lower end of the affordability spectrum.

- For GPA projects, **Scenario 23a (10% Very Low + 5% Low + 5% Moderate)** has the highest proportion of units at the lower end of the affordability spectrum.

Balance and Ease of Implementation. These criteria can conflict, as a set-aside requirement featuring a balanced mix of affordability tiers may be more complicated to implement than for a single tier. More categories of affordability require additional tenant income qualification for developers to manage. Furthermore, for smaller projects especially, a mix of set-aside requirements can present rounding issues. For example, a 50-unit project with a 10% set-aside results in 5 affordable units (10% x 50), but a 50-unit project with 5% set-aside in one affordability tier and 5% in another requires 2.5 units for each to comply. The applicant can either round up to 3 and 3 (thereby increasing the effective set-aside requirement to 6% and 6%) or pay an in-lieu fee (if provided as an option) equivalent to 0.5 units for each affordability tier.

- For GP-Compliant Sale projects, **Scenario 6a (10% Low Income)** is the easiest to implement and manage, whereas **Scenario 18a (5% Low Income + 10% Moderate Income)** is more balanced but possibly harder to implement,

- For GP-Compliant Rent projects, **Scenario 7a (15% Low Income)** is the easiest to implement and manage, whereas **Scenario 21a (5% Very Low Income + 5% Low Income + 10% Moderate Income)** is more balanced but possibly harder to implement,

- For GPA projects, **Scenario 13a (5% Very Low Income + 15% Low Income)** has two tiers and is likely easier to implement and manage than **Scenario 23a (10% Very Low + 5% Low + 5% Moderate)** and **25a (8% Very Low Income + 6% Low Income + 6% Moderate Income),** which more income tiers and more complexity.

9. In-Lieu Fee Analysis

According to an Urban Institute survey, approximately two thirds of all jurisdictions with inclusionary housing policies allow the payment of an in-lieu fee as an alternative compliance option to provision of on-site affordable units. In general, in-lieu fees offer flexibility and predictability to developers and can be used strategically by jurisdictions to further their affordable housing policy goals.

In-lieu fees are usually pooled into a local affordable housing trust fund focused on jurisdiction housing policy priorities. The County's existing Innovative Housing Trust Fund (IHTF), which provides gap financing to developers that create or preserve affordable housing, could be a natural vehicle for collecting and disbursing in-lieu fees.

In-lieu fees offer many potential benefits. For one, in-lieu fees allow the affordable set-aside obligation to be properly scaled for smaller projects. For example, with a 15% set-aside requirement, the developer of a 5-unit project could pay a fee equivalent to 15% rather than having to round up to 20% by providing one unit on site. Additional flexibility may be provided by allowing on-site units to be combined with fractional fee payment. For example, an 8-unit project subject to a 15% set-aside is obligated to provide 1.2 affordable units, which it could do with one on-site unit and a fee scaled to reflect the 0.2 unit remainder.

The local trust fund may finance a wider range of affordable projects than mandated by the inclusionary program, such as for extremely low income units, "missing middle" units, "family" units, or permanent supportive housing. Furthermore, a housing fund may support growth management goals by directing funding to affordable projects in preferred areas such as those with transit resources or reduced fire danger. Finally, in-lieu fees disbursed through a housing trust fund can provide a resource for developers of 100% affordable housing projects, as the fees can provide a resource which may be used to leverage other forms of financing (such as Low Income Housing Tax Credits), thereby producing more affordable units than otherwise would be possible.

Potential disadvantages of in-lieu fees relate to challenges jurisdictions may face in spending fund money effectively and efficiently. A unit produced on-site provides immediate benefits, whereas a fee in the fund may take longer to be spent. Other perceived disadvantages often relate to policy trade-offs. For example, if fees are set to a level lower than the cost of providing units on site as part of a policy goal, it's arguable that applicants who elect to pay the fee will not be paying their fair share. While on-site units in a mixed-income development are typically required to be the same size and quality as market-rate units, offsite units funded by fees cannot typically be held to the same standard. However, if the jurisdiction prioritizes overall unit production, this might be a desirable trade-off. Finally, in-lieu fees may result in less mixed-income development, which again may be a desirable trade-off for the benefits noted above.

A summary of the potential advantages and disadvantages of in-lieu fees as an alternate compliance mechanism is shown in Table 48.

Table 48. Advantages and Disadvantages of In-Lieu Fees as an Inclusionary Program Alternate Compliance Option

Advantages	Disadvantages
• Create mechanism to fund housing units that inclusionary policies do not produce (e.g., units for households with extremely low incomes) or fund other local housing priorities	• May result in fewer on-site units and less mixed-income development
• Increase flexibility for developers, particularly for smaller developments	• Could lead to construction activity that reinforces patterns of segregation
• Provide leverage for other funding sources	• May result in lower quality on- or off-site
• Make development process more predictable	
• Provide important source of funding for nonprofit developers	
• Provide a tool for the jurisdiction for growth management	

Source: AECOM and Urban Institute, *Determining In-Lieu Fees in Inclusionary Zoning Policies*

9.1 Methodology

In-lieu fees are typically calibrated to represent the cost to the developer of providing required units on site. However, there are several different established methods for calculating and applying in-lieu fees, each with different pros and cons. The three most common methods are discussed below.

- Affordability Gap Method: The affordability gap method establishes a fee based on the difference in value between affordable and market rate units, where value is the unit's sale price (for for-sale units) or the capitalized value of its net operating income (for rental units). The affordability gap is the value variance between a market-rate unit and a rent-restricted unit. To establish a fee, the affordability gap is distributed between the market-rate portion of total units.

  For example, if the affordable set-aside requirement is 10% of units at Low Income (i.e., 80% AMI), a 10-unit project would be required to set aside 1 unit as affordable. If the value of a market-rate unit in this scenario is $500,000 and the value of the affordable unit is $230,000, the affordability gap is $270,000, which implies an in-lieu fee of $30,000 per market-rate unit ($270,000 affordability gap divided between 9 market-rate units). At an average unit size of 1,500 square feet, the per-square-foot fee would be $20 per square foot ($30,000 divided by 1,500 square feet).

  As illustrated in the example, the in-lieu fee incorporates the AMI level of required affordability and the amount of required set-aside. Thus, a jurisdiction's in-lieu fee schedule must be calibrated to its adopted standards for minimum compliance.

- Production Cost Method: The production cost method bases the fee on the variance between the cost and the value of providing an affordable unit off-site. This method first establishes the construction costs and potential revenues from an equivalent affordable housing project and derives the fee based on the subsidy needed to make affordable housing feasible.

  For example, if the off-site production cost of an affordable unit is $400,000 and the unit's rent-stabilized value is $230,000, the subsidy to cover the variance is $170,000. This implies an in-lieu fee of $18,889 per market-rate unit for a 10-unit project with a 10% set-aside requirement ($170,000 gap divided between 9 market-rate units). At an average unit size of 1,500 square feet, the per-square-foot fee would be $12.59 per square foot ($18,889 divided by 1,500 square feet). Compared to the affordability gap method, the fee resulting from the production cost method is lower because it excludes the premium associated with the onsite value.

- Index Fee Method: The index fee method establishes a fee based on an index of variables that are tailored specifically to the jurisdiction's housing market and the policy goals of the inclusionary housing program. Potential variables include the location within a sub geography, building type, unit size, density, and level of affordability. The index fee method usually determines the in-lieu fee based on the total square footage of a development project.

  While this method allows for jurisdictions to align affordable housing goals with the inclusionary housing program, it is also the most obscure and potentially distortionary of the three options. The lack of predictability and transparency could discourage the development of both market rate and affordable units.

For the County in-lieu fee analysis, AECOM used the affordability gap method. Unlike the other methods, it is directly derived from the same values used in preparing the inclusionary analysis, which allows the fees to be closely calibrated to the set-aside requirements and represent a directly equivalent cost to the applicant. In addition, the resulting fee schedule provides more predictability and transparency to applicants than a fee calculated on a project-by-project basis like the index fee method.

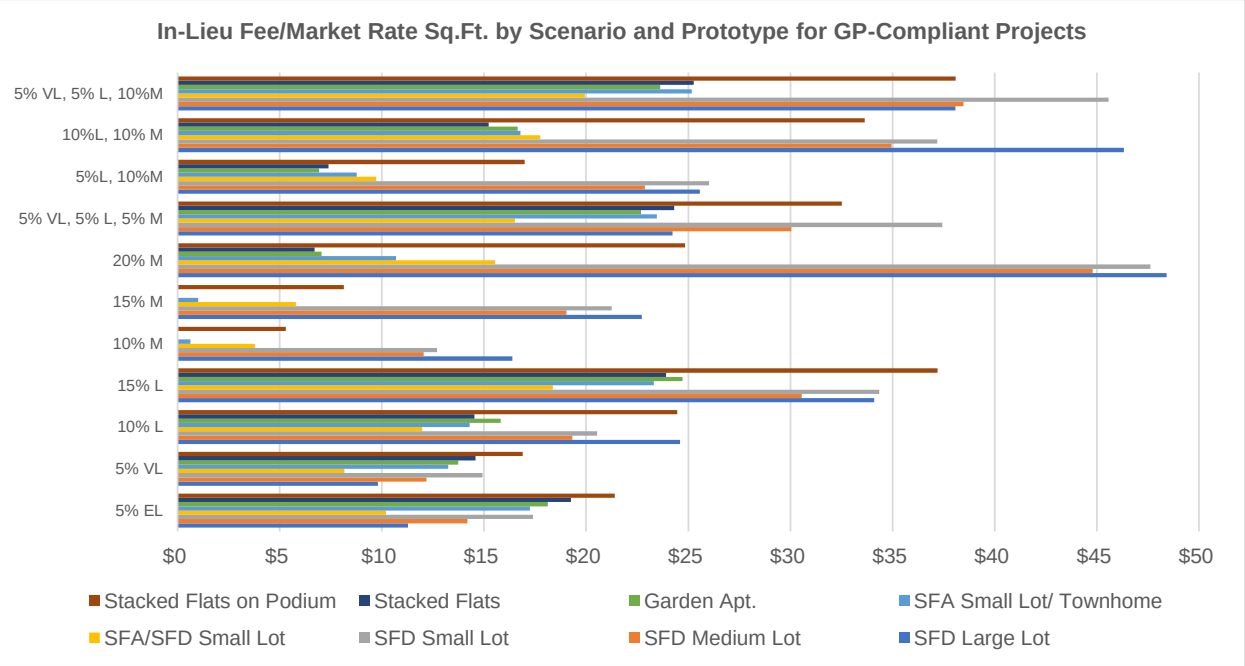
As with the proposed inclusionary set-asides, the in-lieu fee analysis generates recommendations based on assumptions regarding the mix of future residential products, each with its own specific affordability gap. Thus, the proposed in-lieu fee schedule represents a weighted average of these products.

Consequently, for some applicant projects, the scheduled fee may offer a financial advantage over building on-site, while for other projects, the economics of on-site development might be preferable.

9.2 In-Lieu Fee Estimates

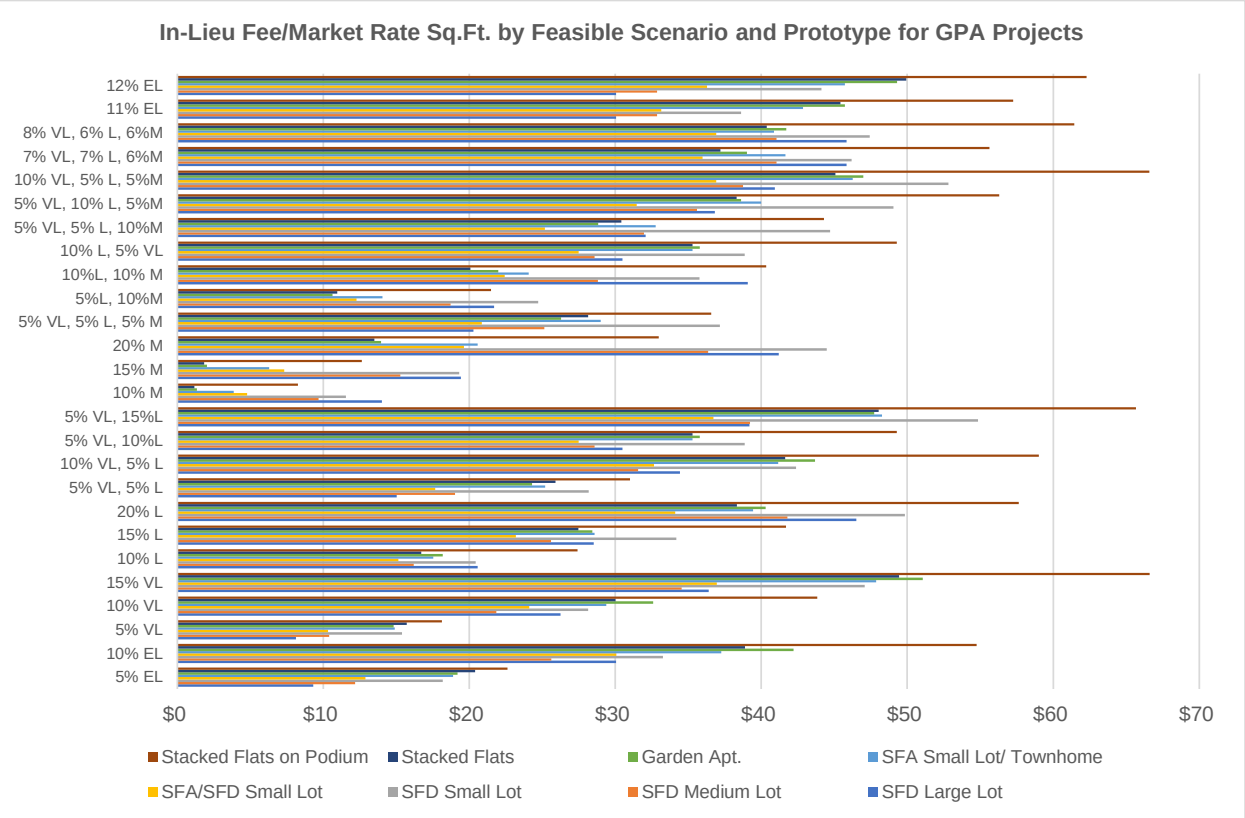
As shown in Figure 11 and Figure 12, affordability gap based in-lieu fee estimates vary greatly by prototype and set-aside scenario.

Figure 11: Derived In-Lieu Fees by Prototype for Feasible Scenarios for GP-Compliant Residential Uses



Source: AECOM

Figure 12: Derived In-Lieu Fees by Prototype for Feasible Scenarios for GPA Residential Uses



Source: AECOM

However, because a County-wide in-lieu fee policy must cover a range and a mix of future residential uses, a weighted average approach must be taken. To do so, AECOM applied the future residential use mixes (as shown in Table 37 and Table 43) to the estimated in-lieu fee estimate for each prototype.

For example, as shown in Table 49, the calculated in-lieu fee for each prototype ranges from $23.20 to $34.18 per square foot. Applying the expected land use mix results in a weighted average fee of $27.76 per square foot.

Table 49. Illustration: Calculation of In-Lieu Fee for GPA 15% Low Income Set-Aside Scenario

GPA Projects: 15% Low Income	SFD Large Lot	SFD Medium Lot	SFD Small Lot	SFA/SFD Small Lot	SFA Small Lot/ Townhome	Garden Apt.	Stacked Flats	All
Fee by Prototype	$28.53	$25.60	$34.18	$23.20	$28.58	$28.42	$27.47	
Future Mix	20.0%	10.0%	25.0%	35.0%	5.0%	3.0%	2.0%	
Wtd.Avg. Fee								**$ 27.76**

Source: AECOM

Estimated in-lieu fees for each potential feasible set-aside scenario are shown in Table 50.

Table 50. In-Lieu Fees by Land Use Category and Set-Aside Scenario

Scenario		Estimated in-lieu fee (per market-rate unit sq.ft.)		
		GP-Compliant (Sale)	GP-Compliant (Rent)	GPA (Sale and Rent)
1a	5% EL	$12.67	$18.69	$14.06
2a	10% EL			$31.32
3a	5% VL	$10.74	$14.16	$11.63
4a	10% VL			$25.95
5a	15% VL			$40.35
6a	10% L	$21.37	$15.17	$17.90
7a	15% L		$24.32	$27.76
8a	20% L			$41.82
9a	5% VL, 5% L			$20.64
10a	10% VL, 5% L			$36.27
12a	5% VL, 10% L			$31.84
13a	5% VL, 15% L			$43.13
14a	10% M	$12.75	no fee[1]	$8.58
15a	15% M	$18.34	no fee[1]	$13.21
16a	20% M		$6.87	$31.59
17a	5% VL, 5% L, 5% M		$23.50	$25.96
18a	5% L, 10% M	$22.08	$7.16	$17.93
19a	10% L, 10% M		$15.94	$29.75
20a	10% L, 5% VL			$31.84
21a	5% VL, 5% L, 10% M		$24.44	$32.71
22a	5% VL, 10% L, 5% M			$38.13
23a	10% VL, 5% L, 5% M			$42.81
24a	7% VL, 7% L, 6% M			$41.41
25a	8% VL, 6% L, 6% M			$42.15
27a	11% EL			$34.97
28a	12% EL			$37.79

(1) No fee because there is no affordability gap between market rate and moderate units
Source: AECOM

While the draft fees calculated in Table 50 generate value equivalent to the affordability gap between market-rate and affordable units, the County could further adjust these to support specific growth management goals. For example, to encourage on-site development of affordable units, the in-lieu fee could be set higher than the affordability gap and make the economics of onsite development more attractive by comparison. Alternatively, to discourage on-site affordable development in—for example—a low VMT area, the County could set the in-lieu fee lower than the affordability gap. A typical approach to modifying fees in this way is to apply a premium factor (e.g., 1.1x) or a discount factor (0.9x).

10. Summary of Findings

10.1 Overview

The County Board directed Staff to prepare the following recommendations:

- An Inclusionary Housing Ordinance with a mandatory set-aside that would be applicable to all housing projects above a certain size threshold.
- Options specifically tailored to capture value tied to significant up-zonings in General Plan Amendment projects.

Staff recommendations should lead to an ordinance that will help implement the County's Housing Element and comply with state law by increasing opportunity for the County to meet its share of the Regional Housing Needs Assessment or RHNA and by promoting mixed-income development projects that foster neighborhood integration. In addition, the ordinance should provide incentives to avoid impacts on market-rate housing production.

AECOM's findings suggest that a mandatory inclusionary housing program would be feasible and could help the County meet its affordable housing production goals.

An inclusionary housing program would apply to three categories of residential development:

- GP-Compliant For Sale
- GP-Compliant For Rent
- GPA combined For Sale and For Rent

10.2 Program Criteria

10.2.1 Compliance Triggers

For GP-Compliant projects (Rent and Sale): compliance is mandatory, and the inclusionary set-aside is pre-determined for projects of 10 units or more. Older projects that have already received discretionary approval and are in phased development are not required to comply.

For GPA projects: compliance is mandatory, and the inclusionary set-aside is pre-determined for projects of any size. Older projects that have already received discretionary approval and are in phased development are not required to comply.

10.2.2 Minimum Affordable Housing Set-Aside Requirements and In-Lieu Fees

Mandatory compliance requires meeting a minimum affordable set-aside for General Plan-Compliant Sale, General Plan-Compliant Rent, and GPA projects. A mandatory set-aside is a minimum requirement that should not preclude a developer from increasing the share of set-aside units or from adding additional affordable income tiers.

The feasibility analysis revealed a range of potential feasible set-aside scenarios, which gives the County flexibility in how it configures the program. Program criteria could prioritize highest subsidy value, lowest affordability levels, balance across affordability levels, or ease of implementation, as illustrated below.

Prioritize Highest Subsidy Value

Category	Total Set-Aside %	Set-Aside by Affordability	In-Lieu Fee (/market-rate unit sq.ft.)
GP-Compliant Sale	15%	5% Low + 10% Moderate	$22.08
GP-Compliant Rent	20%	5% Very Low + 5% Low + 10% Moderate	$24.44
GPA	20%	5% Very Low + 15% Low	$43.13

Prioritize Units at the Lower End of Affordability

Category	Total Set-Aside %	Set-Aside by Affordability	In-Lieu Fee (/market-rate unit sq.ft.)
GP-Compliant Sale	10%	10% Low	$21.37
GP-Compliant Rent	20%	5% Very Low + 5% Low + 10% Moderate	$24.44
GPA	20%	10% Very Low + 5% Low + 5% Moderate	$42.81

Prioritize Balance Between Affordability Tiers

Category	Total Set-Aside %	Set-Aside by Affordability	In-Lieu Fee (/market-rate unit sq.ft.)
GP-Compliant Sale	15%	5% Low + 10% Moderate	$22.08
GP-Compliant Rent	20%	5% Very Low + 5% Low + 10% Moderate	$24.44
GPA	20%	8% Very Low + 6% Low + 6% Moderate	$42.15

Prioritize Ease of Implementation and Management

Category	Total Set-Aside %	Set-Aside by Affordability	In-Lieu Fee (/market-rate unit sq.ft.)
GP-Compliant Sale	10%	5% Low + 10% Moderate	$21.37
GP-Compliant Rent	15%	15% Low	$24.32
GPA	20%	5% Very Low + 15% Low	$43.13

10.2.3 Covenant Periods for Income-Restricted Units

The proposed duration of affordability for all affordable set-aside units should be consistent with the State Density Bonus Law as implemented through the San Diego County Zoning Code, Section 6375. Both for-sale and for-rent units will be kept affordable for 55 years (or longer if required by an associated construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program).

10.2.4 Location and Type of Income-Restricted Units

The proposed location and type of affordable set-aside units should be consistent with the State Density Bonus Law as implemented through the San Diego County Zoning Code, Section 6375. These provisions are designed to assure that the affordable units developed on site are distributed to promote a mixed-income community and are of the same general level of quality as market-rate units within the development. Specifically, the units should:

- Be "reasonably dispersed" throughout the development.
- Contain the same number of bedrooms as market-rate units.
- Reflect the required set-aside proportion within each phase, if the project is phased, and be constructed concurrently with or prior to construction of the market-rate units.
- Have an exterior appearance and quality that is in character with the whole project.

10.2.5 Sub-Areas

For GP-Compliant projects, the inclusionary program should apply to all Community Planning Areas equally, with the exception of those found to have weak residential markets for which an inclusionary program would become infeasible. At the time, the only sub-area identified the market analysis to be excluded would be Subarea 5 containing the Desert, North Mountain, and Mountain Empire CPAs.

For GPA projects, the inclusionary program should apply to all Community Planning Areas without exemption or exception.

10.2.6 Flexible Compliance Alternatives

A summary of potential compliance alternatives is provided below. To avoid unintended consequences, the options must be further calibrated so they are equal in cost and/or provide an equivalent number of acceptable-quality units as required by the base compliance requirement. In addition, the County may wish to define the off-site location requirements to comply with County-wide strategies for promoting compact development near transit and employment centers.

Table 51. Flexible Compliance Alternatives

	ALTERNATIVE	IMPLEMENTATION PARAMETERS
A	Off-site Development. Allows for flexibility and permits developers multiple options to comply with affordable housing production requirements. Can be defined to encourage off-site development in support of County policies for reducing VMT.	Criteria: • Location within the same CPA as the GPA project; *or* location in transit-rich employment-adjacent areas that conform with County compact development strategies and goals (such as VMT reduction). • Equivalent number of units and bedrooms as required for on-site compliance • Comparable size and residential typology as on-site development • Can leverage affordable housing development strategies and tools such as low income housing tax credits, a joint-venture with a qualified affordable housing developer, and the use of an affordable housing credit bank. • Reflects the required set-aside proportion within each phase, if the project is phased, and be constructed concurrently with or prior to construction of the market rate units. • Can be combined with other compliance alternatives such as in-lieu fees and land donation so long as total units produced are equal to or greater than the number required for on-site development.
B	In-Lieu Fees. Can be set to represent the affordability gap between the value of market-rate and affordable units. Alternately, a fee that	Criteria: • Calibrated to be equivalent to the cost of the target percentage of set-aside so that it represents an equal cost burden to developer.

	ALTERNATIVE	IMPLEMENTATION PARAMETERS
	is lower than the affordability gap will provide an incentive to pay it, while a higher fee may compel onsite development	• Fees adjusted regularly to reflect current cost variance between market-rate and income-restricted units. • Provide an option to meet the requirements by combining numerous compliance options such as in-lieu fees with on-site development and off-site development. • Can be combined with other compliance alternatives such as off-site development and land donation so long as total units produced are equal to or greater than the number required for on-site development. • Calculated based on the affordability gap method.
C	**Land Donation**. Patterned broadly after the requirements of Government Code Section 65915(g), which describes compliance rules for the State Density Bonus Law for land donations.	**Criteria for transferred land:** • Developable acreage is sufficient to permit construction of income-restricted units. • Appropriate general plan designation, zoning, and development standards. • Permits and approvals (other than building permits) in place. • At least one acre in size and is or will be served by adequate public facilities and infrastructure. • The land and the affordable units subject to a deed restriction • Transferred to local agency or approved housing developer. • Location consistent with location requirements specified for the off-site development option. • Identified source of funding for the income-restricted units • Affordable housing constructed concurrently with or prior to construction of the market-rate units. • Can be combined with other compliance alternatives such as off-site development and in-lieu fees so long as total units produced are equal to or greater than the number required for on-site development.
D	**Acquisition and Rehabilitation.** Conversion of offsite units to affordable homes. Could also be used to reserve affordable rental housing that is at risk of being lost to rent spikes in gentrifying neighborhoods.	**Criteria:** • Off-site preservation and buy-down alternatives typically include a requirement that the developer either make a minimum level of investment in rehabilitation, or otherwise ensure that the property is fully repaired, energy-efficient and capable of providing decent, safe housing for the duration of its affordability period without the need for substantial additional rehabilitation.i • Can be combined with other compliance alternatives such as off-site development and in-lieu fees so long as total units produced are equal to or greater than the number required for on-site development.

11. Appendix

11.1 Backing Data

Table 52: Complete List of GPA Projects

CPA	SPA	Total Inventory	Units Built 2011-2021	Pipeline	Unbuilt Capacity	Development Status	Summary Description
Alpine	Alpine Highlands	121	0	0	0	Built Out	Small Lot Development, Built out
Bonsall	Champagne Gardens	0	0	0	0	Dormant	Mixed use residential and commercial development approved in 1999. Noo development has yet occurred.
Bonsall	Lake Rancho	0	0	0	0	Built Out	Open Space area spills over into Bonsall, but all units built are in Fallbrook
Bonsall	Vista Valley	169	0	0	0	Built Out	Several large lot SFR and more small lot SFR at 4,000-5,000 square foot lots built around a Country Club. Built out
Crest-Dehesa	Singing Hills	362	0	0	0	Built Out	Mix of Large and Small Lot SFR built around a golf course and open space. Built out
Crest-Dehesa	Conrock					Built Out	Non-Residential Development
Desert	Borrego	102	0	0	732	Dormant	Mostly Undeveloped GPA. 100 MFR units were built on a single lot, which has become a hotel. Three other lage lots remain vacant. No development since 1998
Desert	Mesquite Trails	0	0	0	0	Dormant	Proposed resiential development for SFR and mobile lots with community facilities. Proposed in 1976, EIR in 1993 found significant impacts, no development has yet occurred.
Desert	Rams Hill	268	1	2	1,077	Active	Residential, hotel, country club, golf course, entitled for 1,300 units (includes hotel?), proposed in 1980, has 268 built units, with 1 unit built in the past 10 years.
Fallbrook	CampusPark	658	580	104	93	Active	Mostly built out, with 93 more units of capacity, likely small lot and detached conodos. Eventually to add commerical and eudcational uses.
Fallbrook	Campus Park West	0	0	0	283	In Development	Recently Approved expansion of Campus Park to include 283 SFR and detacehd condos
Fallbrook	Lake Rancho	757	0	0	17	Built Out	SFR and mobile homes with community facilities. There conitnues to be turnover with new mobile homes, seen in building permit data, but minimal net new units.
Fallbrook	Meadowood	0	0	193	651	In Development	Ground broken for future 844 homes in 2021, likely to be fully built out based on proximity and historical trajectory
Fallbrook	Pala Mesa	431	51	22	36	Active	Nearly fully built out GPA with active pipeline and recent home construction
Fallbrook	Peppertree Park	218	0	0	0	Built Out	SFR Neighborhood with open space and community center or school. Built out
Fallbrook	Sycamore Ranch	243	1	2	0	Built Out	SFR Neighborood built around a Golf Course/Country Club. Built out, but 3 ADUs built recently.
Jamul-Dulzura	Otay Ranch	0	0	0	2,209	In Development	Major Residential Development with limited commerial uses. 2209 Future units in Otay Ranch, extension of Chula Vista and Otay CPA Otay Ranch Concept.
Lakeside	East County Square	191	0	0	4	Built Out	SFR and commerical uses, including a big-box anchored retail center. Built out
Lakeside	Greenhills Ranch	33	31	0	79	Active	SFR at 2.5 DU/AC and open space, phase 1 is built out and phase 2 will be subject to further amendments. Remaining capacity of 79 in phase 2
Lakeside	High Meadows	23	23	3	224	Active	SFR Development on lots ranging from 1/2 acre to 5 acres. Only a small portion of the 248 total have been built. Active Development
Lakeside	Lake Jennings	409	2	2	0	Built Out	SFR and Mobile Develomepnt. Built out
Lakeside	Los Coches	232	3	1	0	Built Out	SFR Development Built out
Lakeside	Quail Canyon	171	2	0	0	Built Out	SFR Development Built out
Mountain Empire	Jacumba Valley	3	0	0	1,244	Dormant	Solar Power Project, no units can be developed unitl after 2050
North County Metro	Hidden Meadows	827	11	2	255	Active	SFR development including a country club and golf course, upzoned in 1988 to allow for 1083 units, 255 remaining unbuilt capacity. Active Development
North County Metro	Mountain Gate	3	0	0	153	Dormant	Large Lot SFR on active ag land planned, 153 units yield, entitled since 2001. Project has been dormant.
North County Metro	Sugarbush	45	45	0	0	Built Out	Small 45 unit SFR development. Built out
North County Metro	Welk Resort	1,016	76	1	286	Active	Resort, Mobile Homes, Condos, SFR SPA, wild, still some SFR capacity. Active Development
North Mountain	Warner Springs	0	0	0	358	Dormant	Entitled for SFR, no development has occurred, entitled since 1983, 358 units of capactiy. Dormant
Otay	East Otay	16	16	0	3,218	In Development	Large Mixed use, mostly industrial, includes village with 3,128 untis entitled
Otay	Otay Ranch	0	0	0	2,862	In Development	Two villages, 13 and 14, entitile for 2,924. There is also office space, commerical space, parks and recereational facilities in a large planned development.
Ramona	Holly Oaks	90	0	0	0	Built Out	SFR Built out
Ramona	Montecito Ranch	1	0	0	417	In Development	Future Development site for SFR, school, instituion, lots of open space, approved 2010, 417 future units. Greenfield undeveloped
Ramona	Mt Woodson Ranch	196	0	0	0	Built Out	SFR Built out
Ramona	Rancho San Vicente	241	0	0	0	Built Out	SFR Built out
Ramona	Cummings Ranch	0	0	0	125	In Development	Recently approved 125 large lot SFR
San Dieguito	4S Ranch	5,463	0	0	55	Active	Huge, multiple phases, stages and sizes, nearly bulit out, 55 units remaining. Active Development
San Dieguito	Cielo del Norte	2	0	0	122	Active	Entitled but mostly unbuillt, 2 units built with 122 remaining. Active Development.
San Dieguito	El Apajo	48	3	0	0	Built Out	SFR 47 units built. Built out
San Dieguito	Fairbanks Ranch	649	14	5	0	Built Out	Very Large one of the original SFR GPA projects, Very high-end, large lot homes. Built out
San Dieguito	HarmonyGrove	699	597	92	39	Active	Building and almost built out, pending the Harmony Grove South approval, 39 units at current capacity. Still Active Development
San Dieguito	HarmonyGrove South	0	0	0	453	In Development	Recently Approved Project to add 453 units of SFR (small and large) and MFR (low density) along with community facilities
San Dieguito	Rancho Cielo	235	109	10	93	Active	SFR mostly built out, perhaps another phase or perserved land, 93 units left
San Dieguito	Rancho Santa Fe	102	0	0	0	Built Out	SFR Built out
San Dieguito	Santa Fe Creek	39	6	0	5	Active	SFR. Nearly built out with 5 more units of remaining capcity. Active Development
San Dieguito	Santa Fe Valley	991	243	97	101	Active	Large multi-phase GPA project is mostly built out but perhaps 123 more units across different subareas. Active Development
San Dieguito	Valiano	0	0	0	326	In Development	Recently Approved Project to add 326 SFR at varying densities
Spring Valley	Sweetwater Place	0	0	0	122	In Development	Receenlty approved 122 small lot SFR on infill vacant space
Spring Valley	Sweetwater Vista	0	0	15	203	In Development	Receenlty approved 218 small lot SFR or detached condos on infill commerical space
Valle De Oro	Rancho San Diego	4,957	2	1	0	Built Out	Large, Legacy GPAs, mostly SFR but also quite a lot of MFR and Commerical, mixed use development with multiple lot sizes and building types, Built out
Valle De Oro	Skyline Church	0	0	0	0	Built Out	Non-residential GPA
Valley Center	Champagne Gardens	1	0	0	0	Dormant	Complications with Entitlements and EIR, but no units and stalled development. Dormant
Valley Center	Live Oak Ranch	1	0	0	148	Dormant	Entitled for 148 units, unclear status with EIR. Dormant
Valley Center	Orchard Run	0	0	0	300	Active	SFR development, stalled for many years, construction has begun, 300 units to be completed
Valley Center	Woods Valley Ranch	287	16	0	5	Active	SFR almost completely built out, 5 units remainig
Total		**20,300**	**1,832**	**552**	**16,295**		

Table 53. Recent GPA Residential Sales Transactions at 2.9 (Approximately) Dwelling Units Per Acre Density

Village Residential 2.9 (V-R 2.9)	SFR Large Lot							
Address	SPA	Sale Date	Lot Sq.Ft.	Home Sq.Ft.	BDRM	Home Price	Price/Lot Sq.Ft.	Price/Home Sq.Ft.
13538 Walsh Way	Orcahrd Run	3/30/2022	10,900	2,384	4	$941,614	$86	$395
27654 Evergreen Way	Orcahrd Run	10/28/2021	8,712	2,061	4	$760,000	$87	$369
3021 Jicarilla Dr	Pala Mesa	8/30/2021	8,159	2,429	3	$790,000	$97	$325
2931 Via De Todos Santos	Pala Mesa	7/13/2021	10,292	2,429	3	$787,000	$76	$324
3045 Via De Todos Santos	Pala Mesa	6/1/2021	8,329	2,386	3	$714,335	$86	$299
16288 Sunny Summit Dr	Santa Fe Valley	11/24/2020	9,496	4,283	5	$1,484,299	$156	$347
16231 Sunny Summit Dr	Santa Fe Valley	11/13/2020	9,496	4,283	5	$1,565,000	$165	$365
16352 Sunny Summit Dr	Santa Fe Valley	11/5/2020	9,496	4,565	5	$1,649,750	$174	$361
3056 Jicarilla Dr	Pala Mesa	8/14/2020	10,243	3,207	5	$714,800	$70	$223
22111 Long Trot Dr, Escondido	Whittingham	7/31/2020	12,197	3,743	4	$857,000	$70	$229
22171 Long Trot Dr, Escondido	Whittingham	6/29/2020	12,632	3,743	4	$840,000	$66	$224
2935 Side Saddle Ln	Harmony Grove	6/5/2020	12,697	3,829	4	$938,473	$74	$245
22147 Long Trot Dr	Harmony Grove	5/8/2020	12,697	3,829	4	$944,900	$74	$247
22147 Long Trot Dr, Escondido	Whittingham	5/7/2020	12,632	3,829	4	$930,000	$74	$243
2851 Livery Way, Escondido	Harmony Grove	4/21/2020	15,725	4,349	5	$923,821	$59	$212
4704 Panache Dr, Fallbrook	Pala Mesa Highlands	2/19/2020	10,890	3,100	4	$673,000	$62	$217
3209 ViadeTodosSantos, Fallbrook	Pala Mesa Highlands	12/18/2019	9,445	3,199	4	$649,000	$69	$203
35728 Bay Morgan Ln, Fallbrook	Horse Creek	9/16/2019	11,038	2,654	3	$565,650	$51	$213
21860 Gallop Way, Escondido	Whittingham	6/24/2019	13,068	4,025	5	$942,000	$72	$234
1824 Lemonadeberry Ln, Vista	Sugarbush	3/28/2019	10,890	3,304	3	$830,000	$76	$251
35805 Shetland Hls, Fallbrook	Horse Creek	1/31/2019	12,876	3,840	5	$686,601	$53	$179
35811 Shetland Hills East, Fallbrook	Horse Creek	12/31/2018	10,127	3,373	4	$655,595	$65	$194
309 Ventasso Way, Fallbrook	Horse Creek	11/3/2018	10,903	2,905	4	$659,900	$61	$227
1818 Lemonadebery Ln, Vista	Sugarbush	10/3/2017	14,375	3,771	4	$957,491	$67	$254
Average all			**11,138**	**3,397**	**4**	**$894,176**	**$83**	**$266**
Median all			**10,895**	**3,558**	**4**	**$835,000**	**$73**	**$244**
Maximum all			**15,725**	**4,565**	**5**	**$1,649,750**	**$174**	**$395**
Minimum all			**8,159**	**2,061**	**3**	**$565,650**	**$51**	**$179**
Average 2020-21			**10,913**	**3,471**	**4**	**$971,492**	**$93**	**$282**
Median 2020-21			**10,292**	**3,743**	**4**	**$857,000**	**$74**	**$247**
Maximum 2020-21			**15,725**	**4,565**	**5**	**$1,649,750**	**$174**	**$369**
Minimum 2020-21			**8,159**	**2,061**	**3**	**$673,000**	**$59**	**$212**

Source: Zillow, Redfin, AECOM

Table 54. Recent GPA Project Residential Sales Transactions at 4.3 (Approximately) Dwelling Units Per Acre Density

Village Residential 4.3 (V-R 4.3)	SFR Med Lot							
Address	**SPA**	**Sale Date**	**Lot Sq.Ft.**	**Home Sq.Ft.**	**BDRM**	**Home Price**	**Price/Lot Sq.Ft.**	**Price/Home Sq.Ft.**
35438 Asturian Way	Horse Creek	4/29/2022	5,022	2,022	3	$779,000	$155	$385
35725 Esperia Way	Horse Creek	4/14/2022	6,397	2,656	4	$879,000	$137	$331
2828 Demler Dr	Harmony Grove	3/8/2022	6,728	3,027	5	$1,450,000	$216	$479
560 Ventasso Way	Horse Creek	3/3/2022	5,891	2,486	4	$860,000	$146	$346
2914 Via De Todos Santos	Pala Mesa	1/10/2022	6,272	2,386	3	$889,900	$142	$373
208 Pantaneiro Pl	Horse Creek	11/9/2021	6,788	2,486	4	$760,000	$112	$306
2932 Stable Pl	Harmony Grove	11/5/2021	6,485	3,465	5	$1,400,000	$216	$404
35857 Esperia Way	Horse Creek	11/2/2021	7,860	2,486	4	$775,000	$99	$312
2940 Stable Pl	Harmony Grove	10/29/2021	7,794	3,314	4	$1,125,000	$144	$339
4720 Panache Dr	Pala Mesa	9/30/2021	7,217	3,402	4	$880,000	$122	$259
352 Misaki Way	Horse Creek	9/27/2021	5,196	1,799	3	$675,000	$130	$375
212 Pantaneiro Pl	Horse Creek	7/8/2021	6,019	2,656	4	$755,000	$125	$284
3041 Via De Todos Santos	Pala Mesa	6/16/2021	7,556	3,199	4	$835,908	$111	$261
3142 Jicarilla Dr	Pala Mesa	5/24/2021	7,118	2,386	3	$762,093	$107	$319
236 Pantaneiro Pl	Horse Creek	4/7/2021	6,612	2,285	3	$735,000	$111	$322
35840 Blue Breton Dr	Horse Creek	3/26/2021	5,512	3,373	5	$896,679	$163	$266
3052 Jicarilla	Pala Mesa	3/9/2021	6,304	3,103	6	$815,000	$129	$263
2924 Stable Pl	Harmony Grove	3/4/2021	6,905	2,955	4	$1,053,000	$152	$356
2915 Via De Todos Santos	Pala Mesa	2/22/2021	6,516	2,429	3	$804,000	$123	$331
2948 Gait Way	Harmony Grove	10/27/2020	6,928	2,952	5	$801,250	$116	$271
520 Ventaso Way	Horse Creek	9/2/2020	5,433	2,285	3	$587,320	$108	$257
358 Misaki Way	Horse Creek	8/28/2020	5,235	2,213	4	$555,990	$106	$251
3098 Starry Night, Escondido	Harmony Grove	8/20/2020	8,081	3,640	6	$875,000	$108	$240
3064 Heirloom Pl, Escondido	Harmony Grove	8/18/2020	6,481	3,465	6	$935,000	$144	$270
35854 Bay Sable Ln	Horse Creek	7/29/2020	8,000	3,719	4	$755,990	$94	$203
35704 Bay Morgan Ln, Fallbrook	Horse Creek	7/26/2020	6,098	3,240	4	$697,500	$114	$215
35431 Austurian Way	Horse Creek	7/20/2020	5,774	2,213	4	$578,200	$100	$261
35817 Bay Sable Ln, Fallbrook	Horse Creek	6/30/2020	6,984	3,719	4	$695,816	$100	$187
429 Ventaso Way, Fallbrook	Horse Creek	6/25/2020	7,325	2,285	3	$570,360	$78	$250
2944 Stable Pl	Harmony Grove	6/24/2020	6,928	2,952	4	$772,900	$112	$262
35450 Asturian Way	Horse Creek	6/23/2020	5,057	1,799	3	$516,990	$102	$287
504 Ventaso Way	Horse Creek	6/2/2020	5,926	2,285	3	$584,055	$99	$256
35859 Bay Sable Ln, Fallbrook	Horse Creek	5/12/2020	7,037	3,840	5	$681,999	$97	$178
227 Ventasso Way, Fallbrook	Horse Creek	5/7/2020	6,686	2,437	4	$560,000	$84	$230
2953 Stary Night Dr, Escondido	Harmony Grove	3/30/2020	6,691	3,640	5	$843,668	$126	$232
2953 Starry Night Dr, Escondido	Harmony Grove	3/29/2020	6,690	3,640	5	$844,000	$126	$232
2914 Fledging Dr, Escondido	Harmony Grove	3/27/2020	6,534	3,640	5	$840,000	$129	$231
2914 Fledgling Dr, Escondido	Harmony Grove	3/27/2020	6,859	3,640	6	$840,000	$122	$231
35794 Bay Morgan Ln, Fallbrook	Horse Creek	3/26/2020	6,098	3,240	4	$715,000	$117	$221
35497 Asturian Way, Fallbrook	Horse Creek	3/20/2020	6,502	1,799	3	$522,790	$80	$291
2861 Quilters Dr, Escondido	Harmony Grove	3/13/2020	6,691	3,640	5	$798,375	$119	$219
2937 Stary Night Dr, Escondido	Harmony Grove	3/6/2020	6,265	2,980	4	$804,114	$128	$270
2825 Quilters Dr, Escondido	Harmony Grove	2/28/2020	6,689	3,027	4	$741,203	$111	$245
322 Calabrese St, Fallbrook	Horse Creek	2/14/2020	7,084	2,486	4	$539,990	$76	$217
2827 Demler Dr, Escondido	Harmony Grove	1/24/2020	6,265	2,980	4	$695,900	$111	$234
35909 Shetland Hls, Fallbrook	Horse Creek	11/12/2019	7,212	3,842	4	$671,011	$93	$175
2922 Fledgling Dr, Escondido	Harmony Grove	11/5/2019	6,354	3,182	5	$749,000	$118	$235
3056 Starry Night Dr, Escondido	Harmony Grove	10/29/2019	6,342	3,027	5	$790,000	$125	$261
21856 Deer Grass Dr, Escondido	Harmony Grove	10/18/2019	6,669	3,640	5	$839,500	$126	$231
35722 Bay Morgan Ln, Fallbrook	Horse Creek	9/26/2019	6,578	3,240	4	$600,460	$91	$185
35679 Garrano Ln, Fallbrook	Horse Creek	9/16/2019	6,420	3,240	4	$593,500	$92	$183
369 Ventasso Way, Fallbrook	Horse Creek	9/16/2019	6,941	2,967	4	$609,990	$88	$206
35734 Bay Morgan Ln, Fallbrook	Horse Creek	9/3/2019	8,712	3,240	4	$680,000	$78	$210
3044 Starry Night Dr, Escondido	Harmony Grove	8/27/2019	6,316	3,182	4	$736,000	$117	$231
35758 Asturian Way, Fallbrook	Horse Creek	8/5/2019	6,733	2,221	4	$519,000	$77	$234
2905 Starry Night Dr. Escondido	Harmony Grove	7/30/2019	7,405	3,640	5	$960,000	$130	$264
35828 Shetland Hls, Fallbrook	Horse Creek	7/29/2019	6,431	3,719	4	$651,611	$101	$175
35834 Shetland Hls, Fallbrook	Horse Creek	7/3/2019	6,950	3,200	4	$624,176	$90	$195
420 Galician Ct, Fallbrook	Horse Creek	6/27/2019	7,125	3,006	4	$552,990	$78	$184
424 Galician Ct, Fallbrook	Horse Creek	6/20/2019	7,367	2,654	3	$529,990	$72	$200
2913 Starry Nigth Dr, Escondido	Harmony Grove	5/29/2019	6,970	3,182	4	$920,000	$132	$289
3077 Starry Night Dr, Escondido	Harmony Grove	5/3/2019	6,529	3,701	5	$849,000	$130	$229
321 Ventasso Way, Fallbrook	Horse Creek	3/23/2019	6,587	2,755	4	$596,743	$91	$217
2946 Fledgling Dr, Escondido	Harmony Grove	3/18/2019	6,016	3,640	5	$725,000	$121	$199
35675 Garrano Ln, Fallbrook	Horse Creek	11/19/2018	6,550	2,654	3	$569,259	$87	$214
35614 Garrano Ln, Fallbrook	Horse Creek	11/13/2018	7,102	2,285	4	$562,000	$79	$246
232 Ventasso Way, Fallbrook	Horse Creek	11/3/2018	7,305	2,755	4	$589,640	$81	$214
416 Galician Ct, Fallbrook	Horse Creek	6/28/2018	7,405	3,240	4	$650,000	$88	$201
35735 Garrano Ln, Fallbrook	Horse Creek	4/30/2018	5,227	3,006	4	$664,755	$127	$221
Average all			**6,634**	**2,969**	**4**	**$ 749,516**	**$114**	**$257**
Median all			**6,669**	**3,027**	**4**	**$ 741,203**	**$112**	**$245**
Maximum all			**8,712**	**3,842**	**6**	**$ 1,450,000**	**$216**	**$479**
Minimum all			**5,022**	**1,799**	**3**	**$ 516,990**	**$72**	**$175**
Average 2020-21			**6,606**	**2,927**	**4**	**$ 765,627**	**$116**	**$266**
Median 2020-21			**6,688**	**2,980**	**4**	**$ 761,047**	**$112**	**$260**
Maximum 2020-21			**8,081**	**3,840**	**6**	**$ 1,400,000**	**$216**	**$404**
Minimum 2020-21			**5,057**	**1,799**	**3**	**$ 516,990**	**$76**	**$178**

Source: Zillow, Redfin, AECOM

Table 55. Recent GPA Project Residential Sales Transactions at 7.3 (Approximately) Dwelling Units Per Acre Density

Village Residential 7.3 (V-R 7.3)	SFR Small Lot							
Address	SPA	Sale Date	Lot Sq.Ft.	Home Sq.Ft.	BDRM	Home Price	Price/Lot Sq.Ft.	Price/Home Sq.Ft.
2690 Overlook Point Dr, Escondido	Harmony Grove	8/31/2020	3,510	2,075	4	$664,000	$189	$320
21519 Trail Ridge Dr, Escondido	Harmony Grove	8/25/2020	4,363	2,626	4	$751,000	$172	$286
35403 Austurian Way	Horse Creek	8/20/2020	4,627	2,022	3	$558,381	$121	$276
2729 O verlook Pt., Escondido	Harmony Grove	8/7/2020	4,590	2,136	4	$790,000	$172	$370
21504 Harmony Village Dr	Harmony Grove	7/31/2020	3,824	2,204	3	$715,000	$187	$324
21438 Trail Ridge Dr, Escondido	Harmony Grove	7/30/2020	3,699	2,185	5	$699,000	$189	$320
2738 Overlook Point Dr, Escondido	Harmony Grove	6/25/2020	4,113	2,136	4	$667,900	$162	$313
2847 Fishers Pl, Escondido	Harmony Grove	6/12/2020	3,959	2,783	5	$735,000	$186	$264
2822 Fishers Pl, Escondido	Harmony Grove	5/28/2020	4,387	2,185	4	$685,000	$156	$314
21558 Trail Ridge Dr, Escondido	Harmony Grove	4/17/2020	4,012	2,626	4	$685,000	$171	$261
2694 Overlook Point Dr, Escondido	Harmony Grove	4/10/2020	3,544	1,920	3	$620,000	$175	$323
2717 Overlook Point Dr, Escondido	Harmony Grove	3/19/2020	3,296	1,922	3	$609,000	$185	$317
21451 Trail Ridge Dr, Escondido	Harmony Grove	3/18/2020	3,699	2,278	4	$669,900	$181	$294
2685 Overlook Point Dr, Escondido	Harmony Grove	2/28/2020	3,561	1,920	3	$615,501	$173	$321
21638 Saddle Bred Ln, Escondido	Harmony Grove	2/24/2020	3,057	2,018	4	$620,000	$203	$307
2838 Fishers Pl, Escondido	Harmony Grove	2/24/2020	3,959	2,519	4	$657,000	$166	$261
35510 Austurian Way, Fallbrook	Horse Creek	2/19/2020	4,553	2,213	4	$548,925	$121	$248
2826 Quilters Dr, Escondido	Harmony Grove	1/17/2020	3,431	1,686	3	$590,000	$172	$350
271 Dun Blazer Way, Fallbrook	Horse Creek	1/13/2020	4,000	1,753	3	$435,000	$109	$248
276 Oberlander Way, Fallbrook	Horse Creek	12/24/2019	3,300	1,579	3	$445,000	$135	$282
21409 Trail Ridge Dr, Escondido	Harmony Grove	11/15/2019	4,387	2,783	4	$625,000	$142	$225
2653 Overlook Point Dr, Escondido	Harmony Grove	11/7/2019	3,265	1,920	3	$600,000	$184	$313
35564 Austurian Way, Fallbrook	Horse Creek	10/7/2019	4,370	2,213	4	$548,050	$125	$248
210 Oberlander Way, Fallbrook	Horse Creek	10/3/2019	3,333	1,579	3	$431,970	$130	$274
2605 Overlook Point Dr, Escondido	Harmony Grove	7/8/2019	3,694	1,922	3	$634,900	$172	$330
317 Campolina Ct, Fallbrook	Horse Creek	6/28/2019	4,440	2,022	3	$509,990	$115	$252
21502 Trail Ridge Dr, Escondido	Harmony Grove	6/24/2019	4,704	3,112	4	$794,000	$169	$255
21582 Trail Ridge Dr, Escondido	Harmony Grove	5/13/2019	3,919	2,519	4	$670,000	$171	$266
21514 Trail Ridge Dr, Escondido	Harmony Grove	4/26/2019	3,703	2,510	4	$660,000	$178	$263
2648 Overlook Point Dr, Escondido	Harmony Grove	4/8/2019	3,482	1,920	3	$605,000	$174	$315
21511 Trail Ridge Dr, Escondido	Harmony Grove	3/21/2019	3,703	2,757	4	$683,185	$184	$248
21474 Trail Ridge Dr, Escondido	Harmony Grove	2/28/2019	3,998	2,278	3	$675,000	$169	$296
21462 Trail Ridge Dr, Escondido	Harmony Grove	1/30/2019	3,703	2,757	4	$665,900	$180	$242
35646 Austurian Way, Fallbrook	Horse Creek	12/14/2018	4,257	2,445	4	$565,495	$133	$231
21639 Trail Blazer Ln, Escondido	Harmony Grove	10/19/2018	3,218	1,873	3	$595,000	$185	$318
21469 Trail Ridge Dr, Escondido	Harmony Grove	10/3/2018	3,703	2,278	3	$674,188	$182	$296
2855 Fishers Pl, Escondido	Harmony Grove	10/1/2018	4,533	2,185	4	$665,000	$147	$304
21607 Trail Blazer Ln, Escondido	Harmony Grove	9/28/2018	3,296	1,686	3	$570,000	$173	$338
Average all			**3,873**	**2,199**	**4**	**$629,823**	**$164**	**$290**
Median all			**3,764**	**2,185**	**4**	**$645,950**	**$172**	**$295**
Maximum all			**4,704**	**3,112**	**5**	**$794,000**	**$203**	**$370**
Minimum all			**3,057**	**1,579**	**3**	**$431,970**	**$109**	**$225**
Average 2020			**3,904**	**2,169**	**4**	**$648,190**	**$168**	**$301**
Median 2020			**3,959**	**2,136**	**4**	**$664,000**	**$172**	**$313**
Maximum 2020			**4,627**	**2,783**	**5**	**$790,000**	**$203**	**$370**
Minimum 2020			**3,057**	**1,686**	**3**	**$435,000**	**$109**	**$248**

Table 56. Recent GPA Project Residential Sales Transactions at 10.9 (Approximately) Dwelling Units Per Acre Density

Village Residential 10.9 (V-R 10.9)	Detached Condos							
Address	**SPA**	**Sale Date**	**Lot Sq.Ft.**	**Home Sq.Ft.**	**BDRM**	**Home Price**	**Price/Lot Sq.Ft.**	**Price/Home Sq.Ft.**
35349 White Camarillo Ln	Horse Creek	12/6/2021	NA	1,579	3	$620,000	NA	$393
216 Windsor Grey Way	Horse Creek	12/2/2021	NA	1,579	3	$605,000	NA	$383
239 Dun Blazer Way	Horse Creek	11/2/2021	NA	2,037	4	$645,000	NA	$317
227 Dun Blazer Way	Horse Creek	10/15/2021	NA	2,037	4	$650,000	NA	$319
264 Oberlander Way	Horse Creek	9/24/2021	NA	1,579	3	$585,000	NA	$370
276 Oberlander Way	Horse Creek	8/17/2021	NA	1,579	3	$560,000	NA	$355
305 Dun Blazer Way	Horse Creek	7/30/2021	NA	2,037	4	$630,000	NA	$309
202 Dun Blazer Way	Horse Creek	7/13/2021	NA	1,753	3	$575,000	NA	$328
35414 Brown Galloway Ln	Horse Creek	7/7/2021	NA	1,568	3	$600,000	NA	$383
35341 White Camarillo Ln	Horse Creek	5/26/2021	NA	1,579	3	$550,000	NA	$348
35318 Brown Galloway Ln	Horse Creek	5/21/2021	NA	1,753	3	$565,000	NA	$322
260 Dun Blazer Way	Horse Creek	4/20/2021	NA	1,911	4	$579,000	NA	$303
35279 Persano Pl	Horse Creek	4/20/2021	NA	1,568	3	$550,000	NA	$351
333 Dun Blazer Way	Horse Creek	3/9/2021	NA	1,753	3	$550,000	NA	$314
231 Dun Blazer Way	Horse Creek	2/22/2021	NA	1,753	3	$505,000	NA	$288
35272 Persano Pl	Horse Creek	2/22/2021	NA	1,568	3	$520,000	NA	$332
277 Oberlander Way	Horse Creek	1/19/2021	NA	1,911	4	$535,000	NA	$280
205 Windsor Grey Way	Horse Creek	12/11/2020	NA	2,156	4	$555,000	NA	$257
35119 Persano Pl	Horse Creek	12/11/2020	NA	1,753	3	$525,000	NA	$299
330 Dun Blazer Way	Horse Creek	12/9/2020	NA	2,156	4	$550,000	NA	$255
21541 Trail Blazer Ln	Harmony Grove	9/30/2020	2,550	2,362	3	$697,000	$273	$295
35438 Brown Galloway Ln	Horse Creek	9/9/2020	NA	1,568	3	$485,000	NA	$309
21508 Harmony Village Dr	Harmony Grove	7/30/2020	2,550	2,359	3	$715,000	$280	$303
35350 White Camarillo Ln	Horse Creek	7/28/2020	2,400	1,579	3	$478,885	$200	$303
35462 Brown Galloway Ln	Horse Creek	7/6/2020	NA	2,037	4	$515,000	NA	$253
346 Dun Blazer Way	Horse Creek	7/1/2020	NA	1,579	3	$470,000	NA	$298
35366 White Camarillo Ln, Fallbrook	Horse Creek	6/30/2020	2,400	1,579	3	$476,360	$198	$302
21559 Trail Blazer Ln, Escondido	Harmony Grove	6/29/2020	2,721	1,686	3	$605,000	$222	$359
2746 Overlook Point Dr, Escondido	Harmony Grove	6/22/2020	2,943	1,922	4	$620,000	$211	$323
35109 Persano Pl	Horse Creek	6/11/2020	NA	2,037	4	$510,000	NA	$250
234 Windsor Grey Way	Horse Creek	6/9/2020	NA	2,156	4	$523,000	NA	$243
21570 Harmony Village Dr	Harmony Grove	6/5/2020	2,992	2,204	3	$681,000	$228	$309
21577 Trail Blazer Ln, Escondido	Harmony Grove	6/2/2020	2,719	2,018	4	$622,000	$229	$308
21572 Saddle Bred Ln, Escondido	Harmony Grove	5/28/2020	2,552	1,873	3	$599,500	$235	$320
21558 Harmony Village Dr	Harmony Grove	5/22/2020	2,891	2,359	3	$677,500	$234	$287
21457 Riding Trail Dr, Escondido	Harmony Grove	3/12/2020	2,614	1,686	3	$550,000	$210	$326
21635 Trail Blazer Ln, Escondido	Harmony Grove	1/29/2020	2,575	2,018	4	$605,000	$235	$300
35454 Brown Galloway Ln, Fallbrook	Horse Creek	11/29/2019	1,985	1,568	3	$389,955	$196	$249
21626 Saddle Bred Ln, Escondido	Harmony Grove	7/12/2019	2,550	2,018	4	$574,000	$225	$284
35339 Kinsky Way, Fallbrook	Horse Creek	6/28/2019	2,600	2,156	4	$483,990	$186	$224
35310 Kinsky Way, Fallbrook	Horse Creek	6/24/2019	2,600	1,579	3	$449,360	$173	$285
35304 Kinsky Way, Fallbrook	Horse Creek	4/26/2019	2,600	2,156	4	$488,990	$188	$227
21627 Trail Blazer Ln, Escondido	Harmony Grove	4/15/2019	2,575	2,018	4	$605,000	$235	$300
35442 Brown Galloway Ln, Fallbrook	Horse Creek	4/1/2019	2,153	2,037	4	$450,000	$209	$221
Average all			**2,577**	**1,867**	**3**	**$561,944**	**$219**	**$304**
Median all			**2,575**	**1,892**	**3**	**$557,500**	**$222**	**$303**
Maximum all			**2,992**	**2,362**	**4**	**$715,000**	**$280**	**$393**
Minimum all			**1,985**	**1,568**	**3**	**$389,955**	**$173**	**$221**
Average 2020-21			**2,659**	**1,855**	**3**	**$575,250**	**$230**	**$313**
Median 2020-21			**2,595**	**1,753**	**3**	**$565,000**	**$228**	**$309**
Maximum 2020-21			**2,992**	**2,362**	**4**	**$715,000**	**$280**	**$393**
Minimum 2020-21			**2,400**	**1,568**	**3**	**$470,000**	**$198**	**$243**

Source: Zillow, Redfin, AECOM

Table 57. Recent GP-Compliant Project Residential Sales Transactions, Single Family Large Lot (<VR 2 Appoximately)

SFD <2.9											
Address	**CPA**	**Area**	**Sale Date**	**Lot Sq.Ft.**	**Lot AC**	**DU/AC**	**Home Sq.Ft.**	**BDRM**	**Home Price**	**Price/Lot Sq.Ft.**	**Price/ Unit Sq.Ft.**
570 N Alpine Trail Rd	Alpine	Central	5/25/2021	150,717	3.46	0.3	2,715	4	$925,000	$6	$341
2360 KEVIN Ct	Alpine	Central	10/1/2020	138,778	3.19	0.3	2,436	4	$879,000	$6	$361
2972 Firebrand Dr	Alpine	Central	5/28/2021	107,157	2.46	0.4	3,188	3	$1,175,000	$11	$369
2312 Sheri Pl	Alpine	Central	10/8/2020	86,248	1.98	0.5	3,893	6	$1,296,000	$15	$333
687 Sky Mesa Rd	Alpine	Central	11/6/2020	84,942	1.95	0.5	3,240	4	$1,375,000	$16	$424
2384 Sheri Pl	Alpine	Central	11/10/2020	73,616	1.69	0.6	2,725	4	$960,000	$13	$352
14117 PROCTOR VALLEY Rd	Jamul	Central	8/7/2020	47,916	1.10	0.9	3,000	4	$910,000	$19	$303
1540 Suncrest Vista Ln	Alpine	Central	6/12/2020	35,719	0.82	1.2	2,897	4	$820,000	$23	$283
2552 ELTINGE Dr	Alpine	Central	6/23/2020	33,105	0.76	1.3	3,502	4	$1,100,000	$33	$314
25916 Matlin Rd	Ramona	Central	10/29/2021	23,413	0.54	1.9	2,108	4	$812,000	$35	$385
9453 JANET Ln	Lakeside	Central	3/30/2020	16,553	0.38	2.6	1,643	3	$600,000	$36	$365
9221 Rickie Rd	Lakeside	Central	1/29/2021	16,383	0.38	2.7	2,600	4	$729,000	$44	$280
856 Pine Cone Dr	Julian	Mountain	5/23/2021	41,382	0.95	1.1	1,558	3	$522,000	$13	$335
5777 Rancho Del Caballo	Bonsall	North	7/10/2020	42,253	0.97	1.0	3,018	4	$830,000	$20	$275
31437 Palos Verdes Dr	Valley Center	North	9/25/2020	39,639	0.91	1.1	1,682	3	$650,000	$16	$386
5805 Via Del Caballero	Bonsall	North	5/8/2020	37,897	0.87	1.1	2,962	4	$855,000	$23	$289
5675 Rancho Del Caballo	Bonsall	North	7/16/2021	33,541	0.77	1.3	3,018	4	$1,050,000	$31	$348
14139 Winged Foot Cir	Valley Center	North	3/3/2021	31,799	0.73	1.4	4,227	5	$1,025,000	$32	$242
3130 Live Oak Park Rd	Fallbrook	North	4/10/2020	31,363	0.72	1.4	2,332	3	$725,000	$23	$311
1557 Camino De Nog Way	Fallbrook	North	8/28/2020	30,927	0.71	1.4	2,189	4	$620,000	$20	$283
1412 Devin Dr	Fallbrook	North	6/15/2020	28,314	0.65	1.5	2,365	4	$714,900	$25	$302
5811 Via Del Caballero	Bonsall	North	9/23/2020	27,007	0.62	1.6	3,420	4	$982,000	$36	$287
1402 Devin Dr	Fallbrook	North	7/31/2020	26,136	0.60	1.7	2,365	4	$714,999	$27	$302
5706 Rancho Del Caballo	Bonsall	North	1/30/2020	23,958	0.55	1.8	4,012	4	$1,052,500	$44	$262
21679 Deer Grass Dr	San Dieguito	North	3/4/2021	23,522	0.54	1.9	3,778	5	$1,210,000	$51	$320
5707 Rancho Del Caballo	Bonsall	North	6/28/2021	22,215	0.51	2.0	3,420	4	$1,099,900	$50	$322
5662 E Rancho Del Caballo	Bonsall	North	8/3/2021	21,780	0.50	2.0	3,420	4	$1,184,000	$54	$346
3115 Pine Ln	Spring Valley	South	1/28/2020	25,468	0.58	1.7	1,886	3	$619,000	$24	$328
Average				**46,491**	**1.07**	**1.3**	**2,843**	**4**	**$908,404**	**$27**	**$323**
Median				**32,452**	**0.74**	**1.3**	**2,930**	**4**	**$894,500**	**$24**	**$321**
Maximum				**150,717**	**3.46**	**2.7**	**4,227**	**6**	**$1,375,000**	**$54**	**$424**
Minimum				**16,383**	**0.38**	**0.3**	**1,558**	**3**	**$522,000**	**$6**	**$242**

Source: Zillow, Redfin, AECOM

Table 58. Recent GP-Compliant Residential Sales Transactions, Single Family Small Lot (VR 2.9 to VR 4.3 Approximately)

SFD (2.9-4.3 DU/AC)											
Address	**CPA**	**Area**	**Sale Date**	**Lot Sq.Ft.**	**Lot AC**	**DU/AC**	**Home Sq.Ft.**	**BDRM**	**Home Price**	**Price/Lot Sq.Ft.**	**Price/ Unit Sq.Ft.**
15325 Adams Dr	Pala Pauma	Mountain	2/26/2020	14,345	0.33	3.0	1,800	3	$515,000	$36	$286
224 Tom Mcguinness Jr Cir	Fallbrook	North	11/16/2021	13,503	0.31	3.2	3,285	4	$937,500	$69	$285
2031 James Gaynor St	Fallbrook	North	7/21/2020	13,204	0.30	3.3	2,623	3	$680,000	$51	$259
34647 Pima Trl	Julian	Mountain	6/11/2021	12,562	0.29	3.5	1,400	2	$620,000	$49	$443
31557 Calle De Las Rosas	Bonsall	North	5/7/2021	11,214	0.26	3.9	3,239	5	$860,500	$77	$266
25108 Poverty Rdg	Central Mountain	Mountain	4/1/2021	10,637	0.24	4.1	1,107	3	$468,000	$44	$423
31504 Calle De Las Rosas	Bonsall	North	5/4/2021	10,593	0.24	4.1	2,748	4	$1,040,000	$98	$378
2915 Pheasant Dr	Julian	Mountain	7/24/2020	10,286	0.24	4.2	1,300	2	$479,000	$47	$368
3056 Jicarilla Dr	Fallbrook	North	8/14/2020	10,243	0.24	4.3	3,207	5	$714,800	$70	$223
9204 Old Farmhouse Rd Lot 15	Lakeside	Central	10/6/2020	10,000	0.23	4.4	2,837	3	$759,900	$76	$268
9216 Old Farmhouse Rd Lot 13	Lakeside	Central	8/26/2020	10,000	0.23	4.4	2,837	3	$750,000	$75	$264
9222 Old Farmhouse Rd Lot 12	Lakeside	Central	7/16/2020	10,000	0.23	4.4	2,700	4	$729,900	$73	$270
5328 Avenida De Los Pinos	Bonsall	North	7/13/2021	9,931	0.23	4.4	2,649	4	$970,000	$98	$366
31574 Calle De Las Rosas	Bonsall	North	3/30/2021	9,923	0.23	4.4	2,029	3	$921,900	$93	$454
Average				**11,174**	**0.26**	**4.0**	**2,412**	**3**	**$746,179**	**$68**	**$325**
Median				**10,440**	**0.24**	**4.2**	**2,675**	**3**	**$739,950**	**$71**	**$286**
Maximum				**14,345**	**0.33**	**4.4**	**3,285**	**5**	**$1,040,000**	**$98**	**$454**
Minimum				**9,923**	**0.23**	**3.0**	**1,107**	**2**	**$468,000**	**$36**	**$223**

Source: Zillow, Redfin, AECOM

Table 59. Recent GP-Compliant Project Residential Sales Transactions, Single Family Small Lot (VR-7.3 Approximately)

SFD (7.3 DU/AC)											
Address	**CPA**	**Area**	**Sale Date**	**Lot Sq.Ft.**	**Lot AC**	**DU/AC**	**Home Sq.Ft.**	**BDRM**	**Home Price**	**Price/Lot Sq.Ft.**	**Price/ Unit Sq.Ft.**
35757 Bay Morgan Ln	Fallbrook	North	3/13/2020	8,729	0.20	5.0	3,240	4	$601,960	$69	$186
31618 Calle De Las Estrellas	Bonsall	North	7/17/2020	8,716	0.20	5.0	2,029	3	$631,900	$72	$311
31610 Calle De Las Estrellas	Bonsall	North	6/19/2020	8,104	0.19	5.4	2,748	4	$649,900	$80	$236
10058 Rock Meadow Rd	Lakeside	Central	3/10/2021	8,044	0.18	5.4	3,482	4	$955,000	$119	$274
35854 Bay Sable Ln	Fallbrook	North	7/29/2020	8,000	0.18	5.4	3,719	4	$755,990	$94	$203
35853 Bay Sable Ln	Fallbrook	North	6/25/2020	8,000	0.18	5.4	3,719	4	$729,990	$91	$196
202 3rd St.	Julian	Mountain	11/18/2021	7,810	0.18	5.6	1,896	4	$350,000	$45	$185
435 Ventaso St	Fallbrook	North	2/28/2020	7,551	0.17	5.8	2,656	4	$579,990	$77	$218
11058 Pleasant Meadows Pl	Lakeside	Central	10/9/2020	7,438	0.17	5.9	3,192	4	$860,000	$116	$269
31642 Calle De Las Estrellas	Bonsall	North	1/15/2020	7,423	0.17	5.9	3,382	5	$732,470	$99	$217
429 Ventaso Way	Fallbrook	North	6/25/2020	7,325	0.17	5.9	2,285	3	$570,360	$78	$250
322 Calabrese St	Fallbrook	North	2/14/2020	7,084	0.16	6.1	2,486	4	$539,990	$76	$217
35859 Bay Sable Ln	Fallbrook	North	5/12/2020	7,037	0.16	6.2	3,840	5	$681,999	$97	$178
31658 Calle De Las Estrellas	Bonsall	North	4/10/2020	7,012	0.16	6.2	2,029	3	$632,951	$90	$312
35817 Bay Sable Ln	Fallbrook	North	6/30/2020	6,984	0.16	6.2	3,719	4	$695,816	$100	$187
10073 RANCHITOS Pl	Lakeside	Central	10/1/2021	6,969	0.16	6.3	3,352	4	$950,000	$136	$283
31657 Calle De Las Estrellas	Bonsall	North	12/13/2021	6921	0.16	6.3	2,649	4	$1,049,000	$152	$396
31592 Calle De Las Estrellas	Bonsall	North	9/11/2020	6,879	0.16	6.3	2,029	3	$639,920	$93	$315
1620 Paraiso Ave	Spring Valley	South	1/29/2020	6,848	0.16	6.4	2,243	4	$580,000	$85	$259
31564 Calle De Las Rosas	Bonsall	North	3/26/2021	6845	0.16	6.4	2,748	4	$939,900	$137	$342
10001 Ranchitos Pl	Lakeside	Central	4/3/2020	6,817	0.16	6.4	2,875	4	$787,000	$115	$274
1626 Paraiso Ave	Spring Valley	South	6/22/2021	6,711	0.15	6.5	2,312	5	$750,000	$112	$324
10043 Rock Meadow Rd	Lakeside	Central	9/23/2021	6,676	0.15	6.5	3,192	4	$850,000	$127	$266
9872 Apple St	Spring Valley	South	7/29/2020	6,515	0.15	6.7	2,950	4	$649,000	$100	$220
35497 Asturian Way	Fallbrook	North	3/20/2020	6,502	0.15	6.7	1,799	3	$522,790	$80	$291
1033 Coronado Ave	Spring Valley	South	8/11/2020	6,484	0.15	6.7	2,842	4	$680,000	$105	$239
1025 Coronado Ave	Spring Valley	South	8/6/2020	6,402	0.15	6.8	2,708	4	$644,000	$101	$238
35493 Asturian Way	Fallbrook	North	3/13/2020	6,384	0.15	6.8	2,022	3	$522,510	$82	$258
327 Calabrese St	Fallbrook	North	1/30/2020	6,355	0.15	6.9	2,656	4	$579,990	$91	$218
1644 Paraiso Ave	Spring Valley	South	10/27/2020	6,352	0.15	6.9	2,255	5	$650,000	$102	$288
399 Ventasso Way	Fallbrook	North	8/10/2020	6,321	0.15	6.9	2,656	4	$583,900	$92	$220
35517 Castilian Ct	Fallbrook	North	7/2/2020	6,201	0.14	7.0	2,445	4	$582,500	$94	$238
212 Pantaneiro Pl	Fallbrook	North	6/25/2020	6,014	0.14	7.2	2,656	4	$622,505	$104	$234
504 Ventaso Way	Fallbrook	North	6/2/2020	5,926	0.14	7.4	2,285	3	$584,055	$99	$256
35828 Bay Sable Ln	Fallbrook	North	5/28/2020	5,925	0.14	7.4	3,205	4	$662,616	$112	$207
35431 Austurian Way	Fallbrook	North	7/20/2020	5,774	0.13	7.5	2,213	4	$578,200	$100	$261
24940 CA-94	Mountain Empire	Back Country	9/2/2021	5,350	0.12	8.1	1,426	3	$454,000	$85	$318
35109 Highway 79 #72	Mountain Empire	Back Country	3/16/2021	4,796	0.11	9.1	1,400	3	$365,000	$76	$261
Average				**6,874**	**0.16**	**6.4**	**2,667**	**4**	**$663,032**	**$97**	**$254**
Median				**6,847**	**0.16**	**6.4**	**2,656**	**4**	**$641,960**	**$96**	**$253**
Maximum				**8,729**	**0.20**	**9.1**	**3,840**	**5**	**$1,049,000**	**$152**	**$396**
Minimum				**4,796**	**0.11**	**5.0**	**1,400**	**3**	**$350,000**	**$45**	**$178**

Source: Zillow, Redfin, AECOM

Table 60. Recent GP-Compliant Project Residential Sales Transactions, Detached Condominium (VR-10.9)

Condo (10.9 DU/AC)											
Address	**CPA**	**Area**	**Sale Date**	**Lot Sq.Ft.**	**Lot AC**	**DU/AC**	**Home Sq.Ft.**	**BDRM**	**Home Price**	**Price/Lot Sq.Ft.**	**Price/ Unit Sq.Ft.**
4650 Dulin Rd #81	Fallbrook	North	1/20/2021	4,356	0.10	10.0	1,307	3	$360,000	$83	$275
35860 Bay Sable Ln	Fallbrook	North	10/7/2020	5,151	0.12	8.5	3,840	5	$768,379	$149	$200
520 Ventaso Way	Fallbrook	North	9/2/2020	5,433	0.12	8.0	2,285	3	$587,320	$108	$257
358 Misaki Way	Fallbrook	North	8/28/2020	5,235	0.12	8.3	2,213	4	$555,990	$106	$251
35403 Austurian Way	Fallbrook	North	8/20/2020	4,627	0.11	9.4	2,022	3	$558,381	$121	$276
35350 White Camarillo Ln	Fallbrook	North	7/28/2020	2,400	0.06	18.2	1,579	3	$478,885	$200	$303
35366 White Camarillo Ln	Fallbrook	North	6/30/2020	2,400	0.06	18.2	1,579	3	$476,360	$198	$302
35450 Asturian Way	Fallbrook	North	6/23/2020	5,057	0.12	8.6	1,799	3	$516,990	$102	$287
35474 Austurian Way	Fallbrook	North	5/20/2020	5,065	0.12	8.6	2,445	4	$603,375	$119	$247
35866 Bay Sable Ln	Fallbrook	North	4/24/2020	5,071	0.12	8.6	3,205	4	$656,274	$129	$205
333 Calabrese St	Fallbrook	North	4/17/2020	5,424	0.12	8.0	2,486	4	$570,960	$105	$230
35270 Persano Pl	Fallbrook	North	3/31/2020	1,972	0.05	22.1	1,753	3	$456,490	$231	$260
422 Ventaso St	Fallbrook	North	3/10/2020	5,089	0.12	8.6	2,656	4	$579,970	$114	$218
35545 Austurian Way	Fallbrook	North	2/28/2020	4,706	0.11	9.3	2,213	4	$523,990	$111	$237
35510 Austurian Way	Fallbrook	North	2/19/2020	4,553	0.10	9.6	2,213	4	$548,925	$121	$248
8712 Silver Moon Dr	Lakeside	Central	8/31/2020	NA	NA	NA	1,465	3	$490,000		$334
13216 N Peak Vista Dr	Lakeside	Central	7/13/2020	NA	NA	NA	1,592	3	$492,000		$309
13215 Full Moon Ct	Lakeside	Central	7/10/2020	NA	NA	NA	1,748	3	$519,000		$297
8609 Skylight Way	Lakeside	Central	6/30/2020	NA	NA	NA	1,592	3	$500,000		$314
13206 Midnight Star Way	Lakeside	Central	5/28/2020	NA	NA	NA	1,465	3	$475,000		$324
425 Nickel Creek Dr	Ramona	Central	5/21/2020	NA	NA	NA	1,559	3	$439,000		$282
1330 Shoshone Falls Dr	Ramona	Central	4/24/2020	NA	NA	NA	1,044	2	$332,000		$318
8618 Skylight Way	Lakeside	Central	4/22/2020	NA	NA	NA	1,748	3	$518,000		$296
8631 Orchard Bloom Way	Lakeside	Central	2/24/2020	NA	NA	NA	1,465	3	$472,000		$322
13227 Spring Mountain Rd	Lakeside	Central	2/18/2020	NA	NA	NA	1,748	4	$520,000		$297
8726 Sage Shadow Dr	Lakeside	Central	2/14/2020	NA	NA	NA	1,592	3	$483,000		$303
Average							**1,947**	**3**	**$518,550**		**$277**
Median							**1,748**	**3**	**$517,495**		**$285**
Maximum							**3,840**	**5**	**$768,379**		**$334**
Minimum							**1,044**	**2**	**$332,000**		**$200**

Source: Zillow, Redfin, AECOM

Table 61. Recent GP-Compliant Project Residential Sales Transactions, Townhome (VR-15 Approximately)

Townhome (15 DU/AC)											
Address	**CPA**	**Area**	**Sale Date**	**Lot Sq. Ft. [1]**	**Lot AC**	**DU/AC**	**Home Sq.Ft.**	**BDRM**	**Home Price**	**Price/Lot Sq.Ft.**	**Price/ Unit Sq.Ft.**
1610 Waterlily Way	North County Metro	North	9/30/2021	2,904	0.07	15.0	1,079	2	$540,000	$248	$500
5444 Starlight Pl	Bonsall	North	9/17/2021	2,904	0.07	15.0	2,043	4	$684,150	$315	$335
720 Trunorth Cir	North County Metro	North	8/11/2021	2,904	0.07	15.0	1,800	3	$635,000	$292	$353
1653 Waterlily Way	North County Metro	North	7/27/2021	2,904	0.07	15.0	1,091	2	$530,000	$244	$486
1630 Waterlily Way	North County Metro	North	7/27/2021	2,904	0.07	15.0	1,782	3	$550,000	$253	$309
734 Trunorth Cir	North County Metro	North	4/21/2021	2,904	0.07	15.0	1,918	4	$605,000	$278	$315
782 Trunorth Cir	North County Metro	North	3/24/2021	2,904	0.07	15.0	1,800	3	$565,000	$260	$314
746 Trunorth Cir	North County Metro	North	2/26/2021	2,904	0.07	15.0	1,800	3	$570,000	$262	$317
736 Trunorth Cir	North County Metro	North	2/24/2021	2,904	0.07	15.0	1,690	3	$535,000	$246	$317
776 Trunorth Cir	North County Metro	North	1/29/2021	2,904	0.07	15.0	1,800	3	$545,000	$251	$303
786 Trunorth Cir	North County Metro	North	12/17/2020	2,904	0.07	15.0	1,690	3	$525,000	$241	$311
784 Trunorth Cir	North County Metro	North	11/4/2020	2,904	0.07	15.0	1,918	4	$539,999	$248	$282
790 Trunorth Cir	North County Metro	North	10/26/2020	2,904	0.07	15.0	1,918	4	$540,000	$248	$282
754 Trunorth Cir	North County Metro	North	10/22/2020	2,904	0.07	15.0	1,800	3	$535,000	$246	$297
766 Trunorth Cir	North County Metro	North	10/22/2020	2,904	0.07	15.0	1,690	3	$511,000	$235	$302
1624 Waterlily Way	North County Metro	North	10/16/2020	2,904	0.07	15.0	1,125	2	$475,000	$218	$422
1661 Waterlily Way	North County Metro	North	8/28/2020	2,904	0.07	15.0	1,125	2	$469,000	$216	$417
1662 Waterlily Way	North County Metro	North	7/22/2020	2,904	0.07	15.0	1,125	2	$457,700	$210	$407
759 Trunorth Cir	North County Metro	North	7/16/2020	2,904	0.07	15.0	1,690	3	$480,100	$221	$284
435 Nickel Creek Dr	Ramona	Central	12/27/2021	2,904	0.07	15.0	1,044	2	$474,000	$218	$454
1315 Meandering Way	Ramona	Central	10/29/2021	2,904	0.07	15.0	1,559	3	$575,000	$264	$369
1354 Shoshone Falls Dr	Ramona	Central	8/12/2021	2,904	0.07	15.0	1,559	3	$539,000	$248	$346
1321 Meandering Way	Ramona	Central	5/28/2021	2,904	0.07	15.0	1,559	3	$527,500	$243	$338
1343 Meandering Way	Ramona	Central	4/28/2021	2,904	0.07	15.0	1,540	3	$480,000	$221	$312
1362 Shoshone Falls Dr	Ramona	Central	4/5/2021	2,904	0.07	15.0	1,540	3	$475,000	$218	$308
421 Nickel Creek Dr	Ramona	Central	1/26/2021	2,904	0.07	15.0	1,044	2	$426,000	$196	$408
1364 Shoshone Falls Dr	Ramona	Central	1/15/2021	2,904	0.07	15.0	1,044	2	$412,000	$189	$395
445 Nickel Crk	Ramona	Central	11/6/2020	2,904	0.07	15.0	1,044	2	$389,500	$179	$373
1341 Meandering Way	Ramona	Central	10/19/2020	2,904	0.07	15.0	1,559	3	$455,000	$209	$292
1325 Meandering Way	Ramona	Central	9/10/2020	2,904	0.07	15.0	1,044	2	$383,990	$177	$368
13217 Midnight Star Way	Lakeside	Central	8/17/2020	2,904	0.07	15.0	1,592	3	$487,000	$224	$306
13228 Midnight Star Way	Lakeside	Central	7/31/2020	2,904	0.07	15.0	1,748	3	$520,000	$239	$297
13232 N Peak Vista Dr	Lakeside	Central	7/20/2020	2,904	0.07	15.0	1,592	3	$488,900	$225	$307
13221 Midnight Star Way	Lakeside	Central	6/26/2020	2,904	0.07	15.0	1,465	3	$465,000	$214	$317
443 Nickel Creek Dr	Ramona	Central	6/23/2020	2,904	0.07	15.0	1,540	3	$423,000	$194	$275
13212 Midnight Star Way	Lakeside	Central	5/5/2020	2,904	0.07	15.0	1,748	3	$515,000	$237	$295
719 Anastasia Ct #4	Valle De Oro		7/12/2021	2,904	0.07	15.0	1521	3	$523,361	$241	$344
1352 Shoshone Falls Dr	Ramona	Central	4/13/2020	2,904	0.07	15.0	1,540	3	$415,000	$191	$269
8613 Sage Shadow Dr	Lakeside	Central	2/18/2020	2,904	0.07	15.0	1,465	3	$470,000	$216	$321
Average							**1,529**	**3**	**$506,056**	**$233**	**$340**
Median							**1,559**	**3**	**$515,000**	**$237**	**$317**
Maximum							**2,043**	**4**	**$684,150**	**$315**	**$500**
Minimum							**1,044**	**2**	**$383,990**	**$177**	**$269**

(1) Units are located on multifamily shared parcel. Lot sizes correspond to approximate footprint based on land use density
Source: Zillow, Redfin, AECOM

Table 62. Rents at Recent GP-Compliant Multifamily Projects at 20 (Approximately) Dwelling Units Per Acre Density

Rental Prototype Garden Apt. (VR 20-24)						
Project	**Room Type**	**Units**	**% Project**	**Avg SF**	**Asking Rent/Unit**	**Asking Rent/SF**
501 W Bobier Dr	1BR	168	58%	815	$2,868	$3.52
Vista	2BR	110	38%	1,108	$3,299	$2.98
	3BR	12	4%	1,244	$3,753	$3.02
		290	100%	944	$3,068	$3.25
1401 N Melrose Dr	1BR	190	46%	793	$2,712	$3.42
Vista	2BR	200	49%	1,130	$3,012	$2.67
	3BR	20	5%	1,358	$3,489	$2.57
		410	100%	985	$2,896	$2.94
1925 Avenida Escaya	1BR	141	52%	790	$2,399	$3.04
Chula Vista	2BR	111	41%	1,068	$3,116	$2.92
	3BR	20	7%	1,569	$3,934	$2.51
		272	100%	960	$2,805	$2.92
2760 Lake Pointe Dr	1BR	14	16%	743	$1,970	$2.65
Spring Valley	2BR	59	67%	1,081	$2,190	$2.03
	3BR	15	17%	1,315	$2,629	$2.00
		88		1,067	$2,230	$2.09
Average	**1BR**	**513**	**48%**	**785**	**$2,487**	**$3.17**
	2BR	**480**	**45%**	**1,097**	**$2,904**	**$2.65**
	3BR	**67**	**6%**	**1,372**	**$3,451**	**$2.52**
		1,060	**100%**	**963**	**$2,737**	**$2.84**

Source: Company websites, CoStar, AECOM

Table 63. Rents at Recent GP-Compliant Multifamily Projects at 30 (Approximately) Dwelling Units Per Acre Density

Rental Prototype Apartment. (VR 30)						
Project	**Room Type**	**Units**	**% Project**	**Avg SF**	**Asking Rent/Unit**	**Asking Rent/SF**
10785 Pomerado Rd.	1BR	9	11%	897	$2,578	$2.87
San Diego	2BR	63	75%	1,160	$3,174	$2.74
	3BR	12	14%	1,366	$3,735	$2.73
		84		1161	$3,190	$2.75
9865 Eerma Rd.	1BR	64	56%	767	$2,675	$3.49
San Diego	2BR	50	44%	1,059	$3,155	$2.99
		114		1161	$2,886	$3.23
2414 Escondido Blvd.	1BR	36	47%	766	$2,403	$3.13
Escondido	2BR	34	45%	1,100	$2,803	$2.52
	3BR	6	8%	1,353	$3,204	$2.37
		76		1161	$2,645	$2.73
2043 Artisan Way	1BR	149	55%	827	$2,639	$3.19
Chula Vista	2BR	105	39%	1,102	$3,095	$2.81
	3BR	18	7%	1,371	$3,800	$2.77
		272		970	$2,893	$2.98
1629 Santa Venetia St.	1BR	129	43%	731	$2,511	$3.09
Chula Vista	2BR	129	43%	1,097	$3,291	$3.02
	3BR	42	14%	1,330	$3,514	$2.40
		300		972	$3,022	$2.87
1660 Metro Ave.	1BR	189	61%	841	$2,041	$2.43
Chula Visa	2BR	111	36%	1,302	$2,974	$2.28
	3BR	9	3%	1,380	$3,990	$2.89
		309		1022	$2,541	$2.38
300 Town Center Pky.	1BR	52	30%	700	$1,745	$2.49
Santee	2BR	84	49%	1,010	$2,165	$2.14
	3BR	36	21%	1,166	$2,648	$2.27
		172		949	$2,139	$2.25
Average	**1BR**	**628**	**44%**	**790**	**$2,370**	**$3.00**
	2BR	**576**	**40%**	**1,119**	**$2,951**	**$2.64**
	3BR	**237**	**16%**	**1,304**	**$3,397**	**$2.61**
		1,441		**1,006**	**$2,771**	**$2.79**

Source: Company websites, CoStar, AECOM

Table 64. Rents at Recent GP-Compliant Multifamily Projects at 45 (Approximately) Dwelling Units Per Acre Density

Podium (Rent)	Stacked Flats on Podium					
Project	**Room Type**	**Units**	**% Project**	**Avg SF**	**Asking Rent/Unit**	**Asking Rent/SF**
6850 Mission Gorge	1BR	220	50%	787	$2,847	$3.62
San Diego	2BR	158	36%	1,107	$3,377	$3.05
	3BR	66	15%	1,363	$4,212	$3.09
		444	100%	986	$3,239	$3.28
700 W Grand Ave	1BR	63	50%	717	$2,685	$3.74
Escondido	2BR	55	44%	1,642	$3,106	$1.89
	3BR	8	6%	1,945	$3,607	$1.85
		126	100%	1,096	$2,927	$2.67
152 N Twin Oaks Valley	1BR	0	0%	0	$0	
San Marcos	2BR	32	27%	1,235	$3,482	$2.82
	3BR	86	73%	1,426	$4,224	$2.96
		118	100%	1,377	$4,023	$2.92
650 N Centre City Pky	1BR	59	53%	862	$2,225	$2.58
Escondido	2BR	53	47%	1,182	$2,926	$2.48
	3BR	0	0%	0	$0	
		112	100%	1,012	$2,557	$2.53
10625 Calle Mar De Ma	1BR	192	50%	830	$2,792	$3.36
San Diego	2BR	128	33%	1,132	$3,494	$3.09
	3BR	64	17%	1,203	$4,100	$3.41
		384	100%	1,001	$3,244	$3.24
Average	**1BR**	**534**	**45%**	**639**	**$2,110**	**$3.30**
	2BR	**426**	**36%**	**1,260**	**$3,277**	**$2.60**
	3BR	**224**	**19%**	**1,187**	**$3,229**	**$2.72**
		1,184	**100%**	**966**	**$2,741**	**$2.84**

Source: Costar, project websites, AECOM

Table 65: Utilities Allowance for Affordable Ownership Units

	Bedrooms				
	1	2	3	4	5
Heating[1]	$5	$7	$8	$10	$12
Cooking[1]	$3	$4	$5	$6	$7
Other Electric	$24	$30	$37	$47	$54
Air Conditioning	$1	$1	$2	$2	$2
Water Heating[1]	$11	$14	$17	$22	$25
Water	$80	$103	$126	$160	$183
Sewar	$25	$32	$39	$50	$57
Trash Collection	$36	$36	$36	$36	$36
Range/Microwave	$10	$10	$10	$10	$10
Refrigerator	$10	$10	$10	$10	$10
Total/Month	**$205**	**$247**	**$290**	**$353**	**$396**
Total/Year	**$2,464**	**$2,960**	**$3,476**	**$4,240**	**$4,748**

(1) Cost an average of natural gas, bottled gas, and electric sources

Source: U.S. Department of Housing and Urban Development for the Housing Authority of San Diego, 7/1/2019

Table 66: Base Case Pro Forma: GP-Compliant SFD 2.9

Village Residential 2.9 (VR 2.9)	Single-Family Detached, Large	GP-Compliar	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	10.0					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0.0%	0.0%	0.0%	0.0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.19	0.19			
DU/AC		2.90	2.90			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	0%	0	0	0		
4BR	100%	29	0	29		
Total		29	0	29		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	0	0	0	0	0	
4BR	29	0	0	0	0	
Total	29	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	/unit	0	0	0		
4BR	2,800/unit	81,200	0	81,200		
Total	2,800/unit	81,200	0	81,200		
Net Building Area (Sq.Ft.)	100% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	/unit	0	0	0		
4BR	2,800/unit	81,200	0	81,200		
Total	2,800	81,200	0	81,200		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	0			
4BR	3.0/unit	2.5/unit	87			
Type			87			
Surface	100%	87				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1.00/land Sq.Ft.			$15,000/unit	$435,000	
Onsite improvements	$5.00/land Sq.Ft.			$75,000/unit	$2,175,000	
Building[2]	$90/vertical Sq.Ft.			$252,000/unit	$7,308,000	
Parking[3]						
Surface	$2,500/space				$217,500	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25% direct costs				$2,533,875	
Total Direct Costs			$156/sf	$436,875/unit		**$12,669,375**

Indirect Costs[4]						
A&E	7.0% direct costs				$886,856	
Permits and Fees	$22/GBA Sq.Ft.			$61,600/unit	$1,786,400	
Legal, Insurance, Warrany	3.0% direct costs				$380,081	
Marketing	$2,000/unit				$58,000	
G&A	1.0% indirect costs				$31,113	
Developer Fee	4.5% direct costs				$570,122	
Soft Cost Contingency	5.0% indirect costs				$185,629	
Total Indirect Costs			$48/sf	$134,421/unit		**$3,898,201**
Financing[5]						
Fees					$198,811	
Construction Period Interest					$621,284	
Total Financing						**$820,095**
Total Costs Before Developer Return and Land						**$17,387,671**
Developer Return on Cost[6]	10.0% cost before land				$1,738,767	
Total Costs Before Land			$236/sf	$659,532/unit		**$19,126,439**
REVENUE						
Potential Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$54,100	$131,000	$246,500	$379,700	
1BR	$	$53,800	$141,600	$273,500	$425,300	
2BR	$	$44,800	$143,500	$291,700	$462,900	
3BR	$	$36,500	$146,200	$311,000	$501,300	
4BR	$952,000	$40,600	$159,000	$336,700	$542,100	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$	$	$	$	$	
4BR	$27,608,000	$	$	$	$	
Total	$27,608,000	$	$	$	$	**$27,608,000**
Cost of Sale						
Commissions	3%					($828,240)
Total Cost of Sale						**($828,240)**
Net Revenue				$923,440/unit		**$26,779,760**
RETURN MEASURES						
Village Residential 2.9 (VR 2.9)	**Single-Family Detached, Large Lot**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$330/GBA sf	$923,440/unit	$26,779,760
Total Development Cost Before Land and Assumed Return				$214/GBA sf	$599,575/unit	$17,387,671
Developer profit at 10% of cost before land				$21/GBA sf	$59,957/unit	$1,738,767
Total Development Cost Before Land				$236/GBA sf	$659,532/unit	$19,126,439
Residual Land Value (Net Square Foot)				$17.59/land sf	$263,908/unit	$7,653,321
Residual Land Value (Gross Square Foot) at net/gross of 65%				$11.44/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$26,779,760
Net Revenue/Unit					29 units	$923,440
Net Revenue/GBA Sq.Ft.					2,800 sf/unit	$330
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					2,800 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					29 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					2,800 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 67. Base Case Pro Forma: GP-Compliant SFD (VR 4.3)

Village Residential 4.3 (VR 4.3)	Single-Family Detached, Medium	GP-Compliar	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	9.97					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.26	0.26			
DU/AC		4.31	4.31			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	100%	43	0	43		
4BR	0%	0	0	0		
Total		43	0	43		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	43	0	0	0	0	
4BR	0	0	0	0	0	
Total	43	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,600/unit	111,800	0	111,800		
4BR	/unit	0	0	0		
Total	2,600/unit	111,800	0	111,800		
Net Building Area (Sq.Ft.)	100% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,600/unit	111,800	0	111,800		
4BR	/unit	0	0	0		
Total	2,600	111,800	0	111,800		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	86			
4BR	3.0/unit	2.5/unit	0			
Type			86			
Surface	100%	86				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$10,100/unit	$434,300	
Onsite improvements	$5/land Sq.Ft.			$50,500/unit	$2,171,500	
Building[2]	$90/vertical Sq.Ft.			$234,000/unit	$10,062,000	
Parking[3]						
Surface	$2,500/space				$215,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$3,220,700	
Total Direct Costs			$144/sf	$374,500/unit		**$16,103,500**

Indirect Costs[4]						
A&E	7.0% direct costs				$1,127,245	
Permits and Fees	$22/GBA Sq.Ft.			$57,200/unit	$2,459,600	
Legal, Insurance, Warrany	3.0% direct costs				$483,105	
Marketing	$2,000/unit				$86,000	
G&A	1.0% indirect costs				$41,560	
Developer Fee	4.5% direct costs				$724,658	
Soft Cost Contingency	5.0% indirect costs				$246,108	
Total Indirect Costs			$46/sf	$120,192/unit		**$5,168,275**
Financing[5]						
Fees					$255,261	
Construction Period Interest					$797,692	
Total Financing						**$1,052,953**
Total Costs Before Developer Return and Land						**$22,324,728**
Developer Return on Cost[6]	10.0% cost before land				$2,232,473	
Total Costs Before Land			$220/sf	$571,098/unit		**$24,557,201**
REVENUE						
Potential Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$54,100	$131,000	$246,500	$379,700	
1BR	$	$53,800	$141,600	$273,500	$425,300	
2BR	$	$44,800	$143,500	$291,700	$462,900	
3BR	$816,000	$36,500	$146,200	$311,000	$501,300	
4BR	$	$40,600	$159,000	$336,700	$542,100	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$35,088,000	$	$	$	$	
4BR	$	$	$	$	$	
Total	$35,088,000	$	$	$	$	**$35,088,000**
Cost of Sale						
Commissions	3%					($1,052,640)
Total Cost of Sale						**($1,052,640)**
Net Revenue						**$34,035,360**
RETURN MEASURES						
Village Residential 4.3 (VR 4.3)	**Single-Family Detached, Medium Lot**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$304/GBA sf	$791,520/unit	$34,035,360
Total Development Cost Before Land and Assumed Return				$200/GBA sf	$519,180/unit	$22,324,728
Developer profit at 10% of cost before land				$20/GBA sf	$51,918/unit	$2,232,473
Total Development Cost Before Land				$220/GBA sf	$571,098/unit	$24,557,201
Residual Land Value (Net Square Foot)				$21.82/land sf	$220,422/unit	$9,478,159
Residual Land Value (Gross Square Foot) at net/gross of 65%				$14.19/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$34,035,360
Net Revenue/Unit					43 units	$791,520
Net Revenue/GBA Sq.Ft.					2,600 sf/unit	$304
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					2,600 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					43 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					2,600 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 68: Base Case Pro Forma: GP-Compliant SFD 7.3

Village Residential 7.3 (VR 7.3)	Single-Family Detached, Small Lot	GP-Compliar	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	10.06					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.42	0.42			
DU/AC		7.26	7.26			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	100%	73	0	73		
4BR	0%	0	0	0		
Total		73	0	73		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	73	0	0	0	0	
4BR	0	0	0	0	0	
Total	73	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,500/unit	182,500	0	182,500		
4BR	/unit	0	0	0		
Total	2,500/unit	182,500	0	182,500		
Net Building Area (Sq.Ft.)	100% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,500/unit	182,500	0	182,500		
4BR	/unit	0	0	0		
Total	2,500	182,500	0	182,500		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	146			
4BR	3.0/unit	2.5/unit	0			
Type			146			
Surface	100%	146				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$6,000/unit	$438,000	
Onsite improvements	$5/land Sq.Ft.			$30,000/unit	$2,190,000	
Building[2]	$90/vertical Sq.Ft.			$225,000/unit	$16,425,000	
Parking[3]						
Surface	$2,500/space				$365,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$4,854,500	
Total Direct Costs			$133/sf	$332,500/unit		**$24,272,500**

Indirect Costs[4]						
A&E	7.0% direct costs				$1,699,075	
Permits and Fees	$22/GBA Sq.Ft.			$55,000/unit	$4,015,000	
Legal, Insurance, Warrany	3.0% direct costs				$728,175	
Marketing	$2,000/unit				$146,000	
G&A	1.0% indirect costs				$65,883	
Developer Fee	4.5% direct costs				$1,092,263	
Soft Cost Contingency	5.0% indirect costs				$387,320	
Total Indirect Costs			$45/sf	$111,421/unit		**$8,133,715**
Financing[5]						
Fees					$388,875	
Construction Period Interest					$1,215,233	
Total Financing						**$1,604,108**
Total Costs Before Developer Return and Land						**$34,010,322**
Developer Return on Cost[6]	10.0% cost before land				$3,401,032	
Total Costs Before Land			$205/sf	$512,484/unit		**$37,411,355**
REVENUE						
Potential Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$54,100	$131,000	$246,500	$379,700	
1BR	$	$53,800	$141,600	$273,500	$425,300	
2BR	$	$44,800	$143,500	$291,700	$462,900	
3BR	$810,000	$36,500	$146,200	$311,000	$501,300	
4BR	$	$40,600	$159,000	$336,700	$542,100	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$59,130,000	$	$	$	$	
4BR	$	$	$	$	$	
Total	$59,130,000	$	$	$	$	**$59,130,000**
Cost of Sale						
Commissions	3%					($1,773,900)
Total Cost of Sale						**($1,773,900)**
Net Revenue						**$57,356,100**
RETURN MEASURES						
Village Residential 7.3 (VR 7.3)	**Single-Family Detached, Small Lot**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$314/GBA sf	$785,700/unit	$57,356,100
Total Development Cost Before Land and Assumed Return				$186/GBA sf	$465,895/unit	$34,010,322
Developer profit at 10% of cost before land				$19/GBA sf	$46,589/unit	$3,401,032
Total Development Cost Before Land				$205/GBA sf	$512,484/unit	$37,411,355
Residual Land Value (Net Square Foot)				$46/land sf	$273,216/unit	$19,944,745
Residual Land Value (Gross Square Foot) at net/gross of 65%				$30/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$57,356,100
Net Revenue/Unit					73 units	$785,700
Net Revenue/GBA Sq.Ft.					2,500 sf/unit	$314
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					2,500 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					73 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					2,500 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 69: Base Case Pro Forma: GP-Compliant Condo 10.9

Village Residential 10.9 (VR-10.9)	Single-Family Detached, Very Small Lot or Attached Condo	GP-Compliar	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	10.01					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.63	0.63			
DU/AC		10.89	10.89			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	100%	109	0	109		
4BR	0%	0	0	0		
Total		109	0	109		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Mid Income	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	109	0	0	0	0	
4BR	0	0	0	0	0	
Total	109	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,526/unit	275,368	0	275,368		
4BR	/unit	0	0	0		
Total	2,526/unit	275,368	0	275,368		
Net Building Area (Sq.Ft.)	95% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,400/unit	261,600	0	261,600		
4BR	/unit	0	0	0		
Total	2,400	261,600	0	261,600		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	218			
4BR	3.0/unit	2.5/unit	0			
Type			218			
Surface	100%	218				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$4,000/unit	$436,000	
Onsite improvements	$5/land Sq.Ft.			$20,000/unit	$2,180,000	
Building[2]	$90/vertical Sq.Ft.			$227,368/unit	$24,783,158	
Parking[3]						
Surface	$2,500/space				$545,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$6,986,039	
Total Direct Costs			$127/sf	$320,461/unit		**$34,930,197**

Indirect Costs[4]						
A&E	7.0% direct costs				$2,445,114	
Permits and Fees	$22/GBA Sq.Ft.			$55,579/unit	$6,058,105	
Legal, Insurance, Warrany	3.0% direct costs				$1,047,906	
Marketing	$2,000/unit				$218,000	
G&A	1.0% indirect costs				$97,691	
Developer Fee	4.5% direct costs				$1,571,859	
Soft Cost Contingency	5.0% indirect costs				$571,934	
Total Indirect Costs			$44/sf	$110,189/unit		**$12,010,609**
Financing[5]						
Fees					$563,290	
Construction Period Interest					$1,760,280	
Total Financing						**$2,323,570**
Total Costs Before Developer Return and Land						**$49,264,376**
Developer Return on Cost[6]	10.0% cost before land				$4,926,438	
Total Costs Before Land			$197/sf	$497,163/unit		**$54,190,814**
REVENUE						
Potential Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$54,100	$131,000	$246,500	$379,700	
1BR	$	$53,800	$141,600	$273,500	$425,300	
2BR	$	$44,800	$143,500	$291,700	$462,900	
3BR	$589,000	$36,500	$146,200	$311,000	$501,300	
4BR	$	$40,600	$159,000	$336,700	$542,100	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$64,201,000	$	$	$	$	
4BR	$	$	$	$	$	
Total	$64,201,000	$	$	$	$	**$64,201,000**
Cost of Sale						
Commissions	3%					($1,926,030)
Total Cost of Sale						**($1,926,030)**
Net Revenue						**$62,274,970**
RETURN MEASURES						
Village Residential 10.9 (VR-10.9)	**Single-Family Detached, Very Small Lot or Attached Condo**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$226/GBA sf	$571,330/unit	$62,274,970
Total Development Cost Before Land and Assumed Return				$179/GBA sf	$451,967/unit	$49,264,376
Developer profit at 10% of cost before land				$18/GBA sf	$45,197/unit	$4,926,438
Total Development Cost Before Land				$197/GBA sf	$497,163/unit	$54,190,814
Residual Land Value (Net Square Foot)				$19/land sf	$74,167/unit	$8,084,156
Residual Land Value (Gross Square Foot) at net/gross of 65%				$12/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$62,274,970
Net Revenue/Unit					109 units	$571,330
Net Revenue/GBA Sq.Ft.					2,526 sf/unit	$226
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					2,526 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					109 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					2,526 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 70: Base Case Pro Forma: GP-Compliant TH-15

Village Residential 15, 20 (VR 15,20)	Attached Condo or Townhome	GP-Compliar	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	10.00					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.52	0.52			
DU/AC		15.00	15.00			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	100%	150	0	150		
4BR	0%	0	0	0		
Total		150	0	150		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	150	0	0	0	0	
4BR	0	0	0	0	0	
Total	150	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	1,500/unit	225,000	0	225,000		
4BR	/unit	0	0	0		
Total	1,500/unit	225,000	0	225,000		
Net Building Area (Sq.Ft.)	100% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	1,500/unit	225,000	0	225,000		
4BR	/unit	0	0	0		
Total	1,500	225,000	0	225,000		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	300			
4BR	3.0/unit	2.5/unit	0			
Type			300			
Surface	100%	300				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$2,904/unit	$435,600	
Onsite improvements	$5/land Sq.Ft.			$14,520/unit	$2,178,000	
Building[2]	$155/vertical Sq.Ft.			$232,500/unit	$34,875,000	
Parking[3]						
Surface	$2,500/space				$750,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$9,559,650	
Total Direct Costs			$212/sf	$318,655/unit		**$47,798,250**

Indirect Costs[4]						
A&E	7.0% direct costs				$3,345,878	
Permits and Fees	$22/GBA Sq.Ft.			$33,000/unit	$4,950,000	
Legal, Insurance, Warrany	3.0% direct costs				$1,433,948	
Marketing	$2,000/unit				$300,000	
G&A	1.0% indirect costs				$100,298	
Developer Fee	4.5% direct costs				$2,150,921	
Soft Cost Contingency	5.0% indirect costs				$614,052	
Total Indirect Costs			$57/sf	$85,967/unit		**$12,895,097**
Financing[5]						
Fees					$728,320	
Construction Period Interest					$2,276,001	
Total Financing						**$3,004,321**
Total Costs Before Developer Return and Land						**$63,697,667**
Developer Return on Cost[6]	10.0% cost before land				$6,369,767	
Total Costs Before Land			$311/sf	$467,116/unit		**$70,067,434**
REVENUE						
Potential Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$54,100	$131,000	$246,500	$379,700	
1BR	$	$53,800	$141,600	$273,500	$425,300	
2BR	$	$44,800	$143,500	$291,700	$462,900	
3BR	$510,000	$36,500	$146,200	$311,000	$501,300	
4BR	$	$40,600	$159,000	$336,700	$542,100	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$76,500,000	$	$	$	$	
4BR	$	$	$	$	$	
Total	$76,500,000	$	$	$	$	**$76,500,000**
Cost of Sale						
Commissions	3%					($2,295,000)
Total Cost of Sale						**($2,295,000)**
Net Revenue						**$74,205,000**
RETURN MEASURES						
Village Residential 15, 20 (VR 15,2	**Attached Condo or Townhome**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$330/GBA sf	$494,700/unit	$74,205,000
Total Development Cost Before Land and Assumed Return				$283/GBA sf	$424,651/unit	$63,697,667
Developer profit at 10% of cost before land				$28/GBA sf	$42,465/unit	$6,369,767
Total Development Cost Before Land				$311/GBA sf	$467,116/unit	$70,067,434
Residual Land Value (Net Square Foot)				$9/land sf	$27,584/unit	$4,137,566
Residual Land Value (Gross Square Foot) at net/gross of 65%				$6/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$74,205,000
Net Revenue/Unit					150 units	$494,700
Net Revenue/GBA Sq.Ft.					1,500 sf/unit	$330
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					1,500 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					150 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					1,500 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 71: Base Case Pro Forma: GP-Compliant Garden 20

Garden 20 (Rent)	Village Residential 20 (VR 20)	GP-Compliar	Scenario: Base Case			
PROGRAM						
General						
Site (developable ac)	13.3					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.56	0.56			
DU/AC		20.00	20.00			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	48%	128	0	128		
2BR	45%	120	0	120		
3BR	6%	17	0	17		
4BR	0%	0	0	0		
Total		265	0	265		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	128	0	0	0	0	
2BR	120	0	0	0	0	
3BR	17	0	0	0	0	
4BR	0	0	0	0	0	
Total	265	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	988/unit	126,400	0	126,400		
2BR	1,375/unit	165,000	0	165,000		
3BR	1,713/unit	29,113	0	29,113		
4BR	/unit	0	0	0		
Total	1,209/unit	320,513	0	320,513		
Net Building Area (Sq.Ft.)	80% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	790/unit	101,120	0	101,120		
2BR	1,100/unit	132,000	0	132,000		
3BR	1,370/unit	23,290	0	23,290		
4BR	/unit	0	0	0		
Total	968	256,410	0	256,410		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	256			
2BR	2.0/unit	2.0/unit	240			
3BR	2.0/unit	2.0/unit	34			
4BR	3.0/unit	2.5/unit	0			
Type			530			
Surface	100%	530				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$2,178/unit	$577,170	
Onsite improvements	$5/land Sq.Ft.			$10,890/unit	$2,885,850	
Building[2]	$175/vertical Sq.Ft.			$211,659/unit	$56,089,688	
Parking[3]						
Surface	$2,500/space				$1,325,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$15,219,427	
Total Direct Costs			$237/sf	$287,159/unit		**$76,097,134**

Indirect Costs[4]						
A&E	7.0% direct costs				$5,326,799	
Permits and Fees	$22/GBA Sq.Ft.			$26,609/unit	$7,051,275	
Legal, Insurance, Warrany	3.0% direct costs				$2,282,914	
Marketing	$2,000/unit				$530,000	
G&A	1.0% indirect costs				$151,910	
Developer Fee	4.5% direct costs				$3,424,371	
Soft Cost Contingency	5.0% indirect costs				$938,363	
Total Indirect Costs			$61/sf	$74,361/unit		**$19,705,633**
Financing[5]						
Fees					$1,149,633	
Construction Period Interest					$3,592,604	
Total Financing						**$4,742,237**
Total Costs Before Developer Return and Land						**$100,545,004**
Developer Return on Cost[6]	10.0% cost before land				$10,054,500	
Total Costs Before Land			$345/sf	$417,357/unit		**$110,599,505**
REVENUE						
Potential Rent/Unit/Month	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$430	$885	$1,569	$2,365	
1BR	$2,500	$447	$967	$1,749	$2,659	
2BR	$2,920	$420	$1,005	$1,884	$2,910	
3BR	$3,450	$424	$1,074	$2,051	$3,190	
4BR	$	$465	$1,168	$2,221	$3,453	
Revenue/Year	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$3,840,000	$	$	$	$	
2BR	$4,204,800	$	$	$	$	
3BR	$703,800	$	$	$	$	
4BR	$	$	$	$	$	
Total Gross Revenue	$8,748,600	$	$	$	$	**$8,748,600**
(less) vacancy	5%					($437,430)
(less) Operating Expenses	30%					($2,624,580)
Capitalized value of NOI	4%					**$137,790,450**
Commissions	3%					($4,133,714)
Total Cost of Sale						($4,133,714)
Net Revenue						**$133,656,737**
RETURN MEASURES						
Garden 20 (Rent)	**Village Residential 20 (VR 20)**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$417/GBA sf	$504,365/unit	$133,656,737
Total Development Cost Before Land and Assumed Return				$314/GBA sf	$379,415/unit	$100,545,004
Developer profit at 10% of cost before land				$31/GBA sf	$37,942/unit	$10,054,500
Total Development Cost Before Land				$345/GBA sf	$417,357/unit	$110,599,505
Residual Land Value (Net Square Foot)				$40/land sf	$87,008/unit	$23,057,232
Residual Land Value (Gross Square Foot) at net/gross of 65%				$26/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$133,656,737
Net Revenue/Unit					265 units	$504,365
Net Revenue/GBA Sq.Ft.					1,209 sf/unit	$417
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					1,209 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					265 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					1,209 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI

(2) Vertical cost assumptions from RS Means 2022

(3) Parking cost assumptions based on RS Means 2022

(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects

(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance

(6) Developer profit assumption from AECOM experience with similar projects

Source: AECOM

Table 72: Base Case Pro Forma: GP-Compliant Flats 30

Podium 45 (Rent)	Beyond VR-30 Maximum	GP-Compliar	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	5.3					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		1.16	1.16			
DU/AC		45.04	45.04			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	45%	107	0	107		
2BR	36%	85	0	85		
3BR	19%	45	0	45		
4BR	0%	0	0	0		
Total		237	0	237		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	107	0	0	0	0	
2BR	85	0	0	0	0	
3BR	45	0	0	0	0	
4BR	0	0	0	0	0	
Total	237	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	824/unit	88,118	0	88,118		
2BR	1,294/unit	110,000	0	110,000		
3BR	1,529/unit	68,824	0	68,824		
4BR	/unit	0	0	0		
Total	1,126/unit	266,941	0	266,941		
Net Building Area (Sq.Ft.)	85% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	700	74,900	0	74,900		
2BR	1,100	93,500	0	93,500		
3BR	1,300	58,500	0	58,500		
4BR	/unit	0	0	0		
Total	957	226,900	0	226,900		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	214			
2BR	2.0/unit	2.0/unit	170			
3BR	2.0/unit	2.0/unit	90			
4BR	3.0/unit	2.5/unit	0			
Type			474			
Surface	0%	0				
First floor podium	100%	474				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$967/unit	$229,222	
Onsite improvements	$5/land Sq.Ft.			$4,836/unit	$1,146,112	
Building[2]	$175/vertical Sq.Ft.			$197,108/unit	$46,714,706	
Parking[3]						
Surface	$2,500/space				$0	
First floor podium	$34,000/space				$16,116,000	
Contractor Fee w/contingency	25.0% direct costs				$16,051,510	
Total Direct Costs			$301/sf	$338,639/unit		**$80,257,550**

DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$1,451/unit	$298,905	
Onsite improvements	$5/land Sq.Ft.			$7,255/unit	$1,494,523	
Building[2]	$175/vertical Sq.Ft.			$219,961/unit	$45,311,875	
Parking[3]						
Surface	$2,500/space				$1,030,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$12,033,826	
Total Direct Costs			$232/sf	$292,083/unit		**$60,169,128**
Indirect Costs[4]						
A&E	7.0% direct costs				$4,211,839	
Permits and Fees	$22/GBA Sq.Ft.			$27,652/unit	$5,696,350	
Legal, Insurance, Warrany	3.0% direct costs				$1,805,074	
Marketing	$2,000/unit				$412,000	
G&A	1.0% indirect costs				$121,253	
Developer Fee	4.5% direct costs				$2,707,611	
Soft Cost Contingency	5.0% indirect costs				$747,706	
Total Indirect Costs			$61/sf	$76,222/unit		**$15,701,833**
Financing[5]						
Fees					$910,452	
Construction Period Interest					$2,845,161	
Total Financing						**$3,755,613**
Total Costs Before Developer Return and Land						**$79,626,573**
Developer Return on Cost[6]	10.0% cost before land				$7,962,657	
Total Costs Before Land			$338/sf	$425,190/unit		**$87,589,230**
REVENUE						
Rent/Unit/Month	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$431	$856	$1,492	$2,124	
1BR	$2,370	$481	$966	$1,693	$2,416	
2BR	$2,960	$529	$1,074	$1,893	$2,706	
3BR	$3,390	$555	$1,162	$2,072	$2,975	
4BR	$	$587	$1,241	$2,224	$3,199	
Revenue/Year	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$2,559,600	$	$	$	$	
2BR	$2,912,640	$	$	$	$	
3BR	$1,383,120	$	$	$	$	
4BR	$	$	$	$	$	
Total Gross Revenue	$6,855,360	$	$	$	$	**$6,855,360**
(less) vacancy	5%					($342,768)
(less) Operating Expenses	30%					($2,056,608)
Capitalized value of NOI	4%					**$107,971,920**
Commissions	3%					($3,239,158)
Total Cost of Sale						($3,239,158)
Net Revenue						**$104,732,762**
RETURN MEASURES						
Flats 30 (Rent)	**Village Residential 30 (VR 30)**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$404/GBA sf	$508,411/unit	$104,732,762
Total Development Cost Before Land and Assumed Return				$308/GBA sf	$386,537/unit	$79,626,573
Developer profit at 10% of cost before land				$31/GBA sf	$38,654/unit	$7,962,657
Total Development Cost Before Land				$338/GBA sf	$425,190/unit	$87,589,230
Residual Land Value (Net Square Foot)				$57/land sf	$83,221/unit	$17,143,532
Residual Land Value (Gross Square Foot) at net/gross of 65%				$37/land sf		

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on AECOM experience with other projects
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects

Source: AECOM

Table 73: Base Case Pro Forma: GP-Compliant Podium 45

Podium 45 (Rent)	Beyond VR-30 Maximum	GP-Compliar	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	5.3					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		1.16	1.16			
DU/AC		45.04	45.04			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	45%	107	0	107		
2BR	36%	85	0	85		
3BR	19%	45	0	45		
4BR	0%	0	0	0		
Total		237	0	237		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	107	0	0	0	0	
2BR	85	0	0	0	0	
3BR	45	0	0	0	0	
4BR	0	0	0	0	0	
Total	237	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	824/unit	88,118	0	88,118		
2BR	1,294/unit	110,000	0	110,000		
3BR	1,529/unit	68,824	0	68,824		
4BR	/unit	0	0	0		
Total	1,126/unit	266,941	0	266,941		
Net Building Area (Sq.Ft.)	85% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	700	74,900	0	74,900		
2BR	1,100	93,500	0	93,500		
3BR	1,300	58,500	0	58,500		
4BR	/unit	0	0	0		
Total	957	226,900	0	226,900		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	214			
2BR	2.0/unit	2.0/unit	170			
3BR	2.0/unit	2.0/unit	90			
4BR	3.0/unit	2.5/unit	0			
Type			474			
Surface	0%	0				
First floor podium	100%	474				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$967/unit	$229,222	
Onsite improvements	$5/land Sq.Ft.			$4,836/unit	$1,146,112	
Building[2]	$175/vertical Sq.Ft.			$197,108/unit	$46,714,706	
Parking[3]						
Surface	$2,500/space				$0	
First floor podium	$34,000/space				$16,116,000	
Contractor Fee w/contingency	25.0% direct costs				$16,051,510	
Total Direct Costs			$301/sf	$338,639/unit		**$80,257,550**

Indirect Costs[4]						
A&E	7.0% direct costs				$5,618,029	
Permits and Fees	$22/GBA Sq.Ft.			$24,779/unit	$5,872,706	
Legal, Insurance, Warrany	3.0% direct costs				$2,407,727	
Marketing	$2,000/unit				$474,000	
G&A	1.0% indirect costs				$143,725	
Developer Fee	4.5% direct costs				$3,611,590	
Soft Cost Contingency	5.0% indirect costs				$906,389	
Total Indirect Costs			$71/sf	$80,313/unit		**$19,034,164**
Financing[5]						
Fees					$1,191,501	
Construction Period Interest					$3,723,439	
Total Financing						**$4,914,940**
Total Costs Before Developer Return and Land						**$104,206,654**
Developer Return on Cost[6]	10.0% cost before land				$10,420,665	
Total Costs Before Land			$429/sf	$483,660/unit		**$114,627,320**
REVENUE						
Potential Rent/Unit/Month	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$430	$885	$1,569	$2,365	
1BR	$2,640	$447	$967	$1,749	$2,659	
2BR	$3,280	$420	$1,005	$1,884	$2,910	
3BR	$4,030	$424	$1,074	$2,051	$3,190	
4BR	$	$465	$1,168	$2,221	$3,453	
Revenue/Year	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$3,389,760	$	$	$	$	
2BR	$3,345,600	$	$	$	$	
3BR	$2,176,200	$	$	$	$	
4BR	$	$	$	$	$	
Total Gross Revenue	$8,911,560	$	$	$	$	**$8,911,560**
(less) vacancy	5%					($445,578)
(less) Operating Expenses	30%					($2,673,468)
Capitalized value of NOI	4%					**$140,357,070**
Commissions	3%					($4,210,712)
Total Cost of Sale						($4,210,712)
Net Revenue						**$136,146,358**
RETURN MEASURES						
Podium 45 (Rent)	**Beyond VR-30 Maximum**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$510/GBA sf	$574,457/unit	$136,146,358
Total Development Cost Before Land and Assumed Return				$390/GBA sf	$439,691/unit	$104,206,654
Developer profit at 10% of cost before land				$39/GBA sf	$43,969/unit	$10,420,665
Total Development Cost Before Land				$429/GBA sf	$483,660/unit	$114,627,320
Residual Land Value (Net Square Foot)				$94/land sf	$90,798/unit	$21,519,038
Residual Land Value (Gross Square Foot) at net/gross of 65%				$61/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$136,146,358
Net Revenue/Unit					237 units	$574,457
Net Revenue/GBA Sq.Ft.					1,126 sf/unit	$510
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					1,126 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					237 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					1,126 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 74: Base Case Pro Forma: GPA SFD 2.9

SFD Large Lot 2.9 (sale)	Village Residential 2.9 (VR 2.9)	GPA	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	10.0					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.23	0.23			
DU/AC		2.90	2.90			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	0%	0	0	0		
4BR	100%	29	0	29		
Total		29	0	29		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	0	0	0	0	0	
4BR	29	0	0	0	0	
Total	29	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	/unit	0	0	0		
4BR	3,500/unit	101,500	0	101,500		
Total	3,500/unit	101,500	0	101,500		
Net Building Area (Sq.Ft.)	100% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	/unit	0	0	0		
4BR	3,500/unit	101,500	0	101,500		
Total	3,500	101,500	0	101,500		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	0			
4BR	3.0/unit	2.5/unit	87			
Type			87			
Surface	100%	87				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1.00/land Sq.Ft.			$15,000/unit	$435,000	
Onsite improvements	$5.00/land Sq.Ft.			$75,000/unit	$2,175,000	
Building[2]	$80/vertical Sq.Ft.			$280,000/unit	$8,120,000	
Parking[3]						
Surface	$2,500/space				$217,500	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$2,736,875	
Total Direct Costs			$135/sf	$471,875/unit		**$13,684,375**

Indirect Costs[4]						
A&E	7.0% direct costs				$957,906	
Permits and Fees	$22/GBA Sq.Ft.			$77,000/unit	$2,233,000	
Legal, Insurance, Warrany	3.0% direct costs				$410,531	
Marketing	$2,000/unit				$58,000	
G&A	1.0% indirect costs				$36,594	
Developer Fee	4.5% direct costs				$615,797	
Soft Cost Contingency	5.0% indirect costs				$215,591	
Total Indirect Costs			$45/sf	$156,118/unit		**$4,527,420**
Financing[5]						
Fees					$218,542	
Construction Period Interest					$682,942	
Total Financing						**$901,484**
Total Costs Before Developer Return and Land						**$19,113,279**
Developer Return on Cost[6]	10.0% cost before land				$1,911,328	
Total Costs Before Land			$207/sf	$724,986/unit		**$21,024,607**
REVENUE						
Potential Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$54,100	$131,000	$246,500	$379,700	
1BR	$	$53,800	$141,600	$273,500	$425,300	
2BR	$	$44,800	$143,500	$291,700	$462,900	
3BR	$	$36,500	$146,200	$311,000	$501,300	
4BR	$980,000	$40,600	$159,000	$336,700	$542,100	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$	$	$	$	$	
4BR	$28,420,000	$	$	$	$	
Total	$28,420,000	$	$	$	$	**$28,420,000**
Cost of Sale						
Commissions	3%					($852,600)
Total Cost of Sale						**($852,600)**
Net Revenue				$950,600/unit		**$27,567,400**
RETURN MEASURES						
SFD Large Lot 2.9 (sale)	**Village Residential 2.9 (VR 2.9)**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$272/GBA sf	$950,600/unit	$27,567,400
Total Development Cost Before Land and Assumed Return				$188/GBA sf	$659,079/unit	$19,113,279
Developer profit at % of cost before land				$19/GBA sf	$65,908/unit	$1,911,328
Total Development Cost Before Land				$207/GBA sf	$724,986/unit	$21,024,607
Residual Land Value (Net Square Foot)				$15.04/land sf	$225,614/unit	$6,542,793
Residual Land Value (Gross Square Foot) at net/gross of %				$9.78/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$27,567,400
Net Revenue/Unit					29 units	$950,600
Net Revenue/GBA Sq.Ft.					3,500 sf/unit	$272
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					3,500 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					29 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					3,500 sf/unit	#DIV/0!

(1) Extremely Low at % AMI, Very Low at % AMI, Low at % AMI, Moderate at % AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on AECOM experience with other projects
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 75: Base Case Pro Forma: GPA SFD 4.3

SFD Medium Lot 4.3 (sale)	Village Residential 4.3 (VR 4.3)	GPA	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	9.97					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.29	0.29			
DU/AC		4.31	4.31			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	100%	43	0	43		
4BR	0%	0	0	0		
Total		43	0	43		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	43	0	0	0	0	
4BR	0	0	0	0	0	
Total	43	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,900/unit	124,700	0	124,700		
4BR	/unit	0	0	0		
Total	2,900/unit	124,700	0	124,700		
Net Building Area (Sq.Ft.)	100% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,900/unit	124,700	0	124,700		
4BR	/unit	0	0	0		
Total	2,900	124,700	0	124,700		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	86			
4BR	3.0/unit	2.5/unit	0			
Type			86			
Surface	100%	86				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$10,100/unit	$434,300	
Onsite improvements	$5/land Sq.Ft.			$50,500/unit	$2,171,500	
Building[2]	$90/vertical Sq.Ft.			$261,000/unit	$11,223,000	
Parking[3]						
Surface	$2,500/space				$215,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$3,510,950	
Total Direct Costs			$141/sf	$408,250/unit		**$17,554,750**

Indirect Costs[4]						
A&E	7.0% direct costs				$1,228,833	
Permits and Fees	$22/GBA Sq.Ft.			$63,800/unit	$2,743,400	
Legal, Insurance, Warrany	3.0% direct costs				$526,643	
Marketing	$2,000/unit				$86,000	
G&A	1.0% indirect costs				$45,849	
Developer Fee	4.5% direct costs				$789,964	
Soft Cost Contingency	5.0% indirect costs				$271,034	
Total Indirect Costs			$46/sf	$132,366/unit		**$5,691,722**
Financing[5]						
Fees					$278,958	
Construction Period Interest					$871,743	
Total Financing						**$1,150,700**
Total Costs Before Developer Return and Land						**$24,397,172**
Developer Return on Cost[6]	10.0% cost before land				$2,439,717	
Total Costs Before Land			$215/sf	$624,114/unit		**$26,836,889**
REVENUE						
Potential Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$54,100	$131,000	$246,500	$379,700	
1BR	$	$53,800	$141,600	$273,500	$425,300	
2BR	$	$44,800	$143,500	$291,700	$462,900	
3BR	$783,000	$36,500	$146,200	$311,000	$501,300	
4BR	$	$40,600	$159,000	$336,700	$542,100	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$33,669,000	$	$	$	$	
4BR	$	$	$	$	$	
Total	$33,669,000	$	$	$	$	**$33,669,000**
Cost of Sale						
Commissions	3%					($1,010,070)
Total Cost of Sale						**($1,010,070)**
Net Revenue						**$32,658,930**
RETURN MEASURES						
SFD Medium Lot 4.3 (sale)	**Village Residential 4.3 (VR 4.3)**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$262/GBA sf	$759,510/unit	$32,658,930
Total Development Cost Before Land and Assumed Return				$196/GBA sf	$567,376/unit	$24,397,172
Developer profit at 10% of cost before land				$20/GBA sf	$56,738/unit	$2,439,717
Total Development Cost Before Land				$215/GBA sf	$624,114/unit	$26,836,889
Residual Land Value (Net Square Foot)				$13.41/land sf	$135,396/unit	$5,822,041
Residual Land Value (Gross Square Foot) at net/gross of 65%				$8.71/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$32,658,930
Net Revenue/Unit					43 units	$759,510
Net Revenue/GBA Sq.Ft.					2,900 sf/unit	$262
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					2,900 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					43 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					2,900 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 76: Base Case Pro Forma: GPA SFD 7.3

SFD Small Lot 7.3 (sale)	Village Residential 7.3 (VR 7.3)	GPA	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	10.06					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.37	0.37			
DU/AC		7.26	7.26			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	100%	73	0	73		
4BR	0%	0	0	0		
Total		73	0	73		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	73	0	0	0	0	
4BR	0	0	0	0	0	
Total	73	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,200/unit	160,600	0	160,600		
4BR	/unit	0	0	0		
Total	2,200/unit	160,600	0	160,600		
Net Building Area (Sq.Ft.)	100% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,200/unit	160,600	0	160,600		
4BR	/unit	0	0	0		
Total	2,200	160,600	0	160,600		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	146			
4BR	3.0/unit	2.5/unit	0			
Type			146			
Surface	100%	146				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$6,000/unit	$438,000	
Onsite improvements	$5/land Sq.Ft.			$30,000/unit	$2,190,000	
Building[2]	$90/vertical Sq.Ft.			$198,000/unit	$14,454,000	
Parking[3]						
Surface	$2,500/space				$365,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$4,361,750	
Total Direct Costs			$136/sf	$298,750/unit		**$21,808,750**

DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$6,000/unit	$438,000	
Onsite improvements	$5/land Sq.Ft.			$30,000/unit	$2,190,000	
Building[2]	$90/vertical Sq.Ft.			$198,000/unit	$14,454,000	
Parking[3]						
Surface	$2,500/space				$365,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$4,361,750	
Total Direct Costs			$136/sf	$298,750/unit		**$21,808,750**
Indirect Costs[4]						
A&E	7.0% direct costs				$1,526,613	
Permits and Fees	$22/GBA Sq.Ft.			$48,400/unit	$3,533,200	
Legal, Insurance, Warrany	3.0% direct costs				$654,263	
Marketing	$2,000/unit				$146,000	
G&A	1.0% indirect costs				$58,601	
Developer Fee	4.5% direct costs				$981,394	
Soft Cost Contingency	5.0% indirect costs				$345,003	
Total Indirect Costs			$45/sf	$99,248/unit		**$7,245,073**
Financing[5]						
Fees					$348,646	
Construction Period Interest					$1,089,518	
Total Financing						**$1,438,164**
Total Costs Before Developer Return and Land						**$30,491,987**
Developer Return on Cost[6]	10.0% cost before land				$3,049,199	
Total Costs Before Land			$209/sf	$459,468/unit		**$33,541,186**
REVENUE						
Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$25,700	$104,000	$221,300	$337,600	
1BR	$	$34,900	$124,300	$258,300	$391,600	
2BR	$	$43,800	$144,200	$295,100	$444,900	
3BR	$748,000	$48,600	$160,300	$328,000	$494,400	
4BR	$	$54,400	$174,900	$356,200	$535,800	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$54,604,000	$	$	$	$	
4BR	$	$	$	$	$	
Total	$54,604,000	$	$	$	$	**$54,604,000**
Cost of Sale						
Commissions	3%					($1,638,120)
Total Cost of Sale						**($1,638,120)**
Net Revenue						**$52,965,880**
RETURN MEASURES						
SFD Small Lot 7.3 (sale)	**Village Residential 7.3 (VR 7.3)**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$330/GBA sf	$725,560/unit	$52,965,880
Total Development Cost Before Land and Assumed Return				$190/GBA sf	$417,698/unit	$30,491,987
Developer profit at 10% of cost before land				$19/GBA sf	$41,770/unit	$3,049,199
Total Development Cost Before Land				$209/GBA sf	$459,468/unit	$33,541,186
Residual Land Value (Net Square Foot)				$44/land sf	$266,092/unit	$19,424,694
Residual Land Value (Gross Square Foot) at net/gross of 65%				$29/land sf		

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on AECOM experience with other projects
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects

Source: AECOM

Table 77: Base Case Pro Forma: GPA SFD 10.9

SFA/SFD Small Lot 10.9 (sale)	Village Residential 10.9 (VR-10.9)	GPA	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	10.01					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.50	0.50			
DU/AC		10.89	10.89			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	100%	109	0	109		
4BR	0%	0	0	0		
Total		109	0	109		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Mid Income	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	109	0	0	0	0	
4BR	0	0	0	0	0	
Total	109	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	2,000/unit	218,000	0	218,000		
4BR	/unit	0	0	0		
Total	2,000/unit	218,000	0	218,000		
Net Building Area (Sq.Ft.)	95% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	1,900/unit	207,100	0	207,100		
4BR	/unit	0	0	0		
Total	1,900	207,100	0	207,100		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	218			
4BR	3.0/unit	2.5/unit	0			
Type			218			
Surface	100%	218				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$4,000/unit	$436,000	
Onsite improvements	$5/land Sq.Ft.			$20,000/unit	$2,180,000	
Building[2]	$90/vertical Sq.Ft.			$180,000/unit	$19,620,000	
Parking[3]						
Surface	$2,500/space				$545,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$5,695,250	
Total Direct Costs			$131/sf	$261,250/unit		**$28,476,250**

Indirect Costs[4]						
A&E	7.0% direct costs				$1,993,338	
Permits and Fees	$22/GBA Sq.Ft.			$44,000/unit	$4,796,000	
Legal, Insurance, Warrany	3.0% direct costs				$854,288	
Marketing	$2,000/unit				$218,000	
G&A	1.0% indirect costs				$78,616	
Developer Fee	4.5% direct costs				$1,281,431	
Soft Cost Contingency	5.0% indirect costs				$461,084	
Total Indirect Costs			$44/sf	$88,833/unit		**$9,682,756**
Financing[5]						
Fees					$457,908	
Construction Period Interest					$1,430,963	
Total Financing						**$1,888,871**
Total Costs Before Developer Return and Land						**$40,047,877**
Developer Return on Cost[6]	10.0% cost before land				$4,004,788	
Total Costs Before Land			$202/sf	$404,153/unit		**$44,052,665**
REVENUE						
Potential Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$54,100	$131,000	$246,500	$379,700	
1BR	$	$53,800	$141,600	$273,500	$425,300	
2BR	$	$44,800	$143,500	$291,700	$462,900	
3BR	$589,000	$36,500	$146,200	$311,000	$501,300	
4BR	$	$40,600	$159,000	$336,700	$542,100	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$64,201,000	$	$	$	$	
4BR	$	$	$	$	$	
Total	$64,201,000	$	$	$	$	**$64,201,000**
Cost of Sale						
Commissions	3%					($1,926,030)
Total Cost of Sale						**($1,926,030)**
Net Revenue						**$62,274,970**
RETURN MEASURES						
SFA/SFD Small Lot 10.9 (sale)	**Village Residential 10.9 (VR-10.9)**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$286/GBA sf	$571,330/unit	$62,274,970
Total Development Cost Before Land and Assumed Return				$184/GBA sf	$367,412/unit	$40,047,877
Developer profit at 10% of cost before land				$18/GBA sf	$36,741/unit	$4,004,788
Total Development Cost Before Land				$202/GBA sf	$404,153/unit	$44,052,665
Residual Land Value (Net Square Foot)				$42/land sf	$167,177/unit	$18,222,305
Residual Land Value (Gross Square Foot) at net/gross of 65%				$27/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$62,274,970
Net Revenue/Unit					109 units	$571,330
Net Revenue/GBA Sq.Ft.					2,000 sf/unit	$286
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					2,000 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					109 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					2,000 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI

(2) Vertical cost assumptions from RS Means 2022

(3) Parking cost assumptions based on RS Means 2022

(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects

(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance

(6) Developer profit assumption from AECOM experience with similar projects

Source: AECOM

Table 78: Base Case Pro Forma: GPA TH-15

SFA / Townhome 15 (sale)	Village Residential 15 (VR 15)	GPA	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	9.99					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.52	0.52			
DU/AC		15.02	15.02			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	0%	0	0	0		
2BR	0%	0	0	0		
3BR	100%	150	0	150		
4BR	0%	0	0	0		
Total		150	0	150		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	0	0	0	0	0	
2BR	0	0	0	0	0	
3BR	150	0	0	0	0	
4BR	0	0	0	0	0	
Total	150	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	1,500/unit	225,000	0	225,000		
4BR	/unit	0	0	0		
Total	1,500/unit	225,000	0	225,000		
Net Building Area (Sq.Ft.)	100% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	/unit	0	0	0		
2BR	/unit	0	0	0		
3BR	1,500/unit	225,000	0	225,000		
4BR	/unit	0	0	0		
Total	1,500	225,000	0	225,000		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	0			
2BR	2.0/unit	2.0/unit	0			
3BR	2.0/unit	2.0/unit	300			
4BR	3.0/unit	2.5/unit	0			
Type			300			
Surface	100%	300				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$2,900/unit	$435,000	
Onsite improvements	$5/land Sq.Ft.			$14,500/unit	$2,175,000	
Building[2]	$155/vertical Sq.Ft.			$232,500/unit	$34,875,000	
Parking[3]						
Surface	$2,500/space				$750,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$9,558,750	
Total Direct Costs			$212/sf	$318,625/unit		**$47,793,750**

Indirect Costs[4]						
A&E	7.0% direct costs				$3,345,563	
Permits and Fees	$22/GBA Sq.Ft.			$33,000/unit	$4,950,000	
Legal, Insurance, Warrany	3.0% direct costs				$1,433,813	
Marketing	$2,000/unit				$300,000	
G&A	1.0% indirect costs				$100,294	
Developer Fee	4.5% direct costs				$2,150,719	
Soft Cost Contingency	5.0% indirect costs				$614,019	
Total Indirect Costs			$57/sf	$85,963/unit		**$12,894,407**
Financing[5]						
Fees					$728,258	
Construction Period Interest					$2,275,806	
Total Financing						**$3,004,064**
Total Costs Before Developer Return and Land						**$63,692,221**
Developer Return on Cost[6]	10.0% cost before land				$6,369,222	
Total Costs Before Land			$311/sf	$467,076/unit		**$70,061,443**
REVENUE						
Potential Revenue/Unit	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$54,100	$131,000	$246,500	$379,700	
1BR	$	$53,800	$141,600	$273,500	$425,300	
2BR	$	$44,800	$143,500	$291,700	$462,900	
3BR	$555,000	$36,500	$146,200	$311,000	$501,300	
4BR	$	$40,600	$159,000	$336,700	$542,100	
Revenue	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$	$	$	$	$	
2BR	$	$	$	$	$	
3BR	$83,250,000	$	$	$	$	
4BR	$	$	$	$	$	
Total	$83,250,000	$	$	$	$	**$83,250,000**
Cost of Sale						
Commissions	3%					($2,497,500)
Total Cost of Sale						**($2,497,500)**
Net Revenue						**$80,752,500**
RETURN MEASURES						
SFA / Townhome 15 (sale)	**Village Residential 15 (VR 15)**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$359/GBA sf	$538,350/unit	$80,752,500
Total Development Cost Before Land and Assumed Return				$283/GBA sf	$424,615/unit	$63,692,221
Developer profit at 10% of cost before land				$28/GBA sf	$42,461/unit	$6,369,222
Total Development Cost Before Land				$311/GBA sf	$467,076/unit	$70,061,443
Residual Land Value (Net Square Foot)				$25/land sf	$71,274/unit	$10,691,057
Residual Land Value (Gross Square Foot) at net/gross of 65%				$16/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$80,752,500
Net Revenue/Unit					150 units	$538,350
Net Revenue/GBA Sq.Ft.					1,500 sf/unit	$359
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					1,500 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					150 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					1,500 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 79: Base Case Pro Forma: GPA Garden 20

Garden 20 (Rent)	Village Residential 20 (VR 20)	GPA	Scenario: Base Case			
PROGRAM						
General						
Site (developable ac)	13.3					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.56	0.56			
DU/AC		20.00	20.00			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	48%	128	0	128		
2BR	45%	120	0	120		
3BR	6%	17	0	17		
4BR	0%	0	0	0		
Total		265	0	265		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	128	0	0	0	0	
2BR	120	0	0	0	0	
3BR	17	0	0	0	0	
4BR	0	0	0	0	0	
Total	265	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	988/unit	126,400	0	126,400		
2BR	1,375/unit	165,000	0	165,000		
3BR	1,713/unit	29,113	0	29,113		
4BR	/unit	0	0	0		
Total	1,209/unit	320,513	0	320,513		
Net Building Area (Sq.Ft.)	80% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	790/unit	101,120	0	101,120		
2BR	1,100/unit	132,000	0	132,000		
3BR	1,370/unit	23,290	0	23,290		
4BR	/unit	0	0	0		
Total	968/unit	256,410	0	256,410		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	256			
2BR	2.0/unit	2.0/unit	240			
3BR	2.0/unit	2.0/unit	34			
4BR	3.0/unit	2.5/unit	0			
Type			530			
Surface	100%	530				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$2,178/unit	$577,170	
Onsite improvements	$5/land Sq.Ft.			$10,890/unit	$2,885,850	
Building[2]	$175/vertical Sq.Ft.			$211,659/unit	$56,089,688	
Parking[3]						
Surface	$2,500/space				$1,325,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$15,219,427	
Total Direct Costs			$237/sf	$287,159/unit		**$76,097,134**

Indirect Costs[4]						
A&E	7.0% direct costs				$5,326,799	
Permits and Fees	$22/GBA Sq.Ft.			$26,609/unit	$7,051,275	
Legal, Insurance, Warrany	3.0% direct costs				$2,282,914	
Marketing	$2,000/unit				$530,000	
G&A	1.0% indirect costs				$151,910	
Developer Fee	4.5% direct costs				$3,424,371	
Soft Cost Contingency	5.0% indirect costs				$938,363	
Total Indirect Costs			$61/sf	$74,361/unit		**$19,705,633**
Financing[5]						
Fees					$1,149,633	
Construction Period Interest					$3,592,604	
Total Financing						**$4,742,237**
Total Costs Before Developer Return and Land						**$100,545,004**
Developer Return on Cost[6]	10.0% cost before land				$10,054,500	
Total Costs Before Land			$345/sf	$417,357/unit		**$110,599,505**
REVENUE						
Potential Rent/Unit/Month	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$430	$885	$1,569	$2,365	
1BR	$2,630	$447	$967	$1,749	$2,659	
2BR	$3,061	$420	$1,005	$1,884	$2,910	
3BR	$3,625	$424	$1,074	$2,051	$3,190	
4BR	$	$465	$1,168	$2,221	$3,453	
Revenue/Year	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$4,038,935	$	$	$	$	
2BR	$4,407,480	$	$	$	$	
3BR	$739,504	$	$	$	$	
4BR	$	$	$	$	$	
Total Gross Revenue	$9,185,919	$	$	$	$	**$9,185,919**
(less) vacancy	5%					($459,296)
(less) Operating Expenses	30%					($2,755,776)
Capitalized value of NOI	4%					**$144,678,226**
Commissions	3%					($4,340,347)
Total Cost of Sale						($4,340,347)
Net Revenue						**$140,337,879**
RETURN MEASURES						
Garden 20 (Rent)	**Village Residential 20 (VR 20)**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$438/GBA sf	$529,577/unit	$140,337,879
Total Development Cost Before Land and Assumed Return				$314/GBA sf	$379,415/unit	$100,545,004
Developer profit at 10% of cost before land				$31/GBA sf	$37,942/unit	$10,054,500
Total Development Cost Before Land				$345/GBA sf	$417,357/unit	$110,599,505
Residual Land Value (Net Square Foot)				$52/land sf	$112,220/unit	$29,738,375
Residual Land Value (Gross Square Foot) at net/gross of 65%				$33/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$140,337,879
Net Revenue/Unit					265 units	$529,577
Net Revenue/GBA Sq.Ft.					1,209 sf/unit	$438
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					1,209 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					265 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					1,209 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 80: Base Case Pro Forma: GPA Flats 30

Flats 30 (Rent)	Village Residential 30 (VR 30)	GPA	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	6.9					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		0.87	0.87			
DU/AC		30.02	30.02			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	44%	90	0	90		
2BR	40%	82	0	82		
3BR	16%	34	0	34		
4BR	0%	0	0	0		
Total		206	0	206		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	90	0	0	0	0	
2BR	82	0	0	0	0	
3BR	34	0	0	0	0	
4BR	0	0	0	0	0	
Total	206	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	988/unit	88,875	0	88,875		
2BR	1,400/unit	114,800	0	114,800		
3BR	1,625/unit	55,250	0	55,250		
4BR	/unit	0	0	0		
Total	1,257/unit	258,925	0	258,925		
Net Building Area (Sq.Ft.)	80% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	790/unit	71,100	0	71,100		
2BR	1,120/unit	91,840	0	91,840		
3BR	1,300/unit	44,200	0	44,200		
4BR	/unit	0	0	0		
Total	1,006/unit	207,140	0	207,140		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	180			
2BR	2.0/unit	2.0/unit	164			
3BR	2.0/unit	2.0/unit	68			
4BR	3.0/unit	2.5/unit	0			
Type			412			
Surface	100%	412				
First floor podium	0%	0				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$1,451/unit	$298,905	
Onsite improvements	$5/land Sq.Ft.			$7,255/unit	$1,494,523	
Building[2]	$170/vertical Sq.Ft.			$213,676/unit	$44,017,250	
Parking[3]						
Surface	$2,500/space				$1,030,000	
First floor podium	$34,000/space				$0	
Contractor Fee w/contingency	25.0% direct costs				$11,710,169	
Total Direct Costs			$226/sf	$284,227/unit		**$58,550,847**

Indirect Costs[4]						
A&E	7.0% direct costs				$4,098,559	
Permits and Fees	$22/GBA Sq.Ft.			$27,652/unit	$5,696,350	
Legal, Insurance, Warrany	3.0% direct costs				$1,756,525	
Marketing	$2,000/unit				$412,000	
G&A	1.0% indirect costs				$119,634	
Developer Fee	4.5% direct costs				$2,634,788	
Soft Cost Contingency	5.0% indirect costs				$735,893	
Total Indirect Costs			$60/sf	$75,018/unit		**$15,453,750**
Financing[5]						
Fees					$888,055	
Construction Period Interest					$2,775,172	
Total Financing						**$3,663,228**
Total Costs Before Developer Return and Land						**$77,667,824**
Developer Return on Cost[6]	10.0% cost before land				$7,766,782	
Total Costs Before Land			$330/sf	$414,731/unit		**$85,434,607**
REVENUE						
Potential Rent/Unit/Month	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$430	$885	$1,569	$2,365	
1BR	$2,489	$447	$967	$1,749	$2,659	
2BR	$3,105	$420	$1,005	$1,884	$2,910	
3BR	$3,563	$424	$1,074	$2,051	$3,190	
4BR	$	$465	$1,168	$2,221	$3,453	
Revenue/Year	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$2,687,580	$	$	$	$	
2BR	$3,054,966	$	$	$	$	
3BR	$1,453,561	$	$	$	$	
4BR	$	$	$	$	$	
Total Gross Revenue	$7,196,107	$	$	$	$	**$7,196,107**
(less) vacancy	5%					($359,805)
(less) Operating Expenses	30%					($2,158,832)
Capitalized value of NOI	4%					**$113,338,685**
Commissions	3%					($3,400,161)
Total Cost of Sale						($3,400,161)
Net Revenue						**$109,938,524**
RETURN MEASURES						
Flats 30 (Rent)	**Village Residential 30 (VR 30)**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$425/GBA sf	$533,682/unit	$109,938,524
Total Development Cost Before Land and Assumed Return				$300/GBA sf	$377,028/unit	$77,667,824
Developer profit at 10% of cost before land				$30/GBA sf	$37,703/unit	$7,766,782
Total Development Cost Before Land				$330/GBA sf	$414,731/unit	$85,434,607
Residual Land Value (Net Square Foot)				$82/land sf	$118,951/unit	$24,503,917
Residual Land Value (Gross Square Foot) at net/gross of 65%				$53/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$109,938,524
Net Revenue/Unit					206 units	$533,682
Net Revenue/GBA Sq.Ft.					1,257 sf/unit	$425
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					1,257 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					206 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					1,257 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI
(2) Vertical cost assumptions from RS Means 2022
(3) Parking cost assumptions based on RS Means 2022
(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects
(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance
(6) Developer profit assumption from AECOM experience with similar projects
Source: AECOM

Table 81: Base Case Pro Forma: GPA Podium 45

Podium 45 (Rent)	Beyond VR-30 Maximum	GPA	Scenario: Base Case			
PROGRAM						
General						
Site (net developable ac)	5.3					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Density		Base	w/Bonus			
FAR		1.16	1.16			
DU/AC		45.04	45.04			
Residential Units						
Unit Type by Bedrooms	%	Base	Bonus	Total		
Studio	0%	0	0	0		
1BR	45%	107	0	107		
2BR	36%	85	0	85		
3BR	19%	45	0	45		
4BR	0%	0	0	0		
Total		237	0	237		
Unit Allocation by Affordability[1]	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	0	0	0	0	0	
1BR	107	0	0	0	0	
2BR	85	0	0	0	0	
3BR	45	0	0	0	0	
4BR	0	0	0	0	0	
Total	237	0	0	0	0	
Gross Building Area (Sq.Ft.)		Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	824/unit	88,118	0	88,118		
2BR	1,294/unit	110,000	0	110,000		
3BR	1,529/unit	68,824	0	68,824		
4BR	/unit	0	0	0		
Total	1,126/unit	266,941	0	266,941		
Net Building Area (Sq.Ft.)	85% efficiency	Base	Bonus	Total		
Studio	/unit	0	0	0		
1BR	700/unit	74,900	0	74,900		
2BR	1,100/unit	93,500	0	93,500		
3BR	1,300/unit	58,500	0	58,500		
4BR	/unit	0	0	0		
Total	957/unit	226,900	0	226,900		
Parking (spaces)	Base	w/Concessn	Spaces			
Studio	2.0/unit	1.0/unit	0			
1BR	2.0/unit	1.0/unit	214			
2BR	2.0/unit	2.0/unit	170			
3BR	2.0/unit	2.0/unit	90			
4BR	3.0/unit	2.5/unit	0			
Type			474			
Surface	0%	0				
First floor podium	100%	474				
Subterranean 1	0%	0				
Subterranean 2	0%	0				
Subterranean 3	0%	0				
DEVELOPMENT COSTS						
Direct Costs						
Site						
Offsite improvements	$1/land Sq.Ft.			$967/unit	$229,222	
Onsite improvements	$5/land Sq.Ft.			$4,836/unit	$1,146,112	
Building[2]	$175/vertical Sq.Ft.			$197,108/unit	$46,714,706	
Parking[3]						
Surface	$2,500/space				$0	
First floor podium	$34,000/space				$16,116,000	
Contractor Fee w/contingency	25.0% direct costs				$16,051,510	
Total Direct Costs			$301/sf	$338,639/unit		**$80,257,550**

Indirect Costs[4]						
A&E	7.0% direct costs				$5,618,029	
Permits and Fees	$22/GBA Sq.Ft.			$24,779/unit	$5,872,706	
Legal, Insurance, Warrany	3.0% direct costs				$2,407,727	
Marketing	$2,000/unit				$474,000	
G&A	1.0% indirect costs				$143,725	
Developer Fee	4.5% direct costs				$3,611,590	
Soft Cost Contingency	5.0% indirect costs				$906,389	
Total Indirect Costs			$71/sf	$80,313/unit		**$19,034,164**
Financing[5]						
Fees					$1,191,501	
Construction Period Interest					$3,723,439	
Total Financing						**$4,914,940**
Total Costs Before Developer Return and Land						**$104,206,654**
Developer Return on Cost[6]	10.0% cost before land				$10,420,665	
Total Costs Before Land			$429/sf	$483,660/unit		**$114,627,320**
REVENUE						
Potential Rent/Unit/Month	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$430	$885	$1,569	$2,365	
1BR	$2,772	$447	$967	$1,749	$2,659	
2BR	$3,440	$420	$1,005	$1,884	$2,910	
3BR	$4,227	$424	$1,074	$2,051	$3,190	
4BR	$	$465	$1,168	$2,221	$3,453	
Revenue/Year	Market	Extreme. Low	Very Low	Low	Moderate	
Studio	$	$	$	$	$	
1BR	$3,559,248	$	$	$	$	
2BR	$3,508,596	$	$	$	$	
3BR	$2,282,515	$	$	$	$	
4BR	$	$	$	$	$	
Total Gross Revenue	$9,350,359	$	$	$	$	**$9,350,359**
(less) vacancy	5%					($467,518)
(less) Operating Expenses	30%					($2,805,108)
Capitalized value of NOI	4%					**$147,268,157**
Commissions	3%					($4,418,045)
Total Cost of Sale						($4,418,045)
Net Revenue						**$142,850,113**
RETURN MEASURES						
Podium 45 (Rent)	**Beyond VR-30 Maximum**					
Scenario						
Affordable Set-Aside	Market	Extreme. Low	Very Low	Low	Moderate	
Set-Aside %	100%	0%	0%	0%	0%	
Density Bonus	0%					
Residual Land Value Analysis						
Net Revenue/Value				$535/GBA sf	$602,743/unit	$142,850,113
Total Development Cost Before Land and Assumed Return				$390/GBA sf	$439,691/unit	$104,206,654
Developer profit at 10% of cost before land				$39/GBA sf	$43,969/unit	$10,420,665
Total Development Cost Before Land				$429/GBA sf	$483,660/unit	$114,627,320
Residual Land Value (Net Square Foot)				$123/land sf	$119,084/unit	$28,222,793
Residual Land Value (Gross Square Foot) at net/gross of 65%				$80/land sf		
Affordability Gap In-Lieu Fee Calculation						
Market-Rate Units						
Net Revenue after commissions, closing, warranty						$142,850,113
Net Revenue/Unit					237 units	$602,743
Net Revenue/GBA Sq.Ft.					1,126 sf/unit	$535
Affordable Units						
Net Revenue after commissions, closing, warranty						$0
Net Revenue/Unit					units	#DIV/0!
Net Revenue/GBA Sq.Ft.					1,126 sf/unit	#DIV/0!
Affordability Gap						
Net Revenue Gap/Unit						#DIV/0!
Total Scenario Affordability Gap					units	#DIV/0!
Affordability Gap to be covered by each market-rate (non-bonus) unit					237 units	#DIV/0!
Implied In-lieu fee/sq.ft. for Market-Rate Units (applied only to base units)					1,126 sf/unit	#DIV/0!

(1) Extremely Low at 30% AMI, Very Low at 50% AMI, Low at 80% AMI, Moderate at 120% AMI

(2) Vertical cost assumptions from RS Means 2022

(3) Parking cost assumptions based on RS Means 2022

(4) Indirect cost assumption based on standard ratios and AECOM experience with other projects

(5) Construction financing at 60% LTC, 2.0% loan fee, 5.0% rate, 18 months construction, 6 months leasing/absorption, 50% avg. const balance,100% avg. absorption balance

(6) Developer profit assumption from AECOM experience with similar projects

Source: AECOM

Table 82: GPA Land Development Model

GPA Land Development Prototype						
Program					**Item**	
Area					150 acres	
Residential Area					101 acres	
Neighborhood Circulation					10 acres	
Net Residential Lot Area					91 acres	
Open Space					45 acres	
Parks					4.5 acres	
Hiking Trails					3 miles	
Residential						
Units					882	
Lot Area Density (DU/AC)					9.7	
Housing Mix					SFD, SFA, Multifamily	
Clubhouse Facility					3,000 sq.ft.	
Land Development Model					**Project**	**Finished Lot**
Land						
Purchase Price	$0.92	/Sq.Ft.			$6,011,280	
Due Diligence	2.5%	purchase price			$150,282	
Closing Costs	2%	purchase price			$120,226	
Total Land					$6,281,788	$7,122
Direct Costs						
Clearing and Grading[1]	$1.25	/Sq.Ft. Built Area			$5,744,475	
Critical Infrastructure and Utilities[2]	$1.50	/Sq.Ft. Built Area			$6,893,370	
Interior Streets[3]	$4,900,000	/Linear Mile			$22,918,636	
Hardscape/Landscape[4]	$10	/Sq.Ft. Landscaped Area (10% of total)			$6,534,000	
Amenities						
Parks[5]	$2,500,000	/AC			$11,250,000	
Hiking Trails[6]	$100,000	/Linear Mile			$300,000	$340
Rec Center[7]	$180	/Sq.Ft.			$540,000	
Contingency	10%	direct costs			$5,418,048	
Total Direct Costs					$59,598,530	$67,572
Indirect Costs						
Consultants[8]	5%	hard costs			$2,979,926	
Permits and Fees[9]	$3,700	/unit			$3,263,400	
Property Taxes	1.1%	average value	48 months	35% avg. bal.	$1,110,704	
Contingency	5%	indirect costs			$312,166	
Total Indirect Costs					$7,666,197	$8,692
Land Acquisition/Development Financing						
Fees	75% LTC	2% fee			$1,103,198	
Construction Period Interest	8% int. rate	48 months	35% avg. bal.		$6,177,907	
Total Financing					$7,281,105	
Developer Fee	5%	costs			$4,041,381	
Preferred Yield on Cost	15%	total costs			$12,124,143	$13,746
TOTAL PROJECT COSTS					**$96,993,143**	
Finished Lot Value						$109,970

(1) Source: Benchmark study and AECOM cost estimators; assumes moderately rolling land.

(2) Source: Benchmark study and AECOM cost estimators; includes retention/detention basins, sewer system, water system, storm drainage, dry utilities.

(3) Source: Department of Transportation (2014), AECOM cost estimators; assumes 2-lane collectors

(4) Source: Benchmark study and AECOM cost estimators

(5) Source: AECOM cost estimators

(6) Source: AECOM cost estimators

(7) Source: RS Means

(8) Source: Benchmark study and AECOM cost estimators

(9) Source: Benchmark study

Table 83: SDBL Set-Aside and Density Bonus Schedule

Set-Aside Percentage[1,2]	Very Low Income Density Bonus	Low Income Density Bonus	Moderate Income Density Bonus[3]	Land Donation Density Bonus	Senior[4]	Foster Youth/ Disabled Vets/ Homeless	College Students
5%	20%	-	-	-	20%	-	-
6%	22.50%	-	-	-	20%	-	-
7%	25%	-	-	-	20%	-	-
8%	27.50%	-	-	-	20%	-	-
9%	30%	-	-	-	20%	-	-
10%	32.50%	20%	5%	15%	20%	20%	-
11%	35%	21.5%	6%	16%	20%	20%	-
12%	38.8%	23%	7%	17%	20%	20%	-
13%	42.5%	24.5%	8%	18%	20%	20%	-
14%	46.25%	26%	9%	19%	20%	20%	-
15%	50%	27.5%	10%	20%	20%	20%	-
16%	50%	29%	11%	21%	20%	20%	-
17%	50%	30.50%	12%	22%	20%	20%	-
18%	50%	32%	13%	23%	20%	20%	-
19%	50%	33.50%	14%	24%	20%	20%	-
20%	50%	35%	15%	25%	20%	20%	35%
21%	50%	38.8%	16%	26%	20%	20%	35%
22%	50%	42.5%	17%	27%	20%	20%	35%
23%	50%	46.25%	18%	28%	20%	20%	35%
24%	50%	50%	19%	29%	20%	20%	35%
25%	50%	50%	20%	30%	20%	20%	35%
26%	50%	50%	21%	31%	20%	20%	35%
27%	50%	50%	22%	32%	20%	20%	35%
28%	50%	50%	23%	33%	20%	20%	35%
29%	50%	50%	24%	34%	20%	20%	35%
30%	50%	50%	25%	35%	20%	20%	35%
31%	50%	50%	26%	35%	20%	20%	35%
32%	50%	50%	27%	35%	20%	20%	35%
33%	50%	50%	28%	35%	20%	20%	35%
34%	50%	50%	29%	35%	20%	20%	35%
35%	50%	50%	30%	35%	20%	20%	35%
36%	50%	50%	31%	35%	20%	20%	35%
37%	50%	50%	32%	35%	20%	20%	35%
38%	50%	50%	33%	35%	20%	20%	35%
39%	50%	50%	34%	35%	20%	20%	35%
40%	50%	50%	35%	35%	20%	20%	35%
41%	50%	50%	38.8%	35%	20%	20%	35%
42%	50%	50%	42.5%	35%	20%	20%	35%
43%	50%	50%	46.25%	35%	20%	20%	35%
44%	50%	50%	50%	35%	20%	20%	35%
100%[5]	80%	80%	80%	35%	20%	20%	35%

(1) All density bonus calculations resulting in fractions are rounded up to the next w hole number.

(2) Affordable unit percentage is calculated excluding units added by a density bonus.

(3) Moderate income density bonus applies to for sale units, not to rental units.

(4) No affordable units are required for senior units.

(5) Applies w hen 100% of the total units (other than manager's units) are restricted to very low , low er and moderate income (maximum 20% moderate)

Source: CA State Law : CHAPTER 4.3. Density Bonuses and Other Incentives [65915 - 65918]

Table 84: SDBL Incentives and Concessions

No. of Incentives/ Concessions	Qualifying Set-Aside Percentages		
	Very Low Income	Low Income	Moderate Income
1	5%	10%	10%
2	10%	20%	20%
3	15%	30%	30%
4[1]	100% Low/Very Low/Moderate (20% Moderate allowed)		

(1) If project is located within 1/2 mile of a major transit stop, as defined by Section 2155 of the Public Resources Code, the applicant shall also receive a height increase of three stories or 33 feet.

Source: CA State Law: CHAPTER 4.3. Density Bonuses and Other Incentives [65915 - 65918]

11.2 Glossary of Terms

Accessory Dwelling Unit (ADU): A portion of a main building or a detached subordinate building located on the same lot as a main building which is devoted exclusively to an accessory use. These residential types have grown increasingly popular because of their relative affordability to construct, which allows for the provision of both affordable housing and supplementary income to the owners. California has passed several state laws to remove barriers to ADU construction, including AB 68 that allows for ADUs on all single family zoned lots as long as certain local zoning requirements are met.

Average Median Income (AMI): The mid-point value in the total distribution of all income levels in an area. AMI is a measure prepared by the U.S. Department of Housing and Urban Development (HUD) for use in gauging household eligibility for affordable housing.

California Environmental Quality Act (CEQA): A statute that requires public agencies and local governments to evaluate and disclose the environmental impacts of development projects or other major land use decisions and to limit or avoid those impacts to the extent feasible.

Community Planning Area (CPA): The area directly addressed by a county General Plan. A county's planning area typically encompasses county limits and potentially annexable land within its sphere of influence. San Diego County has 24 CPAs that serve as the political subdivisions of the unincorporated areas, each with a community plan and planning group to guide local outreach efforts and implement regulations.

Development Feasibility Analysis: A process for determining the viability of a proposed initiative or development and evaluating the proposed project development to determine if it is financially feasible within the estimated cost and will be profitable.

Dwelling Unit per Acre (DU/AC): A standard measure of residential density calculated as the total number of dwelling units divided by gross (or net) acres of the lot.

General Plan Amendment (GPA): A discretionary action by a jurisdiction for modification, deletion, or addition to the wording, text or substance or any map or diagram of the general plan, specific plan, community plan or zoning ordinance.

General Plan Compliant (GP-Compliant): Following or consistent with the requirements of the general plan.

Greenfield: Development on undeveloped parcels not surrounded by existing development or on large parcels surrounding partially developed areas or undeveloped areas.

Homeowners Association (HOA): A community association organized within a development and operating under-recorded land agreements in which individual owners share common interests and responsibilities for open space, landscaping, facilities, or other shared assets.

Housing and Urban Development (HUD): The United States Department of Housing and Urban Development (HUD) is one of the executive departments of the U.S. federal government and administers federal housing and urban development laws.

Inclusionary Housing: Affordable housing created or preserved with the development and/or redevelopment of a parcel where provisions of approved development agreements or orders implement and promote affordable housing goals, objectives and policies contained in the general plan and zoning ordinance by requiring set-asides for affordable housing units.

Infill: Project development on land that is largely vacant or underdeveloped within areas that are already largely developed.

Internal Rate of Return (IRR): A metric used in financial analysis to measure the profitability of an investment that takes into account the time value of money.

Linkage Fee: A fee charged by a local government on housing developments to raise funds to help pay for the additional needs of the community that result from the additional development. The fee provides a link in the production of market-rate real estate to the production of affordable housing.

Naturally Occurring Affordable Housing (NOAH): Residential rental properties that are not covenanted as affordable but are nonetheless rented or sold at rates equivalent or nearly equivalent to covenanted affordable housing. NOAH usually consists of older legacy building stock.

Planned Unit Development (PUD): A description of a proposed unified development, consisting at a minimum of a map and adopted ordinance setting forth the regulations governing, and the location and phasing of all proposed uses and improvements to be included in the development.

Residual Land Value (RLV): Used in Residual Land Value Analysis, RLV is the amount that remains after estimated project costs (excepting land costs) are deducted from estimated project revenue. RLV is the amount the developer should be willing to pay for the project's underlying land.

Regional Housing Needs Assessment (RHNA): Mandated by State Housing Law as part of the periodic process of updating local housing elements of the General Plan. RHNA quantifies the need for housing within each jurisdiction during specified planning periods.

San Diego Association of Governments (SANDAG): An association of local San Diego County governments that serves as the forum for regional decision-making for the San Diego region. SANDAG is governed by a Board of Directors composed of mayors, councilmembers, and county supervisors from each of the region's 19 local governments.

State Density Bonus Law (SDBL): A State mandate that requires a legally binding agreement between a developer and the County to ensure that the requirements of affordable housing requirements are satisfied. The agreement, among other things, shall establish: the number of target units, their size, location, terms, and conditions of affordability, and production schedule.

Specific Plan Area (SPA): Parcels of land identified within a specific plan land use map with a clearly identified land use title and having established regulatory controls.

Static Pro Forma Model: A tool used in financial feasibility analysis that models the costs and potential returns of a real estate development project at a single point in time.

Vehicle Miles Travelled (VMT): The amount of travel for all vehicles in a geographic region over a given period; VMT is calculated as the sum of the number of miles traveled by each vehicle. Starting in 2020 under SB 743, California state law has required jurisdictions to use VMT to evaluate the transportation-related environmental impacts of any given project and develop reduction and mitigation measures to address these impacts. New development will be evaluated on VMT generation, which is calculated by estimating the average number of miles future residents will travel daily.

11.3 Bibliography of Sources for Literature and Best Practices Survey

California Housing Legislation and Commentary

- The 2019-20 Budget: Considerations for the Governor's Housing Plan: https://lao.ca.gov/Publications/Report/3941
- Assembly Bill No. 1763: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1763
- California's 2020 Housing Laws: What You Need to Know, Holland and Knight, 2019: https://www.hklaw.com/en/insights/publications/2019/10/californias-2020-housing-laws-what-you-need-to-know
- California's Density Bonus Law: 2020 Update, January 21, 2020: https://www.meyersnave.com/californias-density-bonus-law-2020-update/#:~:text=California's%20Density%20Bonus%20Law%3A%202020%20Update,-January%2021%2C%202020&text=California's%20Density%20Bonus%20Law%20provides,needed%20affordable%20and%20senior%20housing.
- A Guide To California Density Bonus Law League Of California Cities City Attorneys Department Fall Conference 2016: https://www.cacities.org/Resources-Documents/Member-Engagement/Professional-Departments/City-Attorneys/Library/2016/Annual-2016/2016-Annual_Hutchins_Tiedemann_Not-Just-Density-Bo.aspx
- Governor Newsom Announces Legislative Proposals to Confront the Housing Cost Crisis, 3/11/19: https://www.gov.ca.gov/2019/03/11/governor-newsom-announces-legislative-proposals-to-confront-the-housing-cost-crisis/

Housing Needs and Affordability

- AMI Income Limits for San Diego County: https://www.sandiegocounty.gov/sdhcd/rental-assistance/income-limits-ami/
- HUD Income Limits: https://www.huduser.gov/portal/datasets/il/il2020/2020MedCalc.odn
- 5th Cycle Regional Housing Needs Assessment (RHNA) Fact Sheet: https://www.sandag.org/uploads/publicationid/publicationid_4647_27206.pdf
- sandag.org/rhna
- Proposed Final 6th Cycle Regional Housing Needs Assessment: https://www.sandag.org/uploads/projectid/projectid_189_27666.pdf

Inclusionary Housing

- Inclusionary Housing in the United States: Prevalence, Impact, and Practices Working Paper. Thaden, Wang, Lincoln Institute of Land Policy, 2017: https://www.lincolninst.edu/sites/default/files/pubfiles/thaden_wp17et1_0.pdf
- Inclusionary Housing: Creating and Maintaining Equitable Communities, Lincoln Institute of Land Policy, 2014: https://www.lincolninst.edu/sites/default/files/pubfiles/inclusionary-housing-full_0.pdf
- Best Practices for Inclusionary Housing Feasibility Studies, Grounded Solutions Network: http://inclusionaryhousing.org/wp-content/uploads/2016/08/Best-Practices-for-Inclusionary-Housing-Feasibility-Studies_a-1.pdf
- The Effects of Inclusionary Zoning on Local Housing Markets: Lessons from the San Francisco, Washington DC and Suburban Boston Areas. Furman Center, 2008: https://furmancenter.org/files/publications/IZPolicyBrief_LowRes.pdf
- Strengthening Inclusionary Housing Feasibility Studies: Convening Report, 2018: https://inclusionaryhousing.org/wp-content/uploads/2018/11/ih-feasibility-studies-convening-report.pdf

In-Lieu Fee Programs

- Residential Impact Fees in California: Current Practices and Policy Considerations to Improve Implementation of Fees Governed by the Mitigation Fee Act: http://ternercenter.berkeley.edu/uploads/Residential_Impact_Fees_in_California_August_2019.pdf
- Determining In-Lieu Fees in Inclusionary Zoning Policies: Considerations for Local Governments. By Aaron Shroyer, May 2020: https://www.urban.org/sites/default/files/publication/102230/determining-in-lieu-fees-in-inclusionary-zoning-policies_1.pdf

Middle Income Housing

- "Assemblymember Gloria Puts Forward Legislation to Increase Middle Income Housing Supply," Press Release, 3/6/19: https://a78.asmdc.org/press-releases/assemblymember-gloria-puts-forward-legislation-increase-middle-income-housing-supply
- "What Is Middle-Income Housing Affordability?", by Wendell Cox, *New Geography,* 06/18/2018: https://www.newgeography.com/content/006007-what-middle-income-housing-affordability
- "New Freddie Product Fills a Gap for Workforce Housing," by Beth Mattson-Teig, *National Real Estate Investor,* Feb 05, 2019: https://www.nreionline.com/lending/new-freddie-product-fills-gap-workforce-housing-financing
- "A New Housing Option for Squeezed Middle-Income Americans," by Liza Wamrayka, *Yes!,* 2/27/2020: https://www.yesmagazine.org/economy/2020/02/27/housing-missing-middle/
- HUD Good Neighbor Next Door Housing Program: https://www.hud.gov/program_offices/housing/sfh/reo/goodn/gnndabot
- District of Columbia's Home Purchase Assistance Program (HPAP): https://dhcd.dc.gov/service/home-purchase-assistance-program-hpap
- Missing Middle Pilot Program (Minneapolis): http://www2.minneapolismn.gov/cped/housing/MissingMiddle
- Seattle Affordable Middle-Income Housing Advisory Council: Policy Recommendations to Mayor Jenny A. Durkan, January 2020: https://durkan.seattle.gov/wp-content/uploads/sites/9/2020/01/AMIHAC-Final-Report-2020-01-22-.pdf

Peer Jurisdictions

- Comparison of IH programs: https://www.sandiego.gov/sites/default/files/18_21_comparison_of_inclusionary_housing_programs.pdf
- Carlsbad: http://www.qcode.us/codes/carlsbad/
- Chula Vista: https://www.chulavistaca.gov/home/showdocument?id=4786
- Los Angeles County: http://planning.lacounty.gov/density
- Riverside County: https://library.municode.com/ca/riverside_county/codes/code_of_ordinances?nodeId=TIT17ZO_CH17.68REINZO_17.68.010STIN
- Sacramento County: https://planning.saccounty.net/PlansandProjectsIn-Progress/Pages/Affordable-Housing-Ordinance-Amendments-Project.aspx
- City of San Diego: https://docs.sandiego.gov/council_reso_ordinance/rao2020/O-21167.pdf

- San Luis Obispo County: https://library.municode.com/ca/san_luis_obispo_county/codes/county_code?nodeId=TIT22LAUSOR_ART3SIPLPRDEST_CH22.12AFHOIN_22.12.080INHO, https://library.municode.com/ca/san_luis_obispo_county/codes/county_code?nodeId=TIT23COZOLAUS_CH23.04SIDEST_23.04.090AFHODEBO