



# KEYSER MARSTON ASSOCIATES

**DRAFT**

## **FINANCIAL FEASIBILITY ANALYSIS**

*In Support of Updates to the City's*

## **AFFORDABLE HOUSING REQUIREMENTS FOR NEW DEVELOPMENT**

*Prepared for:*  
**City of Richmond**

*Prepared by:*  
**Keyser Marston Associates**

**September 2018**

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## **1.0 INTRODUCTION AND SUMMARY**

This report presents a financial feasibility analysis prepared by Keyser Marston Associates, Inc. (KMA) to support updates to the City of Richmond's ("City") Inclusionary Housing Ordinance and provides context information to support consideration of a potential new non-residential affordable housing impact fee program. For an inclusionary housing program to be an effective tool for creating affordable housing, it must not burden new development to such a degree that it renders new development financially infeasible. The feasibility analysis evaluates residential development economics in the City and the sustainability of existing and potential modified affordable housing requirements for residential development.

### **1.1 Background**

In 2001, the City of Richmond established an Inclusionary Housing Ordinance that applies to residential development projects with 10 or more housing units. Developers are required to set aside between 10% and 17% of units as affordable, depending on the income level of the units. Senior projects are required to set-aside 25% of units as affordable. Alternatively, developers are allowed to pay a fee in lieu of providing units onsite.

Options for developers under the City's Inclusionary Housing Ordinance are as follows:

- 17% of units affordable to Moderate Income households;
- 15% of units affordable to Low Income households;
- 12.5% of units affordable to a mix of Low and Very Low Income households;
- 10% of units affordable to Very Low Income households;
- For senior housing, 25% of units affordable to Very Low or Low Income; or
- An in-lieu fee set at 7% of building permit valuation

Most projects comply with the ordinance through payment of the in-lieu fee. The existing in-lieu fee of 7% of building permit valuation is estimated to equate to approximately \$10 to \$12 per square foot of net residential building area.

In 2016, KMA prepared a set of analyses in support of potential revisions to the City of Richmond's Inclusionary Zoning Ordinance and consideration of a new non-residential affordable housing impact fee. Analyses included a residential nexus analysis, a non-residential nexus analysis and a financial feasibility analysis. No changes to the ordinance were adopted at that time. In 2018, the City requested the residential financial feasibility analysis be updated to reflect current development conditions in Richmond. The updated analysis is provided in this report.

When the nexus analyses were prepared in 2016, cities were precluded from enforcing inclusionary requirements on rental developments. However, due to the passage of AB 1505, which went into effect January 2018, cities can once again implement inclusionary requirements

for rental residential developments provided that: (1) the requirements are imposed in the zoning ordinance; (2) if more than 15 percent of rental units are required to be affordable to low-income households, HCD may require that the requirement be justified by an economic feasibility study under certain circumstances; and (3) alternatives to on-site compliance are allowed.

The City does not have an existing affordable housing impact fee for non-residential development, also commonly referred to as commercial linkage fees. The nexus study prepared by KMA in 2016 would support consideration of a potential new commercial linkage fee program for Richmond.

## 1.2 Summary of Residential Financial Feasibility Analysis

KMA prepared an analysis evaluating the financial feasibility of residential development under the City's existing inclusionary housing requirements and then tested several potential modifications. To address differences in feasibility conditions by geographic area, feasibility testing was conducted in two separate locations: Zone 1, or South of Interstate 580, and Zone 3, the Hilltop Area. Selection of these areas was based on where market-rate residential activity is occurring or proposed and market data indicating these areas have higher real estate values better able to support the cost of new development. There is also developer interest in residential development near the BART station in Central Richmond; however, this was not made a focus because affordability for the pipeline projects on former redevelopment agency properties in this area is being addressed through negotiated development agreements. More detail on the zones within the City can be found in the Market Context section.

Table 1 provides a summary of the feasibility analysis findings. Feasibility findings reflect representative projects and are intended to provide a general indication of feasibility conditions under current market conditions. Findings are similar to that of the 2016 feasibility analysis. Feasibility for specific individual projects will vary based on location, site conditions and other factors.

**Table 1 – Summary of Feasibility Analysis Findings**

| Project Type                                    | Feasibility Finding                               |  |
|---|---|--|
|   | South of 580 / Zone 1                             | Other Areas                                |
| Single family and Larger Townhomes              | Feasible  | Infeasible to marginal / weak feasibility  |
| Townhomes                                       | Marginal feasibility but developer interest       | Infeasible                                 |
| Apartments – lower density with surface parking | Feasible  | Feasible                                   |
| Apartments - higher density with podium garage  | Feasible but weaker than lower density apartments | Infeasible but signs of developer interest |

Note: findings assume compliance with existing affordable housing requirements.

Key findings of the analysis are summarized below:

- There is clear developer interest in building in Richmond and a significant pipeline of residential development projects; however, the number of recently built, leased, or sold projects that “prove” the market is somewhat limited at this time.
- Residential development is generally feasible in the area South of 580, supported by the higher sales prices and rents in this area of the City. This location has also seen the most developer interest and market rate development activity. All four residential development types analyzed are indicated as either feasible or marginally feasible in Zone 1.
- Feasibility in the balance of the City, outside of Zone 1, is more challenging under current conditions. In the Hilltop area, one of the stronger locations for development outside of Zone 1, rents and sales prices were not found to support the cost of new construction other than for lower density apartments. Single family, townhome, and higher density apartments were found to be infeasible.
- Onsite provision of affordable units under existing ordinance options is costlier than payment of the in-lieu fee, which currently equates to approximately \$10 to \$12 per square foot of net livable area. The analysis in Section 3 provides information on the cost to provide units on-site at various combinations of on-site affordable unit percentage and affordability levels.
- Key provisions of five selected inclusionary programs are summarized in Section 4 including Contra Costa County, Concord, El Cerrito, Hayward and Oakland. All except Contra Costa County were either updated or newly adopted within the past few years. Based on review of the selected programs, Richmond’s existing on-site requirements (percentage and AMI level combined) exceed those in place in the selected communities while Richmond’s in-lieu fee levels are in the middle of the range.

### **1.3 Recommendations for Updates to the City’s Inclusionary Program**

KMA’s recommendations for updates to the City’s inclusionary requirements are described below. Recommendations reflect the findings of the feasibility analysis, our experience assisting other jurisdictions with their inclusionary programs, and our understanding that the City desires to ensure that updated affordable housing requirements are feasible and will not act as a deterrent to market rate housing development.

1. Zones – Consider differentiating requirements between the South of 580 and the balance of the City based on stronger feasibility conditions South of 580. Although market conditions vary widely and there are differences among the other zones

addressed, the most important distinction is South of 580, where projects are generally feasible, versus other areas where most project types are generally infeasible or have weaker feasibility.

2. In-Lieu Fee Level – Limit consideration of any increase in in-lieu fees to a modest level within the area South of 580. Elsewhere in the City, consider either holding fees steady or even allowing a temporary reduction until the market is more established through a track record of built projects. For example, Concord deferred the implementation of rental fees until permits for 600 units are issued.
3. On-Site Requirements – Consider a reduction in the percentage of affordable units required to make on-site provision of affordable units more competitive with in-lieu fees. Consider applying the same requirements to senior projects as other housing projects.
4. On-site production requirement – Historically, affordable unit production has been concentrated in Central Richmond. As a potential strategy to disperse future affordable unit production, the City could consider requiring on-site affordable units and eliminating the fee option in for-sale projects South of 580 where market conditions are best able to support it. To maintain feasibility, this suggestion would need to be coupled with a reduction in affordable unit percentage requirements per number 3, above.
5. Consider adding flexibility for on-site units – As a potential strategy to encourage production of affordable units on-site over in-lieu fees, the City could add flexibility in satisfying requirements. One example would be to allow units to be clustered on one portion of the site to facilitate access to outside funding such as tax credits to offset the cost of the affordable units. Another would be to allow affordable units to be somewhat smaller in square footage size than market rate units, so long as the bedroom count is the same. As one example, very low and low-income units provided in compliance with Alameda’s inclusionary program are commonly clustered in a standalone multi-family affordable rental building that receives tax credit funding to help offset the cost.

#### **1.4 Non-Residential Affordable Housing Fee Summary and Recommendation**

KMA prepared a nexus study to support consideration of non-residential affordable housing impact fees in 2016. Section 5 summarizes nexus findings and presents materials to provide context for consideration of non-residential fees including an overview of fees in other jurisdiction fees, non-residential development costs, and non-residential market conditions in Richmond.

Non-residential affordable housing impact fees adopted by East Bay cities range up to approximately \$5 per square foot, with one exception (Fremont at \$8). Industrial and warehouse sectors have been the most active commercial development sectors for Richmond in recent

years while development of uses such as office and hotel has been very limited to non-existent. Warehouse and industrial structures have lower rents and lower development costs than other types of commercial uses like office or retail, which makes them more sensitive to increased costs such as a new fee.

KMA's recommendation, should the City choose to adopt an affordable housing fee on non-residential projects, is to consider a relatively modest fee of \$0.50-\$1.00 per square foot for warehouse/distribution projects and \$1-2 per square foot for other non-residential projects. These fee levels would represent less than 1% of development costs for new non-residential buildings in Richmond. These modest recommended fee levels are designed to avoid negatively impacting the economics of new non-residential development projects and are calibrated to the generally more moderate market strength of non-residential real estate in Richmond relative to other East Bay jurisdictions with such programs including Berkeley, Oakland, Emeryville and Walnut Creek.



## 2.0 FINANCIAL FEASIBILITY ANALYSIS - RESIDENTIAL DEVELOPMENT

For an inclusionary housing program to be an effective tool for creating affordable housing, it must not burden new development to such a degree that it renders new development financially infeasible. KMA prepared an analysis evaluating the financial feasibility of residential development under the City's existing AHO requirements and then tested several scenarios regarding potential modified affordable housing obligations to inform updates to the City's AHO. The analysis is summarized in this section. Supporting pro forma tables are provided in Appendix A for for-sale projects and Appendix B for rentals.

### 2.1 Context and Limitations of Analysis

Before describing the feasibility analysis, it can be helpful to put the analysis into perspective by summarizing how it can be useful but also where limitations exist in its ability to inform longer-term policy decisions:

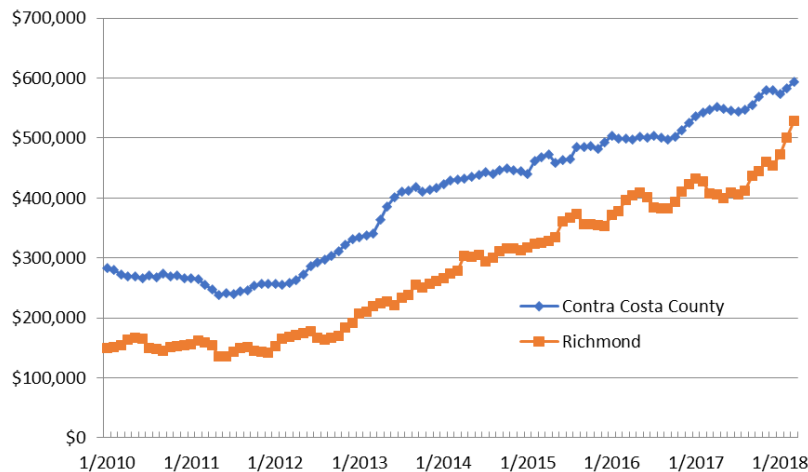
- a) *Prototypical Nature of Analysis* – This financial feasibility analysis by its nature can only provide an overview-level assessment of development economics generally because it is based on prototypical projects rather than specific projects. Every project has unique characteristics that will dictate rents or sale prices supported by the market as well as development costs and developer return requirements. Each developer will assess the project's risk and return and assemble project financing differently. This feasibility analysis is intended to reflect prototypical projects in Richmond but it is recognized that the economics of some projects may look better and some may look worse than those of the prototypes analyzed.
- b) *Near Term Time Horizon* – This feasibility analysis is a snap-shot of real estate market conditions as of mid-2018. The analysis is most informative regarding near term implications affordable housing requirements could have for projects that have already purchased sites and are currently in the pre-development stages. Real estate development economics are fluid and are impacted by constantly changing conditions with regard to rent potential and sales prices, construction costs, land costs, and costs of financing. A year or two from now, conditions will undoubtedly be different than they are today.
- c) *Adjustments to Land Costs over Time* – Developers purchase development sites at values that will allow for financially feasible projects. When a housing fee or inclusionary housing requirement is in place, developers “price in” the requirement when evaluating a project's economics and negotiating the purchase price for development sites. When affordable housing fees or inclusionary requirements are increased, it is possible that downward pressure on land costs could result as developers adjust what they can afford to pay for land. This downward pressure on land prices can to some degree bring costs back into better balance with the overall economics supported by projects.

## 2.2 Residential Market Context

Like most communities in the Bay Area, Richmond has experienced significantly rising home values and apartment rents in the last several years, supported in large part by strong regional job growth and the overall strength of the economy. As shown in the charts below, the median home price in Richmond reached \$529,000 in early 2018; this is still below the median for Contra Costa County, although the gap is narrowing. The average apartment rent was \$1,800, a significant increase since 2016.

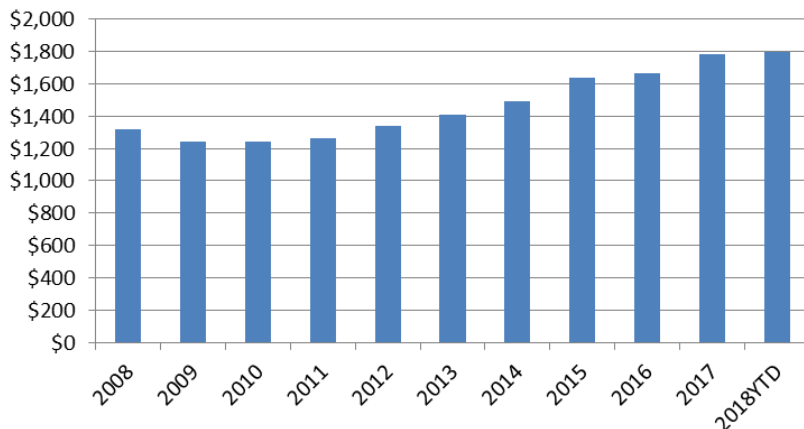
**Median Home Price**

*Zillow*



**Average Asking Rent, Richmond/Martinez Market**

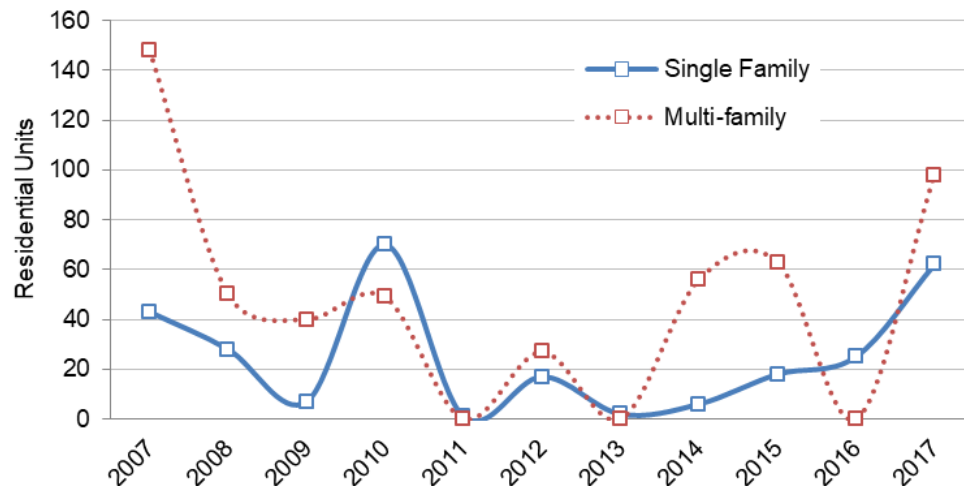
*CoStar*



New market rate construction activity in Richmond has been limited for the past decade, with an uptick in recent years. After several years of fewer than 20 new single family units per year, 2016 and 2017 saw an increase with 25 and 62 single family building permits pulled,

respectively. Much of the recent multi-family construction has been subsidized affordable housing projects rather than market rate projects; however, in 2015-2017, market rate developers pulled building permits for several projects in the area south of Interstate 580. These included the condominium projects Anchorage by Pulte Homes and Waterline by Shea Homes, and a new market rate apartment project called The Point.

**Residential Building Permits (New Construction)**  
**City of Richmond**  
*Construction Industry Research Board*



## 2.3 Proposed Development Projects by Zone

Though there has been a limited number of new market rate housing units developed in Richmond in recent years, there are now numerous new projects in the City's development pipeline. The area South of I-580 has the largest number of market rate units in the pipeline. Consistent with the 2016/17 analysis, the City was divided into four zones to capture variation in market conditions by geographic area:

- Zone 1 – "South of 580"
- Zone 2 – "East of 80"
- Zone 3 – "Hilltop"
- Zone 4 – "Central City"

A summary of recent and proposed residential development projects by zone is shown on the following page. A map of the zones and project locations is provided on page 10.

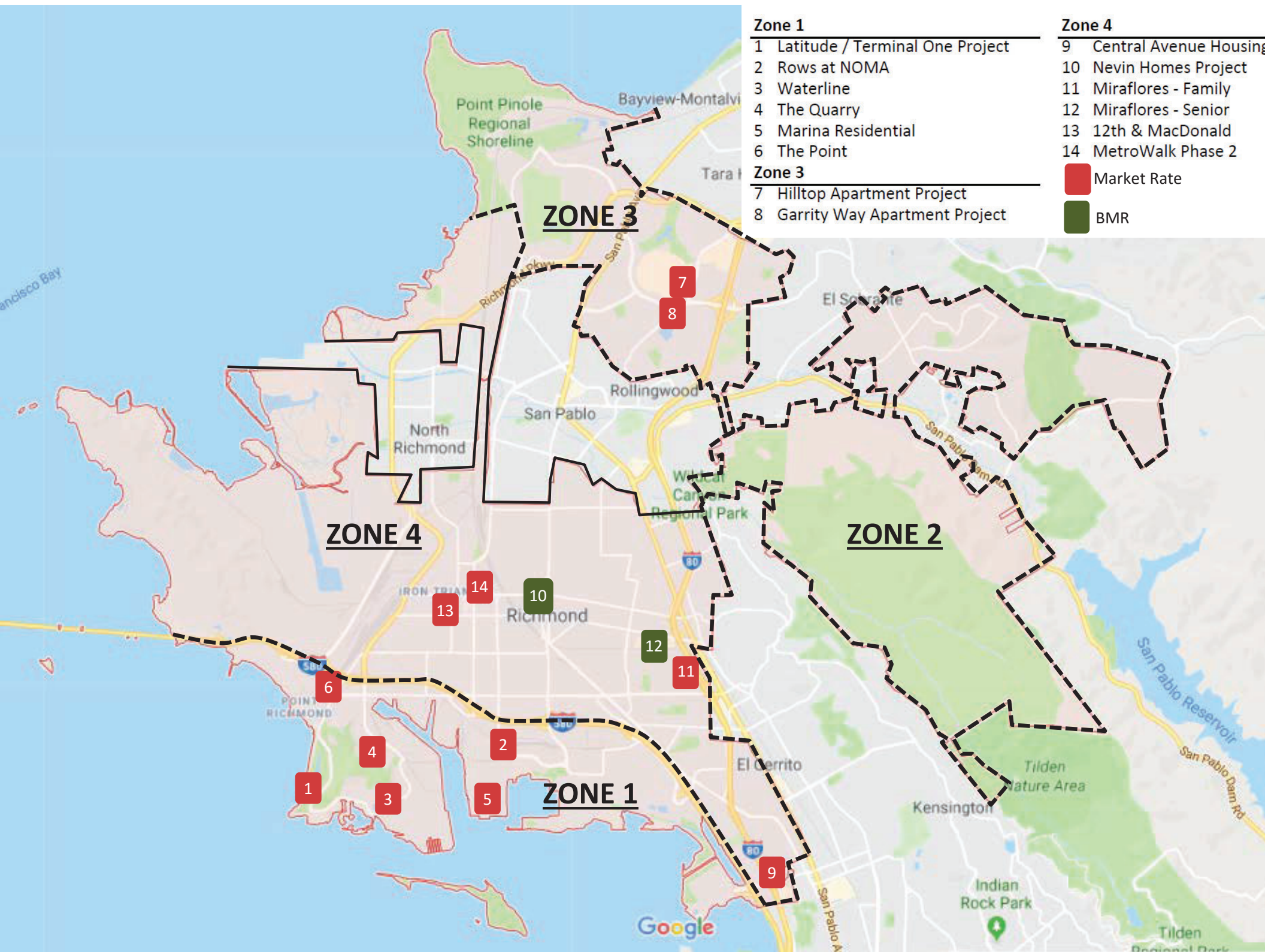
A separate map is provided on page 11 showing the locations of existing below market rate affordable developments. As indicated, most are in the Zone 4 - Central City area. Not all projects identified on the map are exclusively BMR as some include market rate components also.

**Table 2 – Recent and Proposed Residential Projects**

|                                 | <u>Location</u>                 | <u>Market Rate / BMR</u> | <u>Units</u> | <u>Status</u> |
|---------------------------------|---------------------------------|--------------------------|--------------|---------------|
| <b>Zone 1 ("South of 580")</b>  |                                 |                          |              |               |
| Latitude / Terminal One Project | 1500 Dornan Drive               | Market Rate              | 316          | Approved      |
| Rows at NOMA                    | 830 Marina Way South            | Market Rate              | 193          | Approved      |
| Waterline                       | S. of Seacliff Estates          | Market Rate              | 60           | Selling       |
| The Quarry                      |                                 | Market Rate              | 191          | Approved      |
| Marina Residential              |                                 | Market Rate              | 399          | Under Review  |
| The Point                       | S. Garrard Blvd at West Cutting | Market Rate              | 27           | Built         |
| Subtotal                        |                                 |                          | 1,186        |               |
| <b>Zone 2 ("East of 80")*</b>   |                                 |                          |              |               |
| None                            |                                 |                          |              |               |
| <b>Zone 3 ("Hilltop")</b>       |                                 |                          |              |               |
| Hilltop Apartment Project       | Next to Hilltop Mall            | Market Rate              | 180          | Approved      |
| Garrity Way Apartment Project   | Near Hilltop Mall               | Market Rate              | 98           | Approved      |
| Subtotal                        |                                 |                          | 278          |               |
| <b>Zone 4 ("Central City")*</b> |                                 |                          |              |               |
| Nevin Homes Project             | Nevin Avenue (21st/22nd)        | 100% BMR                 | 271          | Approved      |
| Central Avenue Housing          | 5620 Central Avenue             | Market Rate              | 46           | Under Review  |
| Miraflores - Family             | S. 47th Street                  | Mkt/Mod (RDA project)    | 190          | Approved      |
| Miraflores - Senior             | 99 S. 47th Street               | 100% BMR                 | 80           | Under Cxn.    |
| 12th & MacDonald                | 12th & MacDonald                | 20 - 30% BMR             | 256          | In Process    |
| MetroWalk Phase 2               | BART parking lot (east)         | 25 - 30% BMR             | 495          | In Process    |
| Subtotal                        |                                 |                          | 1,338        |               |
| Total                           |                                 |                          | 2,848        |               |

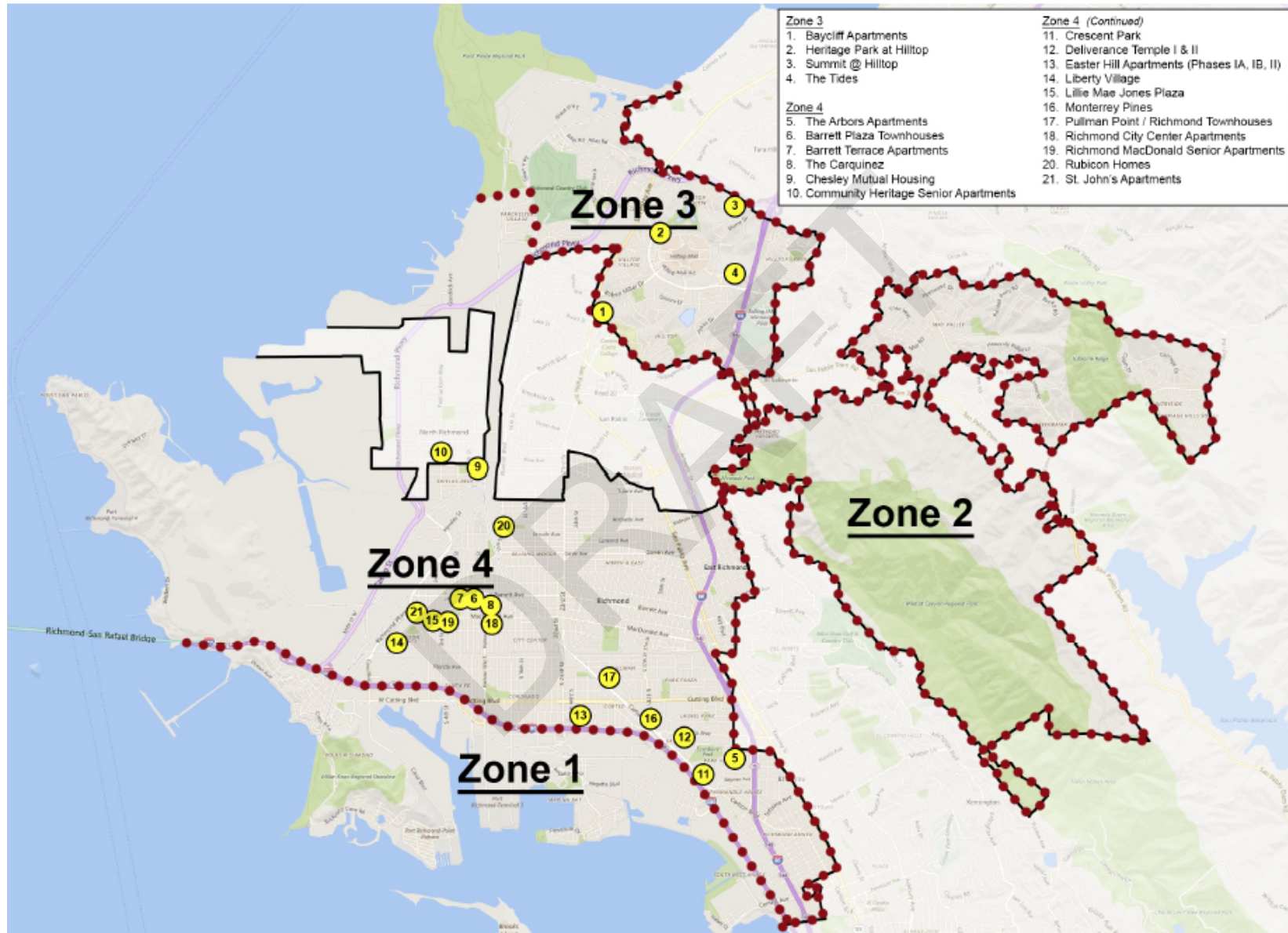
\* Note: Some areas east of I-80 included with Zone 4. See map for details.

Source: City of Richmond; see the following maps for approximate zone boundaries.





## Existing Below Market Rate (BMR) Projects by Zone



## 2.4 Residential Prototypes

For purposes of this feasibility analysis, KMA analyzed the following four prototype residential projects:

- Single Family Detached / Larger Townhomes
- Attached Townhomes
- Apartments – lower density with surface parking
- Apartments – higher density with concrete podium garage

These prototypes are based on projects in the City's current development pipeline and are representative of a range of residential projects the City is expected to see into the future. Table 3 provides a summary including sales prices and rents estimated from market survey data described subsequently.

**Table 3 – Residential Development Prototypes and Average Prices and Rents**

|                | Single Family Detached / Larger Townhome |              | Townhome Units    |              | Lower Density Apartments |              | Higher Density Apartments |              |
|----------------|--|--------------|-------------------|--------------|--------------------------|--------------|---------------------------|--------------|
| Avg. Unit Size | 2,200 sq. ft.                            |              | 1,700 sq. ft.     |              | 900 sq. ft.              |              | 800 sq. ft.               |              |
| Density        | 12 du/acre                               |              | 25 du/acre        |              | 30 du/acre               |              | 60 du/acre                |              |
| Parking        | Attached Garage                          |              | Attached Garage   |              | Surface Parking          |              | Podium Parking            |              |
| Bedrooms       | 3 BR                                     |              | 2.5 BR            |              | 2.0 BRs                  |              | 2.0 BRs                   |              |
| Prices / Rents | <u>Sale Price</u>                        | <u>\$/SF</u> | <u>Sale Price</u> | <u>\$/SF</u> | <u>Rent/mo</u>           | <u>\$/SF</u> | <u>Rent/mo</u>            | <u>\$/SF</u> |
| - Zone 1       | \$1,050,000                              | \$477        | \$720,000         | \$424        | \$3,050                  | \$3.39       | \$2,900                   | \$3.63       |
| - Zone 3       | \$750,000                                | \$341        | \$600,000         | \$353        | \$2,800                  | \$3.11       | \$2,650                   | \$3.31       |

The financial feasibility analysis focused on two of the four zones where market rate development potential is estimated to be greatest – Zone 1 (South of 580) and Zone 3 (Hilltop).

Zone 1 has seen significant developer interest with several proposed projects in the pipeline and a few recently developed projects. Rents and sales prices in Zone 1 are stronger than other areas of the City.

Zone 3 was selected as the second study area because two market rate residential projects are proposed in this area and rents and sales prices are somewhat higher than Zone 4 (Central City).

Zone 4 (Central City) has attracted developer interest, particularly in the area walkable to the BART and Capitol Corridor rail station. The Successor Agency has been in the process of developer selection and disposition of former redevelopment agency properties there. Affordability for these projects is being addressed through development agreements. Developer interest elsewhere in Zone 4 has been primarily for 100% affordable projects by non-profit developers. Given this, and because feasibility findings for Zone 3 are also informative for Zone 4, Zone 4 was not separately analyzed.

Finally, Zone 2, East of Interstate 80, was not made a focus of feasibility testing as this area is not anticipated to see significant development despite higher home values than Zones 3 and 4.

## **2.5 Methodology for Financial Feasibility Analysis**

The financial feasibility analysis estimates the costs to develop a new market rate residential project and the sales revenues or rental income that would be generated by the project upon completion. If the sales revenues or rental income are sufficient to support the development costs and generate a reasonably sufficient profit margin, the prototype is considered feasible. This approach to financial feasibility, known as a pro forma approach or income approach, is standard practice in the real estate industry and is utilized in one form or another by all developers when analyzing new construction projects.

This analysis organizes the pro forma as a “residual land value analysis”, meaning the pro forma solves for what the project can afford to pay for a development site based on the sales/income projections and the non-land acquisition costs of the project. It then compares the residual land values with land costs in the current market in order to test whether developers can afford to buy land and develop projects.

A base case pro forma was prepared assuming payment of the existing in lieu fee. KMA also modeled several scenarios with onsite requirements. The following scenarios were tested:

### **For-sale projects**

- Fee payment
- 10% at Moderate,
- 10% at Low
- 15% at Moderate

### **Rental Projects**

- Fee payment
- 10% Low, rents set at 60% of AMI
- 10% Low, rents set at 70% of AMI, and
- 10% at Very Low, and



The following describes the assumptions utilized in the analysis and the conclusions drawn therefrom.

## **2.6 Development Cost Estimates**

The direct costs of development include all contractor labor and material costs to construct the project including general requirements, contractor fees, and contingencies. As shown in Appendix A Table A-1 (For Sale Prototypes) and Appendix B Table B-1 (Apartment Prototypes), the direct construction costs are estimated between \$225,000 and \$440,000/unit depending upon the unit type and size. Key variables with respect to direct costs include the size of the unit, the type of parking, and overall density. In general, higher density prototypes are more costly on a per square foot basis but, because units are smaller, are less costly on a per unit basis. The cost estimates have been made based on review of recent developer pro formas for similar building types, interviews with active local developers, and by developer and general contractor cost estimates for similar building types elsewhere in the market. Construction costs have increased rapidly over the past few years throughout the Bay Area; therefore, these estimates are significantly higher than in the 2016/17 feasibility analysis.

Indirect costs of development include architecture and engineering (A&E) costs, municipal fees and permits costs, taxes, insurance, overhead, debt financing costs, etc. In the base case scenario, payment of the affordable housing in lieu fee is included as well. These costs have been estimated to range from roughly \$100,000 to \$200,000/unit. The higher density prototypes tend to have higher indirect costs on a per square foot basis because they have more complex design and engineering issues than single family homes and because they take longer to build.

## **2.7 Revenue / Supported Unit Values**

The revenue assumptions reflected in the analysis are as follows:

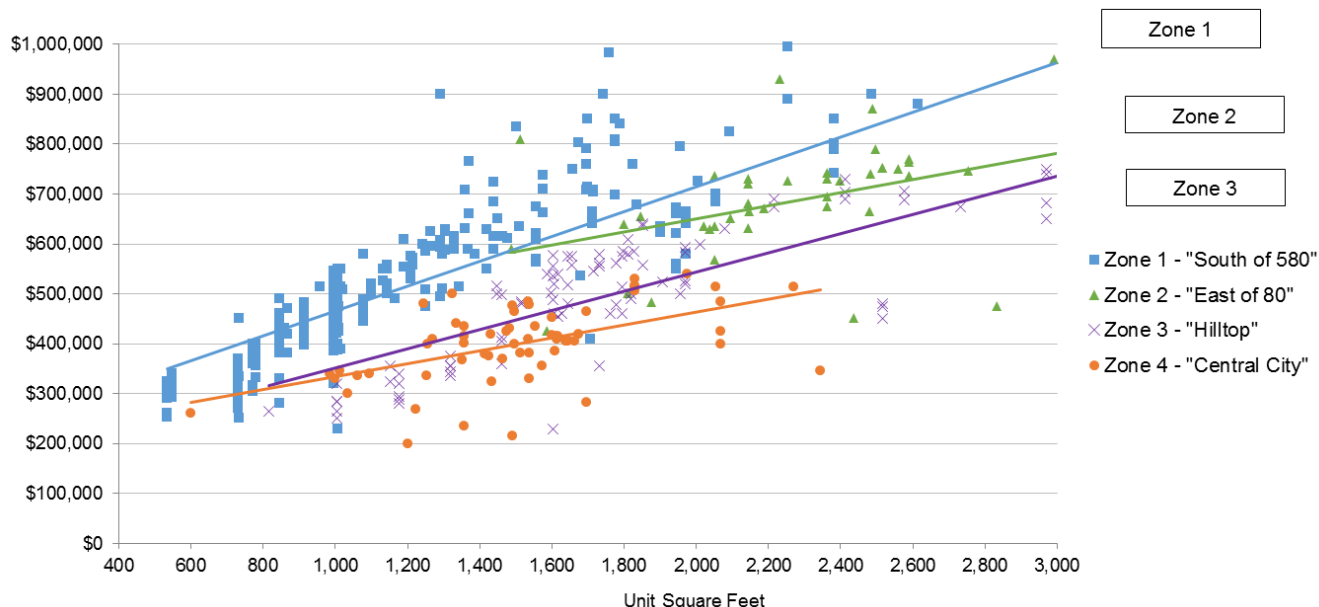
### *a) For-Sale Project Sales Revenues*

For the for-sale residential prototypes – the single family detached homes and townhomes – the market rate sale prices have been estimated based upon a review of resales of newer existing homes, list prices for new homes, and information received from local developers. There are very few newly built housing projects in the Richmond market from which to draw comparable new home price data.

The chart below reflects 2017/18 home sales in Richmond broken down by the four previously mentioned zones of the City. This chart does not include homes built prior to 1980 because newly built homes will likely have prices more similar to “newer” homes than “older” homes, all else being equal. The year 1980 was chosen in order to maintain a sufficiently large sample

size, although it is recognized that newly built homes will generally sell at a significant premium over homes built in the 1980 and 1990s.

2017/18 Home Sales - Homes Built since 1980  
City of Richmond  
Corelogic



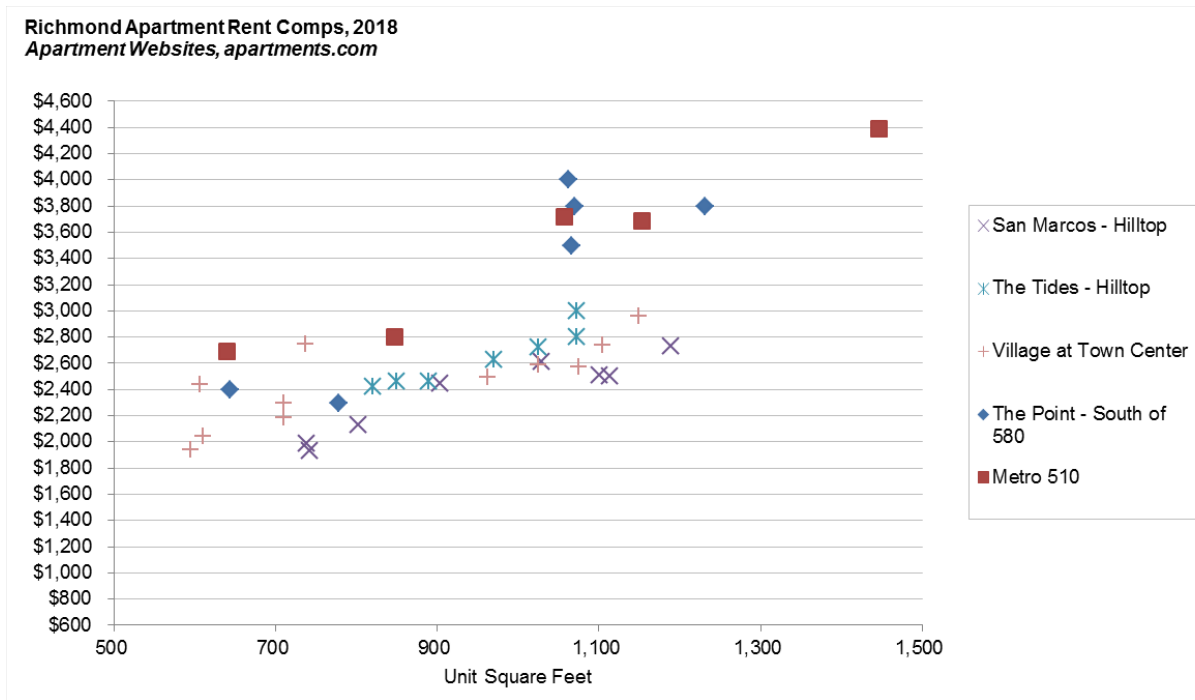
As shown in the chart, Zone 1 (South of 580) supports the highest sales prices, with the smallest sized homes, on average. Zone 2 (East of 80) has larger homes with sales prices below Zone 1. Home prices are generally lower in the “Hilltop” zone (Zone 3) with homes in the middle of the size range, while prices in the “Central City” zone (Zone 4) are the lowest of the four with smaller sized homes.

Additional market data is provided in Appendix C, Tables C-1 and C-2. Appendix C Table C-1 presents the sales prices for newer homes built in since 2010 and sold in 2017/18. Appendix C Table C-2 presents list prices for homes built since 2000 and currently for sale. While exact list prices are not yet available, the William Lyons Homes project in Zone 1 is anticipating sales prices to start in the high \$600,000s for 1,500 – 1,800 square foot live/work townhome units. For single family detached homes, William Lyons is expecting list prices to start in the mid \$700,000s for 1,600 – 1,800 square foot units.

For the 2,200 square foot single family home prototype, this analysis assumes a Zone 1 sales price of \$1,050,000 and a Zone 3 sales price of \$750,000. For the 1,700 square foot townhome prototype, this analysis assumes a Zone 1 sales price of \$720,000 and a Zone 2 sales price of \$600,000. In general, the sale prices are estimated above the trend line from the 2017/18 sales to reflect the price premium for new construction.

b) Rental Project Supported Private Investment

Rental income for the apartment prototypes was estimated based on information from active local developers and apartment rent comps in Richmond, including The Point, San Marcos and The Tides. In addition, we gathered rent comps for two newer projects in El Cerrito, Metro 510 and Village at Town Center. The rents are shown on Appendix C, Table C-3 and in the chart below.



Rents were estimated at \$3,050/unit/month (\$3.39/square foot) for the 900 square foot lower density apartment prototype in Zone 1 and \$2,900/unit/month (\$3.63/square foot) for the 800 square foot higher density apartment prototype. In Zone 3, the lower density apartment prototype is estimated to rent for \$2,800/unit/month for a 900 square foot unit (\$3.11/square foot) while the higher density project is estimated to rent for \$2,650/unit/month for an 800 square foot unit (\$3.31/square foot).

As shown on Appendix Table R-1, after a vacancy factor, operating expenses, and property taxes, the net operating income (NOI) for market rate units is estimated at \$23,700/unit/year for the lower density apartment prototype in Zone 1 and \$22,200/unit/year for the higher density apartment prototype in Zone 1. In Zone 3, the same prototypes are estimated to generate \$21,400/unit/year and \$20,000/unit per year in NOI, respectively. On this basis, the project value/supported investment in the base case (100% market rate units) is estimated at \$412,000 for the lower density Zone 1, \$386,000 for the higher density Zone 1, and \$372,000 and \$348,000, respectively, for the same prototype projects in Zone 3.

In general, apartment rents in the Central City are estimated to be lower than in Zones 1 and 3, even after adjusting for age, amenities, and quality of construction. Projects near BART would be expected to support higher rents than elsewhere in that zone.

## 2.8 Development Community Contacts

To supplement the available market data and help inform development of the feasibility analysis, KMA reached out to developers currently pursuing projects in Richmond. The developers we spoke with provided construction cost estimates, information on anticipated sales prices and market rents, and their general opinions regarding how development in Richmond compares to the other jurisdictions in which they work. While most developments comply with the inclusionary housing ordinance through payment of the in lieu fee, two of the developers anticipate providing affordable units onsite even though this option is more costly than the in lieu fee. The developers that we spoke with felt that Richmond's overall permit and impact fees are on the higher end compared to other jurisdictions. Rising construction costs were a concern for the developers as well; the feasibility of podium projects is challenging with current market sales prices and rents, even in the waterfront areas, due to high construction costs.

## 2.9 Residential Land Sales

KMA obtained residential land sale comps from CoStar, a third party vendor of market data as well as the real estate website Redfin. Consistent with the limited amount of new development activity, there is similarly limited data on residential land sales.

**Table 4 – Selected Residential Land Sales**

| Development Type                     | Address           | Area of City | Date Sold  | Acres | Land Sq. Ft. | # of Units | DU / Ac | Sale Price   | Price/ SF | Price / Unit |
|--------------------------------------|-------------------|--------------|------------|-------|--------------|------------|---------|--------------|-----------|--------------|
| Townhomes                            | 5620 Central Ave* | East of 80   | 12/19/2016 | 2.58  | 112,529 sf   | 46         | 18      | \$2,000,000  | \$18      | \$43,478     |
| Townhomes                            | 830 Marina Way S  | South of 580 | 11/15/2017 | 10.01 | 436,035 sf   | 255        | 25      | \$16,250,000 | \$37      | \$63,725     |
| Condominiums                         | 1135 Canal Rd     | South of 580 | 12/12/2016 | 18.4  | 801,504 sf   | 200        | 11      | \$1,000,000  | \$1       | \$5,000      |
| Condominiums                         | Seacliff Dr       | South of 580 | 3/15/2017  | 6.24  | 271,814 sf   | 60         | 10      | \$3,250,000  | \$12      | \$54,167     |
| Entitled High Density Rental         | 3151 Garrity Way  | Hilltop      | 7/6/2018   | 2.2   | 95,832 sf    | 98         | 45      | \$3,500,000  | \$37      | \$35,714     |
| * 50% interest sold for \$1,000,000. |                   |              |            |       |              |            |         |              |           |              |

At the time of the sale, the townhome project at 5620 Central was planned as Below Market Rate units. The condominium project at 1135 Canal Rd was zoned as open space when sold; the developer sought a General Plan amendment to build condominiums; the lower land value reflects the open space zoning. The data suggests land for attached residential units in Zone 1 has a value in the approximate range of \$40,000 to \$60,000 per unit.

The most recent sale was for an entitled lot in the Hilltop area that is fully approved for high density rental units and sold for a value of \$36,000 per unit.

KMA also reviewed a recent residential appraisal in Richmond, which concluded that multi-family residential land at the BART station in Central City has a value of \$25,000 per unit; however, the appraisal was based primarily on land sale comps in other East Bay locations.

Lastly, KMA assembled list prices for single family lots in Richmond from Redfin. Most of the available lots are in Central City, with one waterfront lot in Zone 1, South of 580. The land value information is summarized in Appendix C Table C-4. Asking prices for single family lots City-wide average in the range of \$20 per square foot.

The land sale data is relatively limited. As a result, it provides only a general indication of residential land values in Richmond.

## **2.10 Feasibility Conclusions**

The financial feasibility analysis is based on the relationship between the project's revenue potential, the estimated development costs, and a reasonable developer profit commensurate with the cost of funds and development risk. The residual land value approach, described earlier in this section, produces a residual value that each prototype can afford to pay to acquire a site. If the residual value exceeds the cost to acquire a site for development, the prototype is generally determined to be feasible. If the residual value is less than the cost to acquire and prepare the site, the prototype will need to address economic challenges. As mentioned previously, it would be the case that some projects would have economics that are somewhat better as well as some that are somewhat worse than the "typical" prototype analyzed.

The residual land values are derived by subtracting the development costs before land acquisition from the net sales revenues (for the for-sale prototypes) or net project value/supported investment (for the rental prototypes).

### *a) Payment of Existing In-Lieu Fee ("Base Case")*

Table 5 summarizes the residual land value conclusions for the four prototypes, assuming payment of the City's existing in-lieu fee. A more detailed pro forma table can be seen in Appendix A Table A-1 for the for-sale unit types and Appendix B Table B-1 for the apartment.

*Zone 1 Findings* – The financial feasibility analysis indicates development is generally feasible in Zone 1, South of 580, consistent with the market rate development activity that has been occurring. The single family detached prototype supports strong land values, as does the low-density apartment prototype. The townhome prototype supports a land value that is below prevailing values, suggesting marginal feasibility or infeasibility; however, discussions with developers and market activity suggest that this, as well as medium-density condominiums, are still product types that will be pursued. Higher density rental units support a lower land value than the lower density rental units at this time due to construction

costs associated with a concrete podium for the structured parking. Discussions with local developers suggest that this product type is not yet feasible in Richmond.

*Zone 3 Findings* – In the Zone 3 Hilltop Area, residential development was found to be infeasible with the exception of lower density apartments. The economics of single family, townhomes and high density apartment development was found either to support no land payment at all, or a very low land value that is below prevailing land values.

There are two high density apartment projects in Zone 3 that have had entitlements for several years but have not yet pulled permits. One of these entitled projects was sold this past summer, suggesting some developers believe this project type to be feasible, either now or in the near future.

**Table 5 – Summary of Feasibility Analysis Findings with Payment of Existing In-Lieu Fee**

| Prototype                                | Revenue or Supported Investment Per Unit <sup>1</sup> | (Less) Development Cost / Unit Before Land <sup>2</sup> | Supported Land Value / Unit | Supported Land Value / Land Sq. Ft. | Feasibility Conclusion with Existing In-Lieu Fee  |
|--|---|---|-----------------------------|-------------------------------------|---|
| <b>Zone 1 - South of 580</b>             |   |   |                             |                                     |   |
| Single Family Detached / Larger Townhome | \$1,050,000   | \$803,100   | \$246,900                   | \$68                                | Feasible  |
| Townhomes                                | \$720,000   | \$700,500   | \$19,500                    | \$11                                | Marginal feasibility but developer interest       |
| Lower Density Apartments                 | \$412,000   | \$325,000   | \$87,000                    | \$60                                | Feasible  |
| Higher Density Apartments                | \$386,000   | \$369,900   | \$16,100                    | \$22                                | Feasible but weaker than lower density apartments |
| <b>Zone 3 - Hilltop</b>                  |   |   |                             |                                     |   |
| Single Family Detached / Larger Townhome | \$750,000   | \$736,500   | \$13,500                    | \$4                                 | Infeasible to weak feasibility                    |
| Townhomes                                | \$600,000   | \$664,600   | (\$64,600)                  | (\$37)                              | Infeasible  |
| Lower Density Apartments                 | \$372,000   | \$324,000   | \$48,000                    | \$33                                | Feasible  |
| Higher Density Apartments                | \$348,000   | \$363,900   | (\$15,900)                  | (\$22)                              | Infeasible but signs of developer interest        |

(1) For apartments, investment supported is based on net operating income divided by a return on cost. See Appendix Tables for details.

(2) With for-sale projects, development costs are inclusive of developer profit and cost of sale. For apartments, developer profit is considered in determining the supported investment indicated in the revenue column.

*b) On-site Provision of Affordable Units*

Using the same pro forma model, KMA tested a series of scenarios where affordable units are provided onsite. On-site affordable unit scenarios tested include the following;

For-sale projects:

1. 10% On-site affordable units at Moderate Income (prices at 110% AMI)
2. 10% On-site affordable units at Low Income (prices at 70% AMI)
3. 15% On-site affordable units at Moderate Income (prices at 110% AMI)

Rental Projects:

1. 10% On-site affordable units at Low Income, rents at 70% AMI
2. 10% On-site affordable units at Low Income, rents at 60% AMI
3. 10% On-site affordable units at Very Low Income, rents at 50% AMI

Table 6 summarizes the residual land value conclusions for the for-sale scenarios.

Providing 10% affordable units at Moderate Income is estimated to be approximately equivalent to payment of the City's current in-lieu fee. Providing a greater level of affordability is not feasible for the townhome prototype in Zone 1, South of the 580. Feasibility in the Hilltop area is challenging under all scenarios, including with the current fee.

**Table 6 – For Sale Unit Residual Land Values Under Various Inclusionary Scenarios**

| For-Sale Units                           | Supported Land Value / Land Sq. Ft. |                 |            |                 | Feasibility Conclusion  |
|--|-------------------------------------|-----------------|------------|-----------------|---|
|  | Existing Fee                        | 10% at Moderate | 10% at Low | 15% at Moderate |   |
| Zone 1 - South of 580                    |                                     |                 |            |                 |   |
| Single Family Detached / Larger Townhome | \$68                                | \$61            | \$56       | \$55            | All Feasible  |
| Townhomes                                | \$11                                | \$10            | \$1        | \$3             | Fee or 10% at moderate marginally feasible. Greater affordability infeasible. |
| Zone 3 - Hilltop                         |                                     |                 |            |                 |   |
| Single Family Detached / Larger Townhome | \$4                                 | \$4             | (\$2)      | \$0             | All infeasible  |
| Townhomes                                | (\$37)                              | (\$33)          | (\$44)     | (\$36)          | All infeasible  |

Table 7 summarizes the residual land value conclusions for the rental scenarios. For rental projects, residual land values are reduced significantly with provision of affordable units on-site. South of 580, lower density apartments remain in the feasible range although supported land value decreases significantly. Higher density apartments are rendered infeasible. In the Hilltop area, an on-site requirement at 10% would make feasibility of lower density apartments more marginal and exacerbate infeasibility of higher density apartments.

**Table 7 – Rental Residual Land Values Under Various Inclusionary Scenarios**

| Rental Units              | Supported Land Value / Land Sq. Ft. |                |                |                | Feasibility Conclusion                                       |
|---------------------------|-------------------------------------|----------------|----------------|----------------|--|
|                           | Existing Fee                        | 10% at 70% AMI | 10% at 60% AMI | 10% at 50% AMI |  |
| Zone 1 - South of 580     |                                     |                |                |                |  |
| Lower Density Apartments  | \$60                                | \$42           | \$39           | \$37           | All Feasible but stronger with fee                           |
| Higher Density Apartments | \$22                                | (\$5)          | (\$12)         | (\$16)         | Only the fee is feasible                                     |
| Zone 3 - Hilltop          |                                     |                |                |                |  |
| Lower Density Apartments  | \$33                                | \$18           | \$16           | \$13           | Feasible with fee<br>Marginal feasibility with on-site units |
| Higher Density Apartments | (\$22)                              | (\$44)         | (\$51)         | (\$56)         | All Infeasible   |

Affordable sales price calculations are provided on Appendix A Table A-6 and A-7 and have been prepared consistent with the City's inclusionary housing ordinance which requires Moderate Income units to be priced at 110% of Area Median Income (AMI) and Low-Income units to be priced at 70% AMI. Housing related expenses reflected in the affordable home price calculation include mortgage payments, property taxes, HOA fees, insurance and mortgage insurance.

The affordable rent calculations are shown on Appendix B Table B-6. Low Income rents are tested at both 60% of AMI, consistent with existing ordinance requirements as well as 70% of AMI. Very Low Income rents are set to be affordable to households earning 50% of AMI. For renters, housing expenses include rent and utilities.



### 3.0 ON-SITE COMPLIANCE COST ANALYSIS

The on-site compliance cost analysis expresses the cost of complying with inclusionary requirements as a dollar amount per unit or per net residential area. The purpose is to assist in understanding the relative burden that fees and on-site requirements represent. The analysis is also useful for understanding relationships between AMI levels of affordable units and compliance costs. Figures in this section are calculated by comparing supported land values per unit with on-site affordable units to a hypothetical no-requirement scenario using the analysis tables in Appendix A and B.

The compliance cost analysis is focused on projects found to be feasible. While the same calculation is possible for infeasible projects, it would tend to understate compliance costs relative to what they would be if projects become feasible in the future through increases in rents and sales prices.

Findings are presented in Table 8 for for-sale units and Table 9 for rental units. Per unit and per square foot cost figures indicated in the tables are applicable to all units and all net residential area in the project, not just affordable units.

The compliance cost analysis addresses the same scenarios as the feasibility analysis. The analysis indicates a 10% requirement at Moderate is more costly than the existing in-lieu fee for Single Family and Larger Townhomes but about the same as the existing in-lieu fee for the townhome prototype. A requirement of 10% at Low-Income would be more costly than the in-lieu fee.

**Table 8 – Compliance Cost Analysis for Ownership Projects**

| Estimated Cost of Compliance<br>For-Sale Units<br>(reflects Zone 1 - not computed for other<br>zones based on feasibility) | Single Family<br>Detached / Larger<br>Townhome |           | Townhome Units |           |
|--|--|-----------|----------------|-----------|
|  | Per SF*  | Per Unit* | Per SF*        | Per Unit* |
| A. Existing In-Lieu Fee  | \$11   | \$23,100  | \$12           | \$20,500  |
| B. 10% Affordable at Moderate (110% AMI)   | \$22   | \$48,000  | \$13           | \$22,400  |
| C. 10% Affordable at Low (70% AMI)   | \$30   | \$67,000  | \$22           | \$37,600  |
| D. 15% Affordable at Moderate (110% AMI)   | \$32   | \$71,000  | \$20           | \$34,600  |

For apartments, KMA tested the cost of providing 10% affordable units at Low Income with rents at 50, 60% and 70% of AMI. The analysis indicates that providing units on-site represents a cost roughly three to four times that of the in-lieu fee.

**Table 9 – Compliance Cost Analysis for Rental Projects**

| Estimated Cost of Compliance: Apartments | Lower Density Apartments |                  | Higher Density Apartments             |                  |
|--|--------------------------|------------------|---------------------------------------|------------------|
|  | <u>Per SF*</u>           | <u>Per Unit*</u> | <u>Per SF*</u>                        | <u>Per Unit*</u> |
| A. Existing In-Lieu Fee                  | \$11                     | \$10,000         | \$11                                  | \$8,900          |
| <b>Zone 1 Estimates</b>                  |                          |                  |                                       |                  |
| B. 10% Affordable at Low (70% AMI)       | \$37                     | \$33,000         | \$36                                  | \$28,900         |
| C. 10% Affordable at Low (60% AMI)       | \$42                     | \$38,000         | \$42                                  | \$33,900         |
| D. 10% Affordable at Very Low (50% AMI)  | \$46                     | \$41,000         | \$42                                  | \$36,900         |
| <b>Zone 3 Estimates</b>                  |                          |                  |                                       |                  |
| E. 10% Affordable at Low (70% AMI)       | \$33                     | \$30,000         | not shown based on feasibility result |                  |
| F. 10% Affordable at Low (60% AMI)       | \$37                     | \$33,000         |                                       |                  |
| G. 10% Affordable at Very Low (50% AMI)  | \$41                     | \$37,000         |                                       |                  |

\* Per unit and per square foot costs reflect average across the total project.

## 4.0 OTHER JURISDICTION INCLUSIONARY REQUIREMENTS

Table 10 summarizes affordable housing requirements in selected East Bay jurisdictions as context for consideration of updated requirements for Richmond.

| <b>Table 10 – Affordable Housing Requirements in Selected Jurisdictions</b> |   |   |  |
|---|---|---|--|
| <i>Jurisdiction</i>   | <i>Affordable Units Required</i>  | <i>Fee In-Lieu of Providing Units</i>   | <i>Fee by Right?</i>                   |
| Richmond  | Options:<br>17% Moderate<br>15% Low<br>12.5% Very Low & Low<br>10% Very Low | 7% of construction cost equates to an estimated \$10 to \$12 psf  | Yes                                    |
| Contra Costa County   | FS: 15% (12% Mod + 3% Low)<br><br>R: 15% (12% Low + 3% Very Low)            | FS: per unit fees equate to approx. \$2 psf<br><br>R: suspended since 2009 Palmer decision  | Yes for projects up to 125 units       |
| Concord   | FS: 10% moderate or 6% Low<br><br>R: impact fee                             | FS: \$10 psf (at 2021 full phase in) with cap of \$36,000 per unit<br><br>R: \$5 psf at 2022 full phase in. No fee until specified number of building permits issued  | Yes for projects of less than 20 acres |
| Oakland   | Option A: 5% Very Low<br>Option B: 10% Low to Mod                           | Varies by Zone; 2020 full phase in rates:<br>MF: \$12,000 - \$22,000, (approx. \$13-\$24 psf)**<br><br>SF Attached \$8,000-\$20,000 (approx. \$5 - \$12 psf)**<br><br>SF Detached \$8,000-\$23,000 (approx. \$4 - \$10 psf)** | Yes                                    |
| El Cerrito  | FS: 12% Moderate<br>R: 10% (5% Low & 5% Mod)                                | FS: \$20 psf (fractional units only)<br>R: \$17 psf   | FS: No<br>R: Yes                       |
| Hayward   | FS: 10% Moderate<br>Condo 35+ du/ac: 7.5%<br><br>R: 6% Very Low and Low     | \$18* psf<br>\$15* psf condo 35+ du/ac  | Yes                                    |

MF: Multi-family; SF: Single family; R= Rental; FS = For Sale; psf = per square foot

Data is current as of the time of the survey in 2016 with partial updating in 2018

\* If paid at building permit. An additional 10% is added if the developer elects to pay at certificate of occupancy.

\*\* converted to per square foot equivalent assuming 900 square feet for multi-family, 1,700 square feet for attached, and 2,200 square feet for single family.

As shown in Table 10, Richmond's current fee which equates to approximately \$10 to \$12 per square foot is considerably higher than the fees in unincorporated Contra Costa County and is also higher than Concord, particularly for rentals which are subject to a \$5 psf fee at full phase in and commencing only after 600 building permits are issued.

Oakland's fees vary significantly by zone. Richmond's fees are approximately the same as Oakland's highest rate for single family attached and detached. Oakland's fees for multifamily are higher on a per square foot basis than other residential types and are above Richmond's. Oakland's fees are being phased in over a 3-5 year period with the goal of minimizing the impacts on near-term development projects and to allow future improvement in market conditions to help absorb the new fees over time. The indicated rates are as of the full phase in 2020.

El Cerrito recently adopted a new inclusionary program. For sale projects are required to provide 12% of units on-site. Rental projects are required to either provide 10% on-site (half Low and half Moderate) or pay an in-lieu fee of \$17 psf.

Hayward updated its requirements in late 2017. The updated on-site requirement is 10% in for-sale projects and 6% for rentals. Payment of an \$18 psf in-lieu fee is permitted as an alternative to on-site units. Higher density for-sale condos have a lower requirement of 7.5% and a lower in-lieu fee of \$15 psf.

## 5.0 NON-RESIDENTIAL AFFORDABLE HOUSING FEE CONTEXT

The non-residential projects analysis considers the impacts a new affordable housing fee could have on the costs of developing new projects in Richmond. The analysis enables an understanding of the relative cost burdens new fees have on various types of commercial and industrial development projects and can be useful in scaling fees by type of project.

The assessment also includes a survey of non-residential fees in other East Bay jurisdictions due to the fact that commercial developers and tenants consider local fees and permits costs as one of the factors when assessing potential development sites. Many jurisdictions consider this comparison an important factor in deciding on affordable housing fee amounts, especially if attracting new non-residential development projects is an important policy goal.

For non-residential development, the analysis considers the potential fee as a percentage of total development costs rather than the full feasibility analysis analyzed for the residential prototypes. One of the primary reasons a full feasibility analysis is not performed for the non-residential land uses is that there is typically greater variation in the cost and rent structures for commercial projects than for housing projects. Development costs and rents can vary widely for office and retail projects due to the specialized nature of tenant improvements and lease terms from one tenant to another. Costs and revenues also vary widely for hotel projects due to the fact that hotel products range from lower cost limited service and budget hotels to highly amenitized full service and boutique hotels. Finally, affordable housing fees applicable to non-residential development are typically relatively modest, thus representing a smaller percentage of overall project cost compared to residential requirements which minimizes the need for full feasibility testing.

### 5.1 Nexus Analysis Findings

KMA prepared a non-residential nexus analysis in support of a potential new non-residential affordable housing impact fee. As is typical for an analysis of this type, the nexus study identifies very high fee levels. However, the nexus analysis only establishes a maximum, the actual fee, if adopted, would be set based on a number of policy considerations. Table 11 indicates the nexus analysis results.

| Table 11 – Table Maximum Supported<br>Non-Residential Fee Per Square Foot |          |
|---|----------|
| Office  | \$122.10 |
| Research and Development (R&D)  | \$66.20  |
| Retail / Service  | \$159.70 |
| Warehouse / Distribution  | \$29.90  |
| Hotel   | \$68.20  |
| Light Industrial  | \$66.20  |

Source: 2016 KMA Nexus Study

Note: Nexus findings are not recommended fee levels.

Fee levels should be selected based on a combination of the strength of the local real estate for the building types that will pay the fee, and local policy objectives. We also believe it is appropriate to take into account the fee levels in neighboring jurisdictions and jurisdictions that are comparable in real estate demand.

## 5.2 Commercial Market Context

Like the residential market, the non-residential market in the East Bay has experienced strengthening conditions in recent years as exhibited by rising rents and occupancy rates.

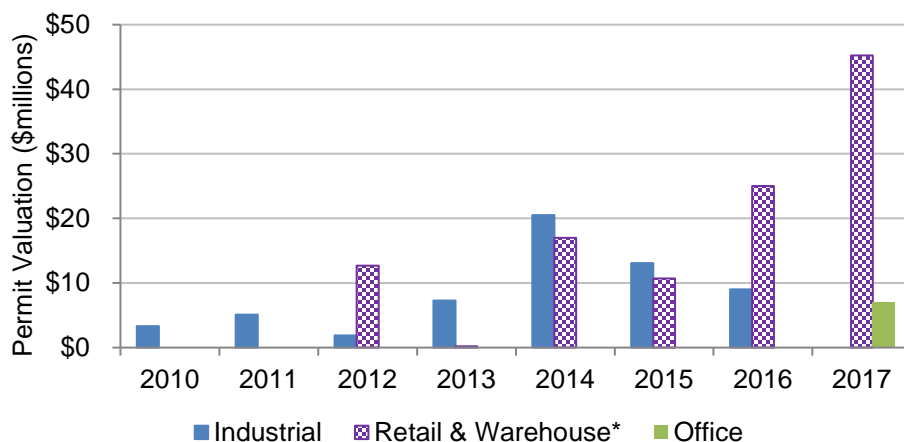
Despite improving market conditions overall, development of office space has been very limited, and no hotels have been built in Richmond.

The warehouse and industrial sector has been an area of strength for Richmond. The sector has experienced low vacancy and increasing rental rates. A major Class A warehouse / logistics facility encompassing approximately 700,000 square foot was completed in 2018.

The chart below provides a summary of building permit data for 2010 through 2017 summarized from Construction Industry Research Board (CIRB) data. Retail and warehouse permitting is combined in the chart due to the way CIRB reports the data; however, most permits are believed to be warehouse rather than retail.

### Non-Residential Building Permit Valuation City of Richmond

*Construction Industry Research Board*

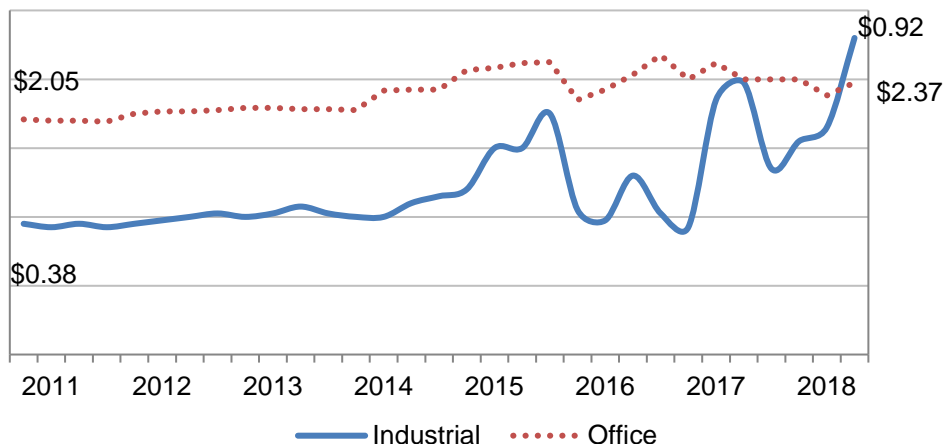


\*Retail and warehouse categories are combined in CIRB permit data.

Asking rents for office and industrial space in Richmond are indicated in the chart below. Office rents have been mostly flat while industrial rents have increased significantly over the period.

The high level of volatility in the industrial rents results from the specific space available at any given time which will vary in rental rate as a function of type and condition.

**Historic Office and Industrial Rents**  
**I-80 / I-880 Corridor**  
*Newmark Cornish & Carey*



### 5.3 Development Cost Analysis

For the development cost analysis, KMA utilized the following three prototypes.

- Warehouse/distribution development with surface parking at 0.40 floor area ratio (FAR)
- Retail development with surface parking at 0.30 FAR
- Office/R&D development with surface parking at 0.35 FAR

In preparing these prototypes it is acknowledged that there will be differences in density from one project to another. For purposes of the development cost assessment it is not necessary to analyze every variation of project density or building prototype; rather, the utility of the analysis lies with an understanding of the general range of development costs for new projects and the impact a new fee can have relative to those costs.

The estimates of total development costs for the non-residential prototypes are shown in Table 12. The costs include estimates for land acquisition, direct construction costs, and indirect and financing costs of development. Non-residential cost estimates were prepared in 2016 and have not been updated given the purpose is only to provide general context.

**Table 12 – Non-Residential Development Cost Summary (2016 estimate)**

| Non-Residential Prototype                        | Warehouse / Distribution |              | Retail         |              | Office/R&D     |              |
|--|--------------------------|--------------|----------------|--------------|----------------|--------------|
| Gross Building Area                              | 200,000 sf               |              | 100,000 sf     |              | 100,000 sf     |              |
| FAR  | 0.40 FAR                 |              | 0.30 FAR       |              | 0.35 FAR       |              |
| Land Area  | 11.48 acres              |              | 7.65 acres     |              | 6.56 acres     |              |
|  | <u>\$/SF</u>             | <u>Total</u> | <u>\$/SF</u>   | <u>Total</u> | <u>\$/SF</u>   | <u>Total</u> |
| <u>Land Acquisition</u> <sup>(1)</sup>           | \$25                     | \$5,000,000  | \$50           | \$5,000,000  | \$43           | \$4,290,000  |
|  | \$10 /land sf            |              | \$15 /land sf  |              | \$15 /land sf  |              |
| <u>Directs</u> <sup>(2)</sup>                    | \$123                    | \$24,500,000 | \$160          | \$16,000,000 | \$181          | \$18,140,000 |
| <u>Indirects</u>                                 |                          |              |                |              |                |              |
| A&E  | \$7                      | \$1,350,000  | \$9            | \$880,000    | \$10           | \$1,000,000  |
| FF&E/Tenant Improvements                         | \$20                     | \$4,000,000  | \$38           | \$3,800,000  | \$52           | \$5,230,000  |
| Permits & Fees (excl. Affordable) <sup>(3)</sup> | \$9                      | \$1,840,000  | \$18           | \$1,780,000  | \$29           | \$2,870,000  |
| Other Indirects & Financing                      | \$11                     | \$2,200,000  | \$17           | \$1,650,000  | \$19           | \$1,890,000  |
| Total Indirects & Financing                      | \$47                     | \$9,390,000  | \$81           | \$8,110,000  | \$110          | \$10,990,000 |
| Total Costs                                      | \$194                    | \$38,890,000 | \$291          | \$29,110,000 | \$334          | \$33,420,000 |
| Total Cost Range                                 | \$175-\$225/sf           |              | \$275-\$325/sf |              | \$300-\$350/sf |              |

<sup>(1)</sup> Land acquisition costs estimated based on recent land sale comps adjusted for building FAR.

<sup>(2)</sup> Direct construction cost estimates from RS Means and other project pro formas.

<sup>(3)</sup> Permits & Fees costs estimated by city staff.

As shown, total development costs for the non-residential prototypes range from a low of approximately \$175-\$225/square foot for the warehouse/distribution prototype to a high of approximately \$300-\$350 for the office prototype. Since the prototypes analyzed assume surface parking, the total costs would be higher for higher density projects with structured parking garages (standalone garage, podium, or underground parking), although the higher density prototypes are typically not represented in Richmond.

## 5.4 Affordable Housing Fees Supported

In general, affordable housing fees on non-residential projects fall within a range of 1% to 5% of total development costs, with the upper portion of the range generally reserved for cities that have very strong market conditions supporting non-residential development such as San Francisco or jurisdictions in Silicon Valley. For Richmond, KMA identified housing fees between 1% and 3% of total cost.

Table 13 summarizes the range of potential fees on non-residential projects expressed as a percentage of total development cost. As an example, at 1% of total development cost a new housing fee would range from approximately \$2.00/square foot for warehouse/distribution uses to \$3.25/square foot for office uses. As is common in jobs housing linkage fee programs, lower intensity uses such as warehouse/distribution tend to have lower fees than higher intensity/higher value projects because it is generally more difficult for lower cost projects to absorb new fees.



**Table 13 – Relative Fee Burdens\***

|                        | Warehouse /<br>Distribution | Retail         | Office/R&D     |
|------------------------|-----------------------------|----------------|----------------|
| Total Cost Range       | \$175-\$225/sf              | \$275-\$325/sf | \$300-\$350/sf |
| Fee @ 1% of Total Cost | \$2.00                      | \$3.00         | \$3.25         |
| Fee @ 2% of Total Cost | \$4.00                      | \$6.00         | \$6.50         |
| Fee @ 3% of Total Cost | \$6.00                      | \$9.00         | \$9.75         |

\*Fees calculated at 1-3% of mid-point of cost range.

In terms of the competitive landscape, many East Bay cities do not currently have a housing fee on non-residential development. Of those that do, most have fees of \$5/square foot or below and have tiered rates with lower fees for low intensity industrial and warehouse uses. Table 14 provides a summary of fee levels adopted by East Bay cities. Statewide, there are approximately forty jurisdictions have non-residential affordable housing impact fee programs

**Table 14 – Affordable Housing Fee Comparison – Non-Residential Projects**

|              | Warehouse/<br>Distribution | Retail | Office |
|--------------|----------------------------|--------|--------|
| Oakland      | \$5.24                     | \$0.00 | \$5.24 |
| Walnut Creek | \$5.00                     | \$5.00 | \$5.00 |
| Berkeley     | \$2.25                     | \$4.50 | \$4.50 |
| Emeryville   | \$4.10                     | \$4.10 | \$4.10 |
| Pleasanton   | \$3.04                     | \$3.04 | \$3.04 |
| Alameda      | \$0.78                     | \$2.30 | \$4.52 |
| Newark       | \$0.69                     | \$3.59 | \$3.59 |
| Dublin       | \$0.49                     | \$1.02 | \$1.27 |
| Livermore    | \$0.11                     | \$1.19 | \$0.76 |

Source: KMA survey. Information is recent but not all data has been updated as of the date of this report to reflect annual indexing or other changes.

## 5.5 Conclusions – Non-Residential Projects

Given the current challenges to developing new projects in Richmond, which is evident by the limited amount of new construction activity in recent years, a new housing fee at or approaching the high end of the market (\$5/square foot) would likely represent a hurdle to the viability of projects in Richmond and could put the City at a competitive disadvantage relative to other East Bay cities with no fees or lower fees. Should the City decide to proceed with a fee on non-residential projects, the City may wish to consider fees within a relatively nominal range of say \$0.50-\$1.00/square foot for warehouse/distribution space and \$1-\$2/square foot for other non-residential projects. Fees within these ranges would represent a relatively nominal percentage of total development costs and would therefore be anticipated to have smaller impacts on overall project economics.

## Appendix A: For-Sale Pro Forms

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**Appendix Table A-1**
**Base Case Pro Forma: For Sale Projects, with Payment of Existing In-Lieu Fee**
**Residential Feasibility Analysis**
**City of Richmond, CA**
**Working Draft September 21, 2018**

|                                    |      | Single Family Detached /<br>Larger Townhome<br>(Zone 1) | Single Family Detached /<br>Larger Townhome<br>(Zone 3) | Townhomes<br>(Zone 1)            | Townhomes<br>(Zone 3)            |
|------------------------------------|------|---|---|----------------------------------|----------------------------------|
| Average Unit Size                  |      | 2,200 sf  | 2,200 sf  | 1,700 sf                         | 1,700 sf                         |
| Number of Bedrooms                 |      | 3 Bedrooms  | 3 Bedrooms  | 2.5 Bedrooms                     | 2.5 Bedrooms                     |
| DU/Acre                            |      | 12.0 du/acre  | 12.0 du/acre  | 25.0 du/acre                     | 25.0 du/acre                     |
| Parking                            |      | Attached Garage   | Attached Garage   | Attached Garage                  | Attached Garage                  |
| <b>Development Costs</b>           |      |   |   |                                  |                                  |
|                                    |      | <u>\$/SF</u> <u>Total</u>                               | <u>\$/SF</u> <u>Total</u>                               | <u>\$/SF</u> <u>Total</u>        | <u>\$/SF</u> <u>Total</u>        |
| <u>Directs</u> (incl. sitework)    |      | \$200 \$440,000   | \$195 \$429,000   | \$230 \$391,000                  | \$225 \$382,500                  |
| <u>Indirects</u>                   |      |   |   |                                  |                                  |
| A&E                                |      | \$10 \$22,000   | \$10 \$21,000   | \$12 \$20,000                    | \$11 \$19,000                    |
| Fees & Permits (excl. Affordable)  |      | \$32 \$70,000   | \$32 \$70,000   | \$37 \$63,000                    | \$37 \$63,000                    |
| In-Lieu Fee                        |      | \$11 \$23,100   | \$10 \$22,500   | \$12 \$20,500                    | \$12 \$20,100                    |
| Overhead & Administration          |      | \$8 \$18,000  | \$8 \$17,000  | \$9 \$16,000                     | \$9 \$15,000                     |
| Other Indirects                    |      | \$22 \$48,000   | \$21 \$47,000   | \$23 \$39,000                    | \$22 \$38,000                    |
| Debt Financing Costs               |      | \$9 \$19,000  | \$6 \$14,000  | \$11 \$18,000                    | \$9 \$16,000                     |
| Total Indirects                    |      | \$91 \$200,100  | \$87 \$191,500  | \$104 \$176,500                  | \$101 \$171,100                  |
| Total Costs before Land            |      | \$291 \$640,100   | \$282 \$620,500   | \$334 \$567,500                  | \$326 \$553,600                  |
| <b>Sales Revenues</b>              |      |   |   |                                  |                                  |
| Market Rate Units                  | 100% | \$477 \$1,050,000                                       | \$341 \$750,000   | \$424 \$720,000                  | \$353 \$600,000                  |
| Moderate Units @110% AMI           | 0%   | \$219 \$481,700   | \$219 \$481,700   | \$255 \$433,000                  | \$255 \$433,000                  |
| Low Units @70% AMI                 | 0%   | <u>\$116</u> <u>\$254,100</u>                           | <u>\$116</u> <u>\$254,100</u>                           | <u>\$122</u> <u>\$208,200</u>    | <u>\$122</u> <u>\$208,200</u>    |
| Average Sales Per Unit             | 100% | \$477 \$1,050,000                                       | \$341 \$750,000   | \$424 \$720,000                  | \$353 \$600,000                  |
| (Less) Sales Expense               |      | (\$17) (\$37,000)                                       | (\$12) (\$26,000)                                       | (\$15) (\$25,000)                | (\$12) (\$21,000)                |
| Net Sales                          |      | \$460 \$1,013,000                                       | \$329 \$724,000   | \$409 \$695,000                  | \$341 \$579,000                  |
| Threshold Return                   |      | 12% of gross sales                                      | 12% of gross sales                                      | 15% of gross sales               | 15% of gross sales               |
| Less: Profit at Threshold Return   |      | (\$126,000)   | (\$90,000)  | (\$108,000)                      | (\$90,000)                       |
| Total Supported Private Investment |      | \$403 \$887,000   | \$288 \$634,000   | \$345 \$587,000                  | \$288 \$489,000                  |
|                                    |      | <u>\$/Land SF</u> <u>\$/Unit</u>                        | <u>\$/Land SF</u> <u>\$/Unit</u>                        | <u>\$/Land SF</u> <u>\$/Unit</u> | <u>\$/Land SF</u> <u>\$/Unit</u> |
| <b>Residual Land Value</b>         |      | \$68 \$246,900  | \$4 \$13,500  | \$11 \$19,500                    | (\$37) (\$64,600)                |

**Appendix Table A -2**  
**For Sale Projects - 10% Onsite at Moderate**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

Working Draft September 21, 2018

|                                    |      | Larger Townhome<br>(Zone 1)                  | Larger Townhome<br>(Zone 3)                  | Townhomes<br>(Zone 1)                        | Townhomes<br>(Zone 3)                        |
|------------------------------------|------|--|--|--|--|
| Average Unit Size                  |      | 2,200 sf                                     | 2,200 sf                                     | 1,700 sf                                     | 1,700 sf                                     |
| Number of Bedrooms                 |      | 3 Bedrooms                                   | 3 Bedrooms                                   | 2.5 Bedrooms                                 | 2.5 Bedrooms                                 |
| DU/Acre                            |      | 12.0 du/acre                                 | 12.0 du/acre                                 | 25.0 du/acre                                 | 25.0 du/acre                                 |
| Parking                            |      | Attached Garage                              | Attached Garage                              | Attached Garage                              | Attached Garage                              |
| <b>Development Costs</b>           |      |  |  |  |  |
| <u>Directs</u> (incl. sitework)    |      | <u>\$/SF</u> <u>Total</u><br>\$200 \$440,000 | <u>\$/SF</u> <u>Total</u><br>\$195 \$429,000 | <u>\$/SF</u> <u>Total</u><br>\$230 \$391,000 | <u>\$/SF</u> <u>Total</u><br>\$225 \$382,500 |
| <u>Indirects</u>                   |      |  |  |  |  |
| A&E                                |      | \$10 \$22,000                                | \$10 \$21,000                                | \$12 \$20,000                                | \$11 \$19,000                                |
| Fees & Permits (excl. Affordable)  |      | \$32 \$70,000                                | \$32 \$70,000                                | \$37 \$63,000                                | \$37 \$63,000                                |
| In-Lieu Fee                        |      | \$0 \$0                                      | \$0 \$0                                      | \$0 \$0                                      | \$0 \$0                                      |
| Overhead & Administration          |      | \$8 \$18,000                                 | \$8 \$17,000                                 | \$9 \$16,000                                 | \$9 \$15,000                                 |
| Other Indirects                    |      | \$22 \$48,000                                | \$21 \$47,000                                | \$23 \$39,000                                | \$22 \$38,000                                |
| Debt Financing Costs               |      | \$9 \$19,000                                 | \$6 \$14,000                                 | \$10 \$17,000                                | \$9 \$16,000                                 |
| Total Indirects                    |      | \$80 \$177,000                               | \$77 \$169,000                               | \$91 \$155,000                               | \$89 \$151,000                               |
| Total Costs before Land            |      | \$280 \$617,000                              | \$272 \$598,000                              | \$321 \$546,000                              | \$314 \$533,500                              |
| <b>Sales Revenues</b>              |      |  |  |  |  |
| Market Rate Units                  | 90%  | \$477 \$1,050,000                            | \$341 \$750,000                              | \$424 \$720,000                              | \$353 \$600,000                              |
| Moderate Units @110% AMI           | 10%  | \$219 \$481,700                              | \$219 \$481,700                              | \$255 \$433,000                              | \$255 \$433,000                              |
| Low Units @70% AMI                 | 0%   | <u>\$116</u> <u>\$254,100</u>                | <u>\$116</u> <u>\$254,100</u>                | <u>\$122</u> <u>\$208,200</u>                | <u>\$122</u> <u>\$208,200</u>                |
| Average Sales Per Unit             | 100% | \$451 \$993,170                              | \$329 \$723,170                              | \$407 \$691,300                              | \$343 \$583,300                              |
| (Less) Sales Expense               |      | (\$16) (\$35,000)                            | (\$11) (\$25,000)                            | (\$14) (\$24,000)                            | (\$12) (\$20,000)                            |
| Net Sales                          |      | \$436 \$958,170                              | \$317 \$698,170                              | \$393 \$667,300                              | \$331 \$563,300                              |
| Threshold Return                   |      | 12% of gross sales                           | 12% of gross sales                           | 15% of gross sales                           | 15% of gross sales                           |
| Less: Profit at Threshold Return   |      | (\$119,180)                                  | (\$86,780)                                   | (\$103,695)                                  | (\$87,495)                                   |
| Total Supported Private Investment |      | \$381 \$838,990                              | \$278 \$611,390                              | \$332 \$563,605                              | \$280 \$475,805                              |
|                                    |      | <u>\$/Land SF</u> <u>\$/Unit</u>             | <u>\$/Land SF</u> <u>\$/Unit</u>             | <u>\$/Land SF</u> <u>\$/Unit</u>             | <u>\$/Land SF</u> <u>\$/Unit</u>             |
| <b>Residual Land Value</b>         |      | \$61 \$221,990                               | \$4 \$13,390                                 | \$10 \$17,605                                | (\$33) (\$57,695)                            |

**Appendix Table A -3**  
**For Sale Projects - 10% Onsite at Low**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

**Working Draft September 21, 2018**

|                                    |      | Larger Townhome<br>(Zone 1) |                  | Larger Townhome<br>(Zone 3) |                  | Townhomes<br>(Zone 1) |                  | Townhomes<br>(Zone 3) |                  |
|------------------------------------|------|-----------------------------|------------------|-----------------------------|------------------|-----------------------|------------------|-----------------------|------------------|
| Average Unit Size                  |      | 2,200 sf                    |                  | 2,200 sf                    |                  | 1,700 sf              |                  | 1,700 sf              |                  |
| Number of Bedrooms                 |      | 3 Bedrooms                  |                  | 3 Bedrooms                  |                  | 2.5 Bedrooms          |                  | 2.5 Bedrooms          |                  |
| DU/Acre                            |      | 12.0 du/acre                |                  | 12.0 du/acre                |                  | 25.0 du/acre          |                  | 25.0 du/acre          |                  |
| Parking                            |      | Attached Garage             |                  | Attached Garage             |                  | Attached Garage       |                  | Attached Garage       |                  |
| <b>Development Costs</b>           |      |                             |                  |                             |                  |                       |                  |                       |                  |
| <u>Directs</u> (incl. sitework)    |      | <u>\$/SF</u>                | <u>Total</u>     | <u>\$/SF</u>                | <u>Total</u>     | <u>\$/SF</u>          | <u>Total</u>     | <u>\$/SF</u>          | <u>Total</u>     |
|                                    |      | \$200                       | \$440,000        | \$195                       | \$429,000        | \$230                 | \$391,000        | \$225                 | \$382,500        |
| <u>Indirects</u>                   |      |                             |                  |                             |                  |                       |                  |                       |                  |
| A&E                                |      | \$10                        | \$22,000         | \$10                        | \$21,000         | \$12                  | \$20,000         | \$11                  | \$19,000         |
| Fees & Permits (excl. Affordable)  |      | \$32                        | \$70,000         | \$32                        | \$70,000         | \$37                  | \$63,000         | \$37                  | \$63,000         |
| In-Lieu Fee                        |      | \$0                         | \$0              | \$0                         | \$0              | \$0                   | \$0              | \$0                   | \$0              |
| Overhead & Administration          |      | \$8                         | \$18,000         | \$8                         | \$17,000         | \$9                   | \$16,000         | \$9                   | \$15,000         |
| Other Indirects                    |      | \$22                        | \$48,000         | \$21                        | \$47,000         | \$23                  | \$39,000         | \$22                  | \$38,000         |
| Debt Financing Costs               |      | \$9                         | \$19,000         | \$6                         | \$14,000         | \$10                  | \$17,000         | \$9                   | \$16,000         |
| Total Indirects                    |      | \$80                        | \$177,000        | \$77                        | \$169,000        | \$91                  | \$155,000        | \$89                  | \$151,000        |
| Total Costs before Land            |      | \$280                       | \$617,000        | \$272                       | \$598,000        | \$321                 | \$546,000        | \$314                 | \$533,500        |
| <b>Sales Revenues</b>              |      |                             |                  |                             |                  |                       |                  |                       |                  |
| Market Rate Units                  | 90%  | \$477                       | \$1,050,000      | \$341                       | \$750,000        | \$424                 | \$720,000        | \$353                 | \$600,000        |
| Moderate Units @110% AMI           | 0%   | \$219                       | \$481,700        | \$219                       | \$481,700        | \$269                 | \$457,350        | \$269                 | \$457,350        |
| Low Units @70% AMI                 | 10%  | <u>\$116</u>                | <u>\$254,100</u> | <u>\$116</u>                | <u>\$254,100</u> | <u>\$149</u>          | <u>\$254,100</u> | <u>\$122</u>          | <u>\$208,200</u> |
| Average Sales Per Unit             | 100% | \$441                       | \$970,410        | \$318                       | \$700,410        | \$396                 | \$673,410        | \$330                 | \$560,820        |
| (Less) Sales Expense               |      | (\$15)                      | (\$34,000)       | (\$11)                      | (\$25,000)       | (\$14)                | (\$24,000)       | (\$12)                | (\$20,000)       |
| Net Sales                          |      | \$426                       | \$936,410        | \$307                       | \$675,410        | \$382                 | \$649,410        | \$318                 | \$540,820        |
| Threshold Return                   |      | 12% of gross sales          |                  | 12% of gross sales          |                  | 15% of gross sales    |                  | 15% of gross sales    |                  |
| Total Supported Private Investment |      | \$373                       | \$819,961        | \$269                       | \$591,361        | \$323                 | \$548,399        | \$269                 | \$456,697        |
|                                    |      | <u>\$/Land SF</u>           | <u>\$/Unit</u>   | <u>\$/Land SF</u>           | <u>\$/Unit</u>   | <u>\$/Land SF</u>     | <u>\$/Unit</u>   | <u>\$/Land SF</u>     | <u>\$/Unit</u>   |
| <b>Residual Land Value</b>         |      | \$56                        | \$202,961        | (\$2)                       | (\$6,639)        | \$1                   | \$2,399          | (\$44)                | (\$76,803)       |

**Appendix Table A - 4**  
**For Sale Projects - 15% Onsite at Moderate**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

Working Draft September 21, 2018

|                                    |      | Larger Townhome<br>(Zone 1)      | Larger Townhome<br>(Zone 3)      | Townhomes<br>(Zone 1)            | Townhomes<br>(Zone 3)            |
|------------------------------------|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Average Unit Size                  |      | 2,200 sf                         | 2,200 sf                         | 1,700 sf                         | 1,700 sf                         |
| Number of Bedrooms                 |      | 3 Bedrooms                       | 3 Bedrooms                       | 2.5 Bedrooms                     | 2.5 Bedrooms                     |
| DU/Acre                            |      | 12.0 du/acre                     | 12.0 du/acre                     | 25.0 du/acre                     | 25.0 du/acre                     |
| Parking                            |      | Attached Garage                  | Attached Garage                  | Attached Garage                  | Attached Garage                  |
| <b>Development Costs</b>           |      |                                  |                                  |                                  |                                  |
| <u>Directs</u> (incl. sitework)    |      | <u>\$/SF</u> <u>Total</u>        | <u>\$/SF</u> <u>Total</u>        | <u>\$/SF</u> <u>Total</u>        | <u>\$/SF</u> <u>Total</u>        |
|                                    |      | \$200 \$440,000                  | \$195 \$429,000                  | \$230 \$391,000                  | \$225 \$382,500                  |
| <u>Indirects</u>                   |      |                                  |                                  |                                  |                                  |
| A&E                                |      | \$10 \$22,000                    | \$10 \$21,000                    | \$12 \$20,000                    | \$11 \$19,000                    |
| Fees & Permits (excl. Affordable)  |      | \$32 \$70,000                    | \$32 \$70,000                    | \$37 \$63,000                    | \$37 \$63,000                    |
| In-Lieu Fee                        |      | \$0 \$0                          | \$0 \$0                          | \$0 \$0                          | \$0 \$0                          |
| Overhead & Administration          |      | \$8 \$18,000                     | \$8 \$17,000                     | \$9 \$16,000                     | \$9 \$15,000                     |
| Other Indirects                    |      | \$22 \$48,000                    | \$21 \$47,000                    | \$23 \$39,000                    | \$22 \$38,000                    |
| Debt Financing Costs               |      | \$8 \$18,000                     | \$6 \$14,000                     | \$10 \$17,000                    | \$8 \$14,000                     |
| Total Indirects                    |      | \$80 \$176,000                   | \$77 \$169,000                   | \$91 \$155,000                   | \$88 \$149,000                   |
| Total Costs before Land            |      | \$280 \$616,000                  | \$272 \$598,000                  | \$321 \$546,000                  | \$313 \$531,500                  |
| <b>Sales Revenues</b>              |      |                                  |                                  |                                  |                                  |
| Market Rate Units                  | 85%  | \$477 \$1,050,000                | \$341 \$750,000                  | \$424 \$720,000                  | \$353 \$600,000                  |
| Moderate Units @110% AMI           | 15%  | \$219 \$481,700                  | \$219 \$481,700                  | \$255 \$433,000                  | \$255 \$433,000                  |
| Low Units @70% AMI                 | 0%   | <u>\$116</u> <u>\$254,100</u>    | <u>\$116</u> <u>\$254,100</u>    | <u>\$122</u> <u>\$208,200</u>    | <u>\$122</u> <u>\$208,200</u>    |
| Average Sales Per Unit             | 100% | \$439 \$964,755                  | \$323 \$709,755                  | \$398 \$676,950                  | \$338 \$574,950                  |
| (Less) Sales Expense               |      | (\$15) (\$34,000)                | (\$11) (\$25,000)                | (\$14) (\$24,000)                | (\$12) (\$20,000)                |
| Net Sales                          |      | \$423 \$930,755                  | \$311 \$684,755                  | \$384 \$652,950                  | \$326 \$554,950                  |
| Threshold Return                   |      | 12% of gross sales               | 12% of gross sales               | 15% of gross sales               | 15% of gross sales               |
| Less: Profit at Threshold Return   |      | (\$115,771)                      | (\$85,171)                       | (\$101,543)                      | (\$86,243)                       |
| Total Supported Private Investment |      | \$370 \$814,984                  | \$273 \$599,584                  | \$324 \$551,408                  | \$276 \$468,708                  |
|                                    |      | <u>\$/Land SF</u> <u>\$/Unit</u> | <u>\$/Land SF</u> <u>\$/Unit</u> | <u>\$/Land SF</u> <u>\$/Unit</u> | <u>\$/Land SF</u> <u>\$/Unit</u> |
| <b>Residual Land Value</b>         |      | \$55 \$198,984                   | \$0 \$1,584                      | \$3 \$5,408                      | (\$36) (\$62,793)                |

**Appendix Table A - 5**
**Pro Forma: For Sale Projects - Hypothetical No Requirement Scenario**
**Residential Feasibility Analysis**
**City of Richmond, CA**
**Working Draft September 12, 2018**

|                                    |      | Single Family Detached /<br>Larger Townhome<br>(Zone 1) | Single Family Detached /<br>Larger Townhome<br>(Zone 3) | Townhomes<br>(Zone 1)                        | Townhomes<br>(Zone 3)                        |
|------------------------------------|------|---|---|--|--|
| Average Unit Size                  |      | 2,200 sf  | 2,200 sf  | 1,700 sf                                     | 1,700 sf                                     |
| Number of Bedrooms                 |      | 3 Bedrooms  | 3 Bedrooms  | 2.5 Bedrooms                                 | 2.5 Bedrooms                                 |
| DU/Acre                            |      | 12.0 du/acre  | 12.0 du/acre  | 25.0 du/acre                                 | 25.0 du/acre                                 |
| Parking                            |      | Attached Garage   | Attached Garage   | Attached Garage                              | Attached Garage                              |
| <b>Development Costs</b>           |      |   |   |  |  |
| <u>Directs</u> (incl. sitework)    |      | <u>\$/SF</u> <u>Total</u><br>\$200 \$440,000            | <u>\$/SF</u> <u>Total</u><br>\$195 \$429,000            | <u>\$/SF</u> <u>Total</u><br>\$230 \$391,000 | <u>\$/SF</u> <u>Total</u><br>\$225 \$382,500 |
| <u>Indirects</u>                   |      |   |   |  |  |
| A&E                                |      | \$10 \$22,000   | \$10 \$21,000   | \$12 \$20,000                                | \$11 \$19,000                                |
| Fees & Permits (excl. Affordable)  |      | \$32 \$70,000   | \$32 \$70,000   | \$37 \$63,000                                | \$37 \$63,000                                |
| In-Lieu Fee                        |      | \$0   | \$0   | \$0  | \$0  |
| Overhead & Administration          |      | \$8 \$18,000  | \$8 \$17,000  | \$9 \$16,000                                 | \$9 \$15,000                                 |
| Other Indirects                    |      | \$22 \$48,000   | \$21 \$47,000   | \$23 \$39,000                                | \$22 \$38,000                                |
| Debt Financing Costs               |      | \$9 \$19,000  | \$6 \$14,000  | \$11 \$18,000                                | \$9 \$16,000                                 |
| Total Indirects                    |      | \$80 \$177,000  | \$77 \$169,000  | \$92 \$156,000                               | \$89 \$151,000                               |
| Total Costs before Land            |      | \$280 \$617,000   | \$272 \$598,000   | \$322 \$547,000                              | \$314 \$533,500                              |
| <b>Sales Revenues</b>              |      |   |   |  |  |
| Market Rate Units                  | 100% | \$477 \$1,050,000                                       | \$341 \$750,000   | \$424 \$720,000                              | \$353 \$600,000                              |
| Moderate Units @110% AMI           | 0%   | \$219 \$481,700   | \$219 \$481,700   | \$255 \$433,000                              | \$255 \$433,000                              |
| Low Units @70% AMI                 | 0%   | <u>\$116</u> <u>\$254,100</u>                           | <u>\$116</u> <u>\$254,100</u>                           | <u>\$122</u> <u>\$208,200</u>                | <u>\$122</u> <u>\$208,200</u>                |
| Average Sales Per Unit             | 100% | \$477 \$1,050,000                                       | \$341 \$750,000   | \$424 \$720,000                              | \$353 \$600,000                              |
| (Less) Sales Expense               |      | (\$17) (\$37,000)                                       | (\$12) (\$26,000)                                       | (\$15) (\$25,000)                            | (\$12) (\$21,000)                            |
| Net Sales                          |      | \$460 \$1,013,000                                       | \$329 \$724,000   | \$409 \$695,000                              | \$341 \$579,000                              |
| Threshold Return                   |      | 12% of gross sales                                      | 12% of gross sales                                      | 15% of gross sales                           | 15% of gross sales                           |
| Total Supported Private Investment |      | \$403 \$887,000   | \$288 \$634,000   | \$345 \$587,000                              | \$288 \$489,000                              |
|                                    |      | <u>\$/Land SF</u> <u>\$/Unit</u>                        | <u>\$/Land SF</u> <u>\$/Unit</u>                        | <u>\$/Land SF</u> <u>\$/Unit</u>             | <u>\$/Land SF</u> <u>\$/Unit</u>             |
| <b>Residual Land Value</b>         |      | \$74 \$270,000  | \$10 \$36,000   | \$23 \$40,000                                | (\$26) (\$44,500)                            |

**Appendix Table A - 6**  
**Moderate Income Home Price Estimate**  
**Residential Feasibility Analysis**  
**City of Richmond**

**Working Draft September 21, 2018**

| Prototype                                | Single Family Detached / Larger Townhome | Townhome Unit    |
|--|--|------------------|
| Unit Size                                | 3-Bedroom Unit                           | 2.5-Bedroom Unit |
| Household Size                           | 4-person HH                              | 3.5-person HH    |
| Median Income - Contra Costa County 2018 | \$104,400                                | \$99,175         |
| Annual Income @ 110% <sup>1</sup>        | \$114,840                                | \$109,093        |
| % Available for Housing Costs            | 35%                                      | 35%              |
| Income Available for Housing Costs       | \$40,194                                 | \$38,182         |
| (Less) Property Taxes <sup>2</sup>       | (\$7,696)                                | (\$6,928)        |
| (Less) HOA                               | (\$1,200)                                | (\$3,600)        |
| (Less) Homeowners Insurance <sup>3</sup> | (\$1,200)                                | (\$600)          |
| (Less) Mortgage Insurance <sup>4</sup>   | (\$3,885)                                | (\$3,494)        |
| Income Available for Mortgage            | \$26,214                                 | \$23,561         |
| Mortgage Amount                          | \$457,600                                | \$411,300        |
| Down Payment (homebuyer cash)            | \$24,100                                 | \$21,700         |
| Affordable Home Price                    | \$481,700                                | \$433,000        |
| <b>Key Assumptions</b>                   |  |                  |
| - Mortgage Interest Rate <sup>5</sup>    | 4.00%                                    | 4.00%            |
| - Down Payment                           | 5.0%                                     | 5.0%             |
| - Property Taxes (% of sales price)      | 1.60%                                    | 1.60%            |
| - HOA (per month)                        | \$100                                    | \$300            |
| - Mortgage Insurance (% of loan amount)  | 0.85%                                    | 0.85%            |

**Notes:**

1. Per the City of Richmond ordinance and the California Health and Safety code.
2. Property tax rate is inclusive of ad valorem taxes, fixed charges and assessments.
3. Estimated from quotes obtained from Farmers Insurance. For the townhome unit, estimate reflects a 'walls-in' policy. Insurance applicable to the structure is assumed to be paid through the HOA.
4. Urban Institute. "Mortgage Insurance: Data at a Glance."
5. Average mortgage interest rate for prior 6 months derived from Freddie Mac Primary Mortgage Market Survey.



**Appendix Table A - 7**  
**Low Income Home Price Estimate**  
**Residential Feasibility Analysis**  
**City of Richmond**

**Working Draft September 21, 2018**

|  | Single Family<br>Detached / Larger<br>Townhome | Townhome Unit    |
|--|--|------------------|
| Unit Size                                | 3-Bedroom Unit                                 | 2.5-Bedroom Unit |
| Household Size                           | 4-person HH                                    | 3.5-person HH    |
| Median Income - Contra Costa County 2018 | \$104,400                                      | \$99,175         |
| Annual Income @ 70% <sup>1</sup>         | \$73,080                                       | \$69,423         |
| % Available for Housing Costs            | 30%  | 30%              |
| Income Available for Housing Costs       | \$21,924                                       | \$20,827         |
| (Less) Property Taxes <sup>2</sup>       | (\$4,051)                                      | (\$3,320)        |
| (Less) HOA                               | (\$1,200)                                      | (\$3,600)        |
| (Less) Homeowners Insurance <sup>3</sup> | (\$800)  | (\$900)          |
| (Less) Mortgage Insurance <sup>4</sup>   | (\$2,045)                                      | (\$1,676)        |
| Income Available for Mortgage            | \$13,828                                       | \$11,331         |
| Mortgage Amount                          | \$241,400                                      | \$197,800        |
| Down Payment (homebuyer cash)            | \$12,700                                       | \$10,400         |
| Affordable Home Price                    | \$254,100                                      | \$208,200        |
| <b>Key Assumptions</b>                   |  |                  |
| - Mortgage Interest Rate <sup>5</sup>    | 4.00%  | 4.00%            |
| - Down Payment                           | 5.0%   | 5.0%             |
| - Property Taxes (% of sales price)      | 1.60%  | 1.60%            |
| - HOA (per month)                        | \$100  | \$300            |
| - Mortgage Insurance (% of loan amount)  | 0.85%  | 0.85%            |

**Notes:**

1. Per the City of Richmond ordinance and the California Health and Safety code.
2. Property tax rate is inclusive of ad valorem taxes, fixed charges and assessments.
3. Estimated from quotes obtained from Farmers Insurance. For the townhome unit, estimate reflects a 'walls-in' policy. Insurance applicable to the structure is assumed to be paid through the HOA.
4. Urban Institute. "Mortgage Insurance: Data at a Glance."
5. Average mortgage interest rate for prior 6 months derived from Freddie Mac Primary Mortgage Market Survey.

## Appendix B – Rental Pro Formas

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**Appendix Table B - 1**
**Apartment Pro Forma with Payment of Existing In-Lieu Fee**
**Residential Feasibility Analysis**
**City of Richmond, CA**
**Working Draft September 21, 2018**

|   | Lower Density Apartments<br>(Zone 1) |                |           | Higher Density Apartments<br>(Zone 1) |                |     | Lower Density Apartments<br>(Zone 3) |                |     | Higher Density Apartments<br>(Zone 3) |                |     |
|---|--------------------------------------|----------------|-----------|---------------------------------------|----------------|-----|--------------------------------------|----------------|-----|---------------------------------------|----------------|-----|
| Average Unit Size                       | 900 sf                               |                |           | 800 sf                                |                |     | 900 sf                               |                |     | 800 sf                                |                |     |
| Number of Bedrooms                      | 2 Bedrooms                           |                |           | 2 Bedrooms                            |                |     | 2 Bedrooms                           |                |     | 2 Bedrooms                            |                |     |
| DU/Acre                                 | 30 du/acre                           |                |           | 60 du/acre                            |                |     | 30 du/acre                           |                |     | 60 du/acre                            |                |     |
| Parking Type                            | Surface Parking                      |                |           | Podium Parking                        |                |     | Surface Parking                      |                |     | Podium Parking                        |                |     |
| Parking Ratio                           | 1.2 sp/unit                          |                |           | 1.2 sp/unit                           |                |     | 1.2 sp/unit                          |                |     | 1.2 sp/unit                           |                |     |
| <b>Development Costs</b>                | <u>\$/SF</u>                         | <u>Total</u>   |           | <u>\$/SF</u>                          | <u>Total</u>   |     | <u>\$/SF</u>                         | <u>Total</u>   |     | <u>\$/SF</u>                          | <u>Total</u>   |     |
| <u>Directs</u> (incl. sitework)         | \$250                                | \$225,000      |           | \$330                                 | \$264,000      |     | \$250                                | \$225,000      |     | \$325                                 | \$260,000      |     |
| <u>Indirects</u>                        |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| A&E                                     | \$12                                 | \$11,000       | 5%        | \$16                                  | \$13,000       | 5%  | \$12                                 | \$11,000       | 5%  | \$16                                  | \$13,000       | 5%  |
| Fees & Permits (excl. in-lieu fee)      | \$49                                 | \$44,000       | 20%       | \$56                                  | \$45,000       | 17% | \$49                                 | \$44,000       | 20% | \$56                                  | \$45,000       | 17% |
| In-Lieu Fee                             | \$11                                 | \$10,000       | 4%        | \$11                                  | \$8,900        | 3%  | \$11                                 | \$10,000       | 4%  | \$11                                  | \$8,900        | 3%  |
| Overhead & Administration               | \$10                                 | \$9,000        | 4%        | \$14                                  | \$11,000       | 4%  | \$10                                 | \$9,000        | 4%  | \$13                                  | \$10,000       | 4%  |
| Other Indirects                         | \$16                                 | \$14,000       | 6%        | \$20                                  | \$16,000       | 6%  | \$16                                 | \$14,000       | 6%  | \$20                                  | \$16,000       | 6%  |
| Debt Financing Costs                    | \$13                                 | \$12,000       | 5%        | \$15                                  | \$12,000       | 5%  | \$12                                 | \$11,000       | 5%  | \$14                                  | \$11,000       | 4%  |
| Total Indirects                         | \$111                                | \$100,000      | 44%       | \$132                                 | \$105,900      | 40% | \$110                                | \$99,000       | 44% | \$130                                 | \$103,900      | 40% |
| Total Costs before Land                 | \$361                                | \$325,000      |           | \$462                                 | \$369,900      |     | \$360                                | \$324,000      |     | \$455                                 | \$363,900      |     |
| <b>Operating Income</b>                 |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| Monthly Rent - Mkt Units                | 100%                                 | \$3,050        |           | \$2,900                               |                |     | \$2,800                              |                |     | \$2,650                               |                |     |
| Monthly Rent - Aff Units @60% AMI       | 0%                                   | \$1,390        |           | \$1,390                               |                |     | \$1,390                              |                |     | \$1,390                               |                |     |
| Gross Rent / Yr (avg. mkt & affordable) | 100%                                 | \$41           | \$36,600  | \$44                                  | \$34,800       |     | \$37                                 | \$33,600       |     | \$40                                  | \$31,800       |     |
| Other Income                            |                                      | \$400          |           | \$400                                 |                |     | \$400                                |                |     | \$400                                 |                |     |
| (Less) Oper. Exp, Vacancy, Property Tax |                                      | (\$15)         | (13,300)  | (\$16)                                | (13,000)       |     | (\$14)                               | (12,600)       |     | (\$15)                                | (12,200)       |     |
| Net Operating Income (NOI)              |                                      | \$26           | \$23,700  | \$28                                  | \$22,200       |     | \$24                                 | \$21,400       |     | \$25                                  | \$20,000       |     |
| Threshold Return on Cost <sup>(1)</sup> |                                      | 5.75%          |           | 5.75%                                 |                |     | 5.75%                                |                |     | 5.75%                                 |                |     |
| Total Supported Private Investment      |                                      | \$458          | \$412,000 | \$483                                 | \$386,000      |     | \$413                                | \$372,000      |     | \$435                                 | \$348,000      |     |
|   | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |           | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     |
| <b>Residual Land Value</b>              | \$60                                 | \$87,000       |           | \$22                                  | \$16,100       |     | \$33                                 | \$48,000       |     | (\$22)                                | (\$15,900)     |     |

(1) Blended return on cost including 0.5% premium for affordable units as a reflection of their reduced rent growth potential.

**Appendix Table B - 2**  
**Apartment Pro Forma - 10% @ 70% AMI**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

**Working Draft September 21, 2018**

|   | Lower Density Apartments<br>(Zone 1) |                |           | Higher Density Apartments<br>(Zone 1) |                |     | Lower Density Apartments<br>(Zone 3) |                |     | Higher Density Apartments<br>(Zone 3) |                |     |
|---|--------------------------------------|----------------|-----------|---------------------------------------|----------------|-----|--------------------------------------|----------------|-----|---------------------------------------|----------------|-----|
| Average Unit Size                       | 900 sf                               |                |           | 800 sf                                |                |     | 900 sf                               |                |     | 800 sf                                |                |     |
| Number of Bedrooms                      | 2 Bedrooms                           |                |           | 2 Bedrooms                            |                |     | 2 Bedrooms                           |                |     | 2 Bedrooms                            |                |     |
| DU/Acre                                 | 30 du/acre                           |                |           | 60 du/acre                            |                |     | 30 du/acre                           |                |     | 60 du/acre                            |                |     |
| Parking Type                            | Surface Parking                      |                |           | Podium Parking                        |                |     | Surface Parking                      |                |     | Podium Parking                        |                |     |
| Parking Ratio                           | 1.2 sp/unit                          |                |           | 1.2 sp/unit                           |                |     | 1.2 sp/unit                          |                |     | 1.2 sp/unit                           |                |     |
| <b>Development Costs</b>                | <u>\$/SF</u>                         | <u>Total</u>   |           | <u>\$/SF</u>                          | <u>Total</u>   |     | <u>\$/SF</u>                         | <u>Total</u>   |     | <u>\$/SF</u>                          | <u>Total</u>   |     |
| <u>Directs</u> (incl. sitework)         | \$250                                | \$225,000      |           | \$330                                 | \$264,000      |     | \$250                                | \$225,000      |     | \$325                                 | \$260,000      |     |
| <u>Indirects</u>                        |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| A&E                                     | \$12                                 | \$11,000       | 5%        | \$16                                  | \$13,000       | 5%  | \$12                                 | \$11,000       | 5%  | \$16                                  | \$13,000       | 5%  |
| Fees & Permits (excl. in-lieu fee)      | \$49                                 | \$44,000       | 20%       | \$56                                  | \$45,000       | 17% | \$49                                 | \$44,000       | 20% | \$56                                  | \$45,000       | 17% |
| In-Lieu Fee                             | \$11                                 | \$10,000       | 4%        | \$11                                  | \$8,900        | 3%  | \$11                                 | \$10,000       | 4%  | \$11                                  | \$8,900        | 3%  |
| Overhead & Administration               | \$10                                 | \$9,000        | 4%        | \$14                                  | \$11,000       | 4%  | \$10                                 | \$9,000        | 4%  | \$13                                  | \$10,000       | 4%  |
| Other Indirects                         | \$16                                 | \$14,000       | 6%        | \$20                                  | \$16,000       | 6%  | \$16                                 | \$14,000       | 6%  | \$20                                  | \$16,000       | 6%  |
| Debt Financing Costs                    | \$13                                 | \$12,000       | 5%        | \$14                                  | \$11,000       | 4%  | \$12                                 | \$11,000       | 5%  | \$13                                  | \$10,000       | 4%  |
| Total Indirects                         | \$111                                | \$100,000      | 44%       | \$131                                 | \$104,900      | 40% | \$110                                | \$99,000       | 44% | \$129                                 | \$102,900      | 40% |
| Total Costs before Land                 | \$361                                | \$325,000      |           | \$461                                 | \$368,900      |     | \$360                                | \$324,000      |     | \$454                                 | \$362,900      |     |
| <b>Operating Income</b>                 |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| Monthly Rent - Mkt Units                | 90%                                  | \$3,050        |           | \$2,900                               |                |     | \$2,800                              |                |     | \$2,650                               |                |     |
| Monthly Rent - Aff Units @70% AMI       | 10%                                  | <u>\$1,638</u> |           | <u>\$1,638</u>                        |                |     | <u>\$1,638</u>                       |                |     | <u>\$1,638</u>                        |                |     |
| Gross Rent / Yr (avg. mkt & affordable) | 100%                                 | \$39           | \$34,905  | \$42                                  | \$33,285       |     | \$36                                 | \$32,205       |     | \$38                                  | \$30,585       |     |
| Other Income                            |                                      | \$400          |           | \$400                                 |                |     | \$400                                |                |     | \$400                                 |                |     |
| (Less) Oper. Exp, Vacancy, Property Tax |                                      | (\$14)         | (12,900)  | (\$16)                                | (12,500)       |     | (\$14)                               | (12,300)       |     | (\$15)                                | (\$11,800)     |     |
| Net Operating Income (NOI)              |                                      | \$25           | \$22,405  | \$26                                  | \$21,185       |     | \$23                                 | \$20,305       |     | \$24                                  | \$19,185       |     |
| Threshold Return on Cost <sup>(1)</sup> |                                      | 5.80%          |           | 5.80%                                 |                |     | 5.80%                                |                |     | 5.80%                                 |                |     |
| Total Supported Private Investment      |                                      | \$429          | \$386,000 | \$456                                 | \$365,000      |     | \$389                                | \$350,000      |     | \$414                                 | \$331,000      |     |
|   | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |           | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     |
| <b>Residual Land Value</b>              | \$42                                 | \$61,000       |           | (\$5)                                 | (\$3,900)      |     | \$18                                 | \$26,000       |     | (\$44)                                | (\$31,900)     |     |

(1) Blended return on cost including 0.5% premium for affordable units as a reflection of their reduced rent growth potential.

**Appendix Table B - 3**  
**Apartment Pro Forma - 10% @ 60% AMI**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

**Working Draft September 21, 2018**

|   | Lower Density Apartments<br>(Zone 1) |                |           | Higher Density Apartments<br>(Zone 1) |                |     | Lower Density Apartments<br>(Zone 3) |                |     | Higher Density Apartments<br>(Zone 3) |                |     |
|---|--------------------------------------|----------------|-----------|---------------------------------------|----------------|-----|--------------------------------------|----------------|-----|---------------------------------------|----------------|-----|
| Average Unit Size                       | 900 sf                               |                |           | 800 sf                                |                |     | 900 sf                               |                |     | 800 sf                                |                |     |
| Number of Bedrooms                      | 2 Bedrooms                           |                |           | 2 Bedrooms                            |                |     | 2 Bedrooms                           |                |     | 2 Bedrooms                            |                |     |
| DU/Acre                                 | 30 du/acre                           |                |           | 60 du/acre                            |                |     | 30 du/acre                           |                |     | 60 du/acre                            |                |     |
| Parking Type                            | Surface Parking                      |                |           | Podium Parking                        |                |     | Surface Parking                      |                |     | Podium Parking                        |                |     |
| Parking Ratio                           | 1.2 sp/unit                          |                |           | 1.2 sp/unit                           |                |     | 1.2 sp/unit                          |                |     | 1.2 sp/unit                           |                |     |
| <b>Development Costs</b>                | <u>\$/SF</u>                         | <u>Total</u>   |           | <u>\$/SF</u>                          | <u>Total</u>   |     | <u>\$/SF</u>                         | <u>Total</u>   |     | <u>\$/SF</u>                          | <u>Total</u>   |     |
| <u>Directs</u> (incl. sitework)         | \$250                                | \$225,000      |           | \$330                                 | \$264,000      |     | \$250                                | \$225,000      |     | \$325                                 | \$260,000      |     |
| <u>Indirects</u>                        |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| A&E                                     | \$12                                 | \$11,000       | 5%        | \$16                                  | \$13,000       | 5%  | \$12                                 | \$11,000       | 5%  | \$16                                  | \$13,000       | 5%  |
| Fees & Permits (excl. in-lieu fee)      | \$49                                 | \$44,000       | 20%       | \$56                                  | \$45,000       | 17% | \$49                                 | \$44,000       | 20% | \$56                                  | \$45,000       | 17% |
| In-Lieu Fee                             | \$11                                 | \$10,000       | 4%        | \$11                                  | \$8,900        | 3%  | \$11                                 | \$10,000       | 4%  | \$11                                  | \$8,900        | 3%  |
| Overhead & Administration               | \$10                                 | \$9,000        | 4%        | \$14                                  | \$11,000       | 4%  | \$10                                 | \$9,000        | 4%  | \$13                                  | \$10,000       | 4%  |
| Other Indirects                         | \$16                                 | \$14,000       | 6%        | \$20                                  | \$16,000       | 6%  | \$16                                 | \$14,000       | 6%  | \$20                                  | \$16,000       | 6%  |
| Debt Financing Costs                    | \$13                                 | \$12,000       | 5%        | \$14                                  | \$11,000       | 4%  | \$12                                 | \$11,000       | 5%  | \$13                                  | \$10,000       | 4%  |
| Total Indirects                         | \$111                                | \$100,000      | 44%       | \$131                                 | \$104,900      | 40% | \$110                                | \$99,000       | 44% | \$129                                 | \$102,900      | 40% |
| Total Costs before Land                 | \$361                                | \$325,000      |           | \$461                                 | \$368,900      |     | \$360                                | \$324,000      |     | \$454                                 | \$362,900      |     |
| <b>Operating Income</b>                 |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| Monthly Rent - Mkt Units                | 90%                                  | \$3,050        |           | \$2,900                               |                |     | \$2,800                              |                |     | \$2,650                               |                |     |
| Monthly Rent - Aff Units @60% AMI       | 10%                                  | <u>\$1,390</u> |           | <u>\$1,390</u>                        |                |     | <u>\$1,390</u>                       |                |     | <u>\$1,390</u>                        |                |     |
| Gross Rent / Yr (avg. mkt & affordable) | 100%                                 | \$38           | \$34,608  | \$41                                  | \$32,988       |     | \$35                                 | \$31,908       |     | \$38                                  | \$30,288       |     |
| Other Income                            |                                      | \$400          |           | \$400                                 |                |     | \$400                                |                |     | \$400                                 |                |     |
| (Less) Oper. Exp, Vacancy, Property Tax |                                      | (\$14)         | (12,900)  | (\$16)                                | (12,500)       |     | (\$14)                               | (12,200)       |     | (\$15)                                | (11,800)       |     |
| Net Operating Income (NOI)              |                                      | \$25           | \$22,108  | \$26                                  | \$20,888       |     | \$22                                 | \$20,108       |     | \$24                                  | \$18,888       |     |
| Threshold Return on Cost <sup>(1)</sup> |                                      | 5.80%          |           | 5.80%                                 |                |     | 5.80%                                |                |     | 5.80%                                 |                |     |
| Total Supported Private Investment      |                                      | \$423          | \$381,000 | \$450                                 | \$360,000      |     | \$386                                | \$347,000      |     | \$408                                 | \$326,000      |     |
|   | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |           | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     |
| <b>Residual Land Value</b>              | \$39                                 | \$56,000       |           | (\$12)                                | (\$8,900)      |     | \$16                                 | \$23,000       |     | (\$51)                                | (\$36,900)     |     |

(1) Blended return on cost including 0.5% premium for affordable units as a reflection of their reduced rent growth potential.

**Appendix Table B - 4**  
**Apartment Pro Forma - 10% @ 50% AMI**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

**Working Draft September 21, 2018**

|   | Lower Density Apartments<br>(Zone 1) |                |           | Higher Density Apartments<br>(Zone 1) |                |     | Lower Density Apartments<br>(Zone 3) |                |     | Higher Density Apartments<br>(Zone 3) |                |     |
|---|--------------------------------------|----------------|-----------|---------------------------------------|----------------|-----|--------------------------------------|----------------|-----|---------------------------------------|----------------|-----|
| Average Unit Size                       | 900 sf                               |                |           | 800 sf                                |                |     | 900 sf                               |                |     | 800 sf                                |                |     |
| Number of Bedrooms                      | 2 Bedrooms                           |                |           | 2 Bedrooms                            |                |     | 2 Bedrooms                           |                |     | 2 Bedrooms                            |                |     |
| DU/Acre                                 | 30 du/acre                           |                |           | 60 du/acre                            |                |     | 30 du/acre                           |                |     | 60 du/acre                            |                |     |
| Parking Type                            | Surface Parking                      |                |           | Podium Parking                        |                |     | Surface Parking                      |                |     | Podium Parking                        |                |     |
| Parking Ratio                           | 1.2 sp/unit                          |                |           | 1.2 sp/unit                           |                |     | 1.2 sp/unit                          |                |     | 1.2 sp/unit                           |                |     |
| <b>Development Costs</b>                | <u>\$/SF</u>                         | <u>Total</u>   |           | <u>\$/SF</u>                          | <u>Total</u>   |     | <u>\$/SF</u>                         | <u>Total</u>   |     | <u>\$/SF</u>                          | <u>Total</u>   |     |
| <u>Directs</u> (incl. sitework)         | \$250                                | \$225,000      |           | \$330                                 | \$264,000      |     | \$250                                | \$225,000      |     | \$325                                 | \$260,000      |     |
| <u>Indirects</u>                        |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| A&E                                     | \$12                                 | \$11,000       | 5%        | \$16                                  | \$13,000       | 5%  | \$12                                 | \$11,000       | 5%  | \$16                                  | \$13,000       | 5%  |
| Fees & Permits (excl. in-lieu fee)      | \$49                                 | \$44,000       | 20%       | \$56                                  | \$45,000       | 17% | \$49                                 | \$44,000       | 20% | \$56                                  | \$45,000       | 17% |
| In-Lieu Fee                             | \$11                                 | \$10,000       | 4%        | \$11                                  | \$8,900        | 3%  | \$11                                 | \$10,000       | 4%  | \$11                                  | \$8,900        | 3%  |
| Overhead & Administration               | \$10                                 | \$9,000        | 4%        | \$14                                  | \$11,000       | 4%  | \$10                                 | \$9,000        | 4%  | \$13                                  | \$10,000       | 4%  |
| Other Indirects                         | \$16                                 | \$14,000       | 6%        | \$20                                  | \$16,000       | 6%  | \$16                                 | \$14,000       | 6%  | \$20                                  | \$16,000       | 6%  |
| Debt Financing Costs                    | \$13                                 | \$12,000       | 5%        | \$14                                  | \$11,000       | 4%  | \$12                                 | \$11,000       | 5%  | \$13                                  | \$10,000       | 4%  |
| Total Indirects                         | \$111                                | \$100,000      | 44%       | \$131                                 | \$104,900      | 40% | \$110                                | \$99,000       | 44% | \$129                                 | \$102,900      | 40% |
| Total Costs before Land                 | \$361                                | \$325,000      |           | \$461                                 | \$368,900      |     | \$360                                | \$324,000      |     | \$454                                 | \$362,900      |     |
| <b>Operating Income</b>                 |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| Monthly Rent - Mkt Units                | 90%                                  | \$3,050        |           | \$2,900                               |                |     | \$2,800                              |                |     | \$2,650                               |                |     |
| Monthly Rent - Aff Units @50% AMI       | 10%                                  | <u>\$1,142</u> |           | <u>\$1,142</u>                        |                |     | <u>\$1,142</u>                       |                |     | <u>\$1,142</u>                        |                |     |
| Gross Rent / Yr (avg. mkt & affordable) | 100%                                 | \$38           | \$34,310  | \$41                                  | \$32,690       |     | \$35                                 | \$31,610       |     | \$37                                  | \$29,990       |     |
| Other Income                            |                                      | \$400          |           | \$400                                 |                |     | \$400                                |                |     | \$400                                 |                |     |
| (Less) Oper. Exp, Vacancy, Property Tax |                                      | (\$14)         | (12,800)  | (\$16)                                | (12,400)       |     | (\$13)                               | (12,100)       |     | (\$15)                                | (11,700)       |     |
| Net Operating Income (NOI)              |                                      | \$24           | \$21,910  | \$26                                  | \$20,690       |     | \$22                                 | \$19,910       |     | \$23                                  | \$18,690       |     |
| Threshold Return on Cost <sup>(1)</sup> |                                      | 5.80%          |           | 5.80%                                 |                |     | 5.80%                                |                |     | 5.80%                                 |                |     |
| Total Supported Private Investment      |                                      | \$420          | \$378,000 | \$446                                 | \$357,000      |     | \$381                                | \$343,000      |     | \$403                                 | \$322,000      |     |
|   | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |           | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     |
| <b>Residual Land Value</b>              | \$37                                 | \$53,000       |           | (\$16)                                | (\$11,900)     |     | \$13                                 | \$19,000       |     | (\$56)                                | (\$40,900)     |     |

(1) Blended return on cost including 0.5% premium for affordable units as a reflection of their reduced rent growth potential.

**Appendix Table B - 5**
**Apartment Pro Forma - Hypothetical Scenario With No Requirement**
**Residential Feasibility Analysis**
**City of Richmond, CA**
**Working Draft September 21, 2018**

|   | Lower Density Apartments<br>(Zone 1) |                |           | Higher Density Apartments<br>(Zone 1) |                |     | Lower Density Apartments<br>(Zone 3) |                |     | Higher Density Apartments<br>(Zone 3) |                |     |
|---|--------------------------------------|----------------|-----------|---------------------------------------|----------------|-----|--------------------------------------|----------------|-----|---------------------------------------|----------------|-----|
| Average Unit Size                       | 900 sf                               |                |           | 800 sf                                |                |     | 900 sf                               |                |     | 800 sf                                |                |     |
| Number of Bedrooms                      | 2 Bedrooms                           |                |           | 2 Bedrooms                            |                |     | 2 Bedrooms                           |                |     | 2 Bedrooms                            |                |     |
| DU/Acre                                 | 30 du/acre                           |                |           | 60 du/acre                            |                |     | 30 du/acre                           |                |     | 60 du/acre                            |                |     |
| Parking Type                            | Surface Parking                      |                |           | Podium Parking                        |                |     | Surface Parking                      |                |     | Podium Parking                        |                |     |
| Parking Ratio                           | 1.2 sp/unit                          |                |           | 1.2 sp/unit                           |                |     | 1.2 sp/unit                          |                |     | 1.2 sp/unit                           |                |     |
| <b>Development Costs</b>                | <u>\$/SF</u>                         | <u>Total</u>   |           | <u>\$/SF</u>                          | <u>Total</u>   |     | <u>\$/SF</u>                         | <u>Total</u>   |     | <u>\$/SF</u>                          | <u>Total</u>   |     |
| <u>Directs</u> (incl. sitework)         | \$250                                | \$225,000      |           | \$330                                 | \$264,000      |     | \$250                                | \$225,000      |     | \$325                                 | \$260,000      |     |
| <u>Indirects</u>                        |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| A&E                                     | \$12                                 | \$11,000       | 5%        | \$16                                  | \$13,000       | 5%  | \$12                                 | \$11,000       | 5%  | \$16                                  | \$13,000       | 5%  |
| Fees & Permits (excl. in-lieu fee)      | \$49                                 | \$44,000       | 20%       | \$56                                  | \$45,000       | 17% | \$49                                 | \$44,000       | 20% | \$56                                  | \$45,000       | 17% |
| In-Lieu Fee                             | \$0                                  |                | 0%        | \$0                                   |                | 0%  | \$0                                  |                | 0%  | \$0                                   |                | 0%  |
| Overhead & Administration               | \$10                                 | \$9,000        | 4%        | \$14                                  | \$11,000       | 4%  | \$10                                 | \$9,000        | 4%  | \$13                                  | \$10,000       | 4%  |
| Other Indirects                         | \$16                                 | \$14,000       | 6%        | \$20                                  | \$16,000       | 6%  | \$16                                 | \$14,000       | 6%  | \$20                                  | \$16,000       | 6%  |
| Debt Financing Costs                    | \$14                                 | \$13,000       | 6%        | \$15                                  | \$12,000       | 5%  | \$12                                 | \$11,000       | 5%  | \$14                                  | \$11,000       | 4%  |
| Total Indirects                         | \$101                                | \$91,000       | 40%       | \$121                                 | \$97,000       | 37% | \$99                                 | \$89,000       | 40% | \$119                                 | \$95,000       | 37% |
| Total Costs before Land                 | \$351                                | \$316,000      |           | \$451                                 | \$361,000      |     | \$349                                | \$314,000      |     | \$444                                 | \$355,000      |     |
| <b>Operating Income</b>                 |                                      |                |           |                                       |                |     |                                      |                |     |                                       |                |     |
| Monthly Rent - Mkt Units                | 100%                                 | \$3,050        |           | \$2,900                               |                |     | \$2,800                              |                |     | \$2,650                               |                |     |
| Monthly Rent - Aff Units @80% AMI       | 0%                                   | <u>\$1,638</u> |           | <u>\$1,638</u>                        |                |     | <u>\$1,638</u>                       |                |     | <u>\$1,638</u>                        |                |     |
| Gross Rent / Yr (avg. mkt & affordable) | 100%                                 | \$41           | \$36,600  | \$44                                  | \$34,800       |     | \$37                                 | \$33,600       |     | \$40                                  | \$31,800       |     |
| Other Income                            |                                      |                | \$400     |                                       | \$400          |     |                                      | \$400          |     |                                       | \$400          |     |
| (Less) Oper. Exp, Vacancy, Property Tax |                                      | (\$15)         | (13,400)  | (\$16)                                | (13,000)       |     | (\$14)                               | (12,700)       |     | (\$15)                                | (12,200)       |     |
| Net Operating Income (NOI)              |                                      | \$26           | \$23,600  | \$28                                  | \$22,200       |     | \$24                                 | \$21,300       |     | \$25                                  | \$20,000       |     |
| Threshold Return on Cost <sup>(1)</sup> |                                      | 5.75%          |           | 5.75%                                 |                |     | 5.75%                                |                |     | 5.75%                                 |                |     |
| Total Supported Private Investment      |                                      | \$456          | \$410,000 | \$483                                 | \$386,000      |     | \$411                                | \$370,000      |     | \$435                                 | \$348,000      |     |
|   | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |           | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                    | <u>\$/Unit</u> |     | <u>\$/Land SF</u>                     | <u>\$/Unit</u> |     |
| <b>Residual Land Value</b>              |                                      | \$65           | \$94,000  | \$34                                  | \$25,000       |     | \$39                                 | \$56,000       |     | (\$10)                                | (\$7,000)      |     |

(1) Blended return on cost including 0.5% premium for affordable units as a reflection of their reduced rent growth potential.

**Appendix Table B - 6**  
**Affordable Rents**  
**Residential Feasibility Analysis**  
**City of Richmond**

**Working Draft September 21, 2018**

| Unit Size      | 1-Bedroom Unit | 2-Bedroom Unit | 3-Bedroom Unit |
|----------------|----------------|----------------|----------------|
| Household Size | 2-person HH    | 3-person HH    | 4-person HH    |

**Moderate Income**

|  |          |           |           |
|--|----------|-----------|-----------|
| Median Income - Contra Costa County 2018   | \$83,500 | \$99,175  | \$104,400 |
| Annual Income @ 110%                       | \$91,850 | \$109,093 | \$114,840 |
| % Available for Housing Costs              | 30%      | 30%       | 30%       |
| Annual Income Available for Housing Costs  | \$27,555 | \$32,728  | \$34,452  |
| Monthly Income Available for Housing Costs | \$2,296  | \$2,727   | \$2,871   |
| (Less) Utility Allowances                  | (\$76)   | (\$98)    | (\$118)   |
| Maximum Monthly Rent                       | \$2,220  | \$2,629   | \$2,753   |

**Low Income @70% AMI**

|  |          |          |           |
|--|----------|----------|-----------|
| Median Income - Contra Costa County 2018   | \$83,500 | \$99,175 | \$104,400 |
| Annual Income @ 70%                        | \$58,450 | \$69,423 | \$73,080  |
| % Available for Housing Costs              | 30%      | 30%      | 30%       |
| Annual Income Available for Housing Costs  | \$17,535 | \$20,827 | \$21,924  |
| Monthly Income Available for Housing Costs | \$1,461  | \$1,736  | \$1,827   |
| (Less) Utility Allowances                  | (\$76)   | (\$98)   | (\$118)   |
| Maximum Monthly Rent                       | \$1,385  | \$1,638  | \$1,709   |

**Low Income @60% AMI**

|  |          |          |           |
|--|----------|----------|-----------|
| Median Income - Contra Costa County 2018   | \$83,500 | \$99,175 | \$104,400 |
| Annual Income @ 60%                        | \$50,100 | \$59,505 | \$62,640  |
| % Available for Housing Costs              | 30%      | 30%      | 30%       |
| Annual Income Available for Housing Costs  | \$15,030 | \$17,852 | \$18,792  |
| Monthly Income Available for Housing Costs | \$1,253  | \$1,488  | \$1,566   |
| (Less) Utility Allowances                  | (\$76)   | (\$98)   | (\$118)   |
| Maximum Monthly Rent                       | \$1,177  | \$1,390  | \$1,448   |

**Very Low Income**

|  |          |          |           |
|--|----------|----------|-----------|
| Median Income - Contra Costa County 2018   | \$83,500 | \$99,175 | \$104,400 |
| Annual Income @ 50%                        | \$41,750 | \$49,588 | \$52,200  |
| % Available for Housing Costs              | 30%      | 30%      | 30%       |
| Annual Income Available for Housing Costs  | \$12,525 | \$14,876 | \$15,660  |
| Monthly Income Available for Housing Costs | \$1,044  | \$1,240  | \$1,305   |
| (Less) Utility Allowances                  | (\$76)   | (\$98)   | (\$118)   |
| Maximum Monthly Rent                       | \$968    | \$1,142  | \$1,187   |



## Appendix C – Market Data

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**Appendix Table C - 1**  
**Homes Built Since 2010 and Sold in 2017/2018**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

**Working Draft September 21, 2018**

| <b>Address</b>                  | <b>Zip</b> | <b># Bed</b> | <b># Bath</b> | <b>SF</b> | <b>Sale Price</b> | <b>\$/SF</b> | <b>Yr Built</b> | <b>Sale Date</b> |
|---------------------------------|------------|--------------|---------------|-----------|-------------------|--------------|-----------------|------------------|
| <b>Single Family Detached</b>   |            |              |               |           |                   |              |                 |                  |
| 5324 Club Ct                    | 94806      | 3            | 3             | 1,798     | \$585,000         | \$325        | 2015            | 02/20/2018       |
| 604 Thomas Dr                   | 94806      | 4            | 2             | 1,474     | \$425,000         | \$288        | 2015            | 01/13/2017       |
| 500 Tremont Ave                 | 94801      | 3            | 3             | 2,210     | \$1,250,000       | \$566        | 2014            | 11/06/2017       |
| 5312 Birdie Ct                  | 94806      | 3            | 3             | 1,970     | \$583,000         | \$296        | 2010            | 04/20/2018       |
| 5305 Birdie Ct                  | 94806      | 3            | 3             | 1,970     | \$525,000         | \$266        | 2010            | 09/15/2017       |
| <b>Condominiums / Townhomes</b> |            |              |               |           |                   |              |                 |                  |
| <u>Marina Bay</u>               |            |              |               |           |                   |              |                 |                  |
| 702 Jetty Dr                    | 94804      | 2            | 3             | 1,215     | \$571,000         | \$470        | 2016            | 12/27/2017       |
| 1007 Maritime Way               | 94804      | 2            | 3             | 1,215     | \$557,500         | \$459        | 2015            | 07/06/2017       |
| 203 Jetty Dr                    | 94804      | 3            | 4             | 1,556     | \$569,500         | \$366        | 2016            | 01/09/2017       |
| 303 Jetty Dr                    | 94804      | 3            | 4             | 1,556     | \$563,000         | \$362        | 2016            | 01/09/2017       |
| 605 Jetty Dr                    | 94804      | 3            | 4             | 1,946     | \$550,000         | \$283        | 2016            | 10/16/2017       |
| 604 Jetty Dr                    | 94804      | 3            | 4             | 1,556     | \$608,182         | \$391        | 2016            | 01/09/2017       |
| 603 Jetty Dr                    | 94804      | 3            | 4             | 1,556     | \$567,000         | \$364        | 2016            | 01/09/2017       |
| 602 Jetty Dr                    | 94804      | 3            | 4             | 1,946     | \$660,000         | \$339        | 2016            | 03/13/2017       |
| 601 Jetty Dr                    | 94804      | 3            | 4             | 1,946     | \$620,000         | \$319        | 2016            | 01/09/2017       |
| 704 Jetty Dr                    | 94804      | 3            | 4             | 1,556     | \$620,000         | \$398        | 2016            | 04/20/2017       |
| 1005 Maritime Way               | 94804      | 3            | 4             | 1,946     | \$672,000         | \$345        | 2015            | 01/09/2017       |
| 1806 Maritime Way               | 94804      | 3            | 4             | 1,946     | \$560,500         | \$288        | 2015            | 09/19/2017       |
| 1103 Maritime Way               | 94804      | 3            | 4             | 1,556     | \$675,000         | \$434        | 2015            | 02/28/2018       |
| 1203 Maritime Way               | 94804      | 3            | 3             | 1,331     | \$605,000         | \$455        | 2010            | 04/30/2018       |
| 2016 Northshore Dr              | 94804      | 2            | 2             | 1,134     | \$550,000         | \$485        | 2010            | 07/11/2017       |
| 2002 Northshore Dr              | 94804      | 2            | 3             | 1,305     | \$588,000         | \$451        | 2010            | 08/31/2017       |
| 2461 Day Sailor Ct              | 94804      | 2            | 2             | 1,134     | \$526,000         | \$464        | 2010            | 04/24/2017       |
| 2459 Day Sailor Ct              | 94804      | 3            | 2             | 1,388     | \$580,000         | \$418        | 2010            | 08/30/2017       |
| 2553 Day Sailor Ct              | 94804      | 2            | 3             | 1,305     | \$625,000         | \$479        | 2010            | 06/13/2017       |

Source: Corelogic, May 2018.

Appendix Table C - 2  
**Current Residential Listings - Homes Built Since 2000**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

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Working Draft September 21, 2018

|                                  | <u>Square Feet</u> | <u>Lot Size</u> | <u>BRs</u> | <u>Bath</u> | <u>Year Built</u> | <u>Location</u> | <u>Price</u> | <u>\$/SF</u> |
|----------------------------------|--------------------|-----------------|------------|-------------|-------------------|-----------------|--------------|--------------|
| <b>Single Family Residential</b> |                    |                 |            |             |                   |                 |              |              |
| 201 Seaview Dr                   | 2,255              | 4,038           | 4          | 3.5         | 2004              | South of 580    | \$950,000    | \$421        |
| 312 Seacliff Way                 | 2,487              | 4,103           | 3          | 2.5         | 2004              | South of 580    | \$1,150,000  | \$462        |
| 1413 Sandpiper Spit              | 2,764              | 5,520           | 3          | 2.5         | 2002              | South of 580    | \$1,475,000  | \$534        |
| 5528 Horizon                     | 3,057              | 4,832           | 5          | 3           | 2005              | Hilltop         | \$595,000    | \$195        |
| 444 wood Gln                     | 3,260              | 5,880           | 5          | 3           | 2004              | Hilltop         | \$899,000    | \$276        |
| 852 Meadow View Dr               | 2,412              | 5,000           | 4          | 3           | 2002              | Hilltop         | \$719,000    | \$298        |
| 5712 McBryde Ave                 | 2,153              | 5,500           | 4          | 3           | 2018              | East of 80      | \$979,000    | \$455        |
| 1715 Giaramita St                | 1,061              | 2,500           | 3          | 2           | 2007              | Central         | \$375,000    | \$353        |
| 428 Malcolm                      | 2,055              | 2,600           | 4          | 2.5         | 2007              | Central         | \$580,000    | \$282        |
| 454 5th St                       | 998                | 2,827           | 3          | 2.5         | 2004              | Central         | \$395,000    | \$396        |
| 1734 Wood Pl                     | 2,025              | 4,684           | 4          | 3           | 2000              | Central         | \$499,900    | \$247        |
| <b>Condo/Townhome</b>            |                    |                 |            |             |                   |                 |              |              |
| 6 Waterline Pl                   | 2,116              |                 | 3          | 2.5         | 2018              | South of 580    | \$1,110,000  | \$525        |
| 57 Waterline Pl                  | 2,391              |                 | 2          | 2.5         | 2018              | South of 580    | \$858,000    | \$359        |
| 39 Waterline Pl                  | 2,076              |                 | 2          | 2.5         | 2018              | South of 580    | \$780,000    | \$376        |
| 26 Sunset Ln                     | 2,625              |                 | 3          | 2.5         | 2018              | South of 580    | \$1,340,000  | \$510        |
| 28 Sunset Ln                     | 2,296              |                 | 3          | 2.5         | 2018              | South of 580    | \$1,043,000  | \$454        |
| 212 Bayside Ct                   | 835                |                 | 1          | 1           | 2017              | South of 580    | \$425,000    | \$509        |
| 1508 Jetty Dr                    | 1,712              |                 | 3          | 3.5         | 2009              | South of 580    | \$649,000    | \$379        |

Source: Redfin.

**Appendix Table C - 3**  
**Apartment Rent Comparables**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

Working Draft September 21, 2018

|                                 | <u>Sq. Ft.</u> | <u>Monthly Rent</u> | <u>\$/SF</u> | <u>Notes</u>           |
|---------------------------------|----------------|---------------------|--------------|------------------------|
| <b>RICHMOND</b>                 |                |                     |              |                        |
| <u>The Point - South of 580</u> |                |                     |              |                        |
| 1 BD / 1 BA                     | 644            | \$2,400             | \$3.73       | 403 S Garrard Blvd.    |
| 1 BD / 1 BA                     | 778            | \$2,292             | \$2.95       | 27 Units               |
| 2 BD / 2 BA                     | 1,070          | \$3,800             | \$3.55       | Built 2017             |
| 2 BD / 2 BA                     | 1,062          | \$4,000             | \$3.77       |                        |
| 3 BD / 2 BA                     | 1,066          | \$3,500             | \$3.28       |                        |
| 3 BD / 2 BA                     | 1,231          | \$3,800             | \$3.09       |                        |
| <u>San Marcos - Hilltop</u>     |                |                     |              |                        |
| 1 BD / 1 BA                     | 738            | \$1,990             | \$2.70       | 2601 Hilltop Dr        |
| 1 BD / 1 BA                     | 742            | \$1,935             | \$2.61       | 432 Units              |
| 1 BD / 1 BA                     | 802            | \$2,127             | \$2.65       | Built 2002             |
| 1 BD / 1 BA                     | 904            | \$2,444             | \$2.70       |                        |
| 2 BD / 2 BA                     | 1,029          | \$2,609             | \$2.54       |                        |
| 2 BD / 2 BA                     | 1,101          | \$2,506             | \$2.28       |                        |
| 2 BD / 2 BA                     | 1,114          | \$2,503             | \$2.25       |                        |
| 2 BD / 2 BA                     | 1,189          | \$2,728             | \$2.29       |                        |
| <u>The Tides - Hilltop</u>      |                |                     |              |                        |
| 1 BD / 1 BA                     | 820            | \$2,421             | \$2.95       | 3185 Garrity Way       |
| 1 BD / 1 BA                     | 890            | \$2,460             | \$2.76       | 200 Units              |
| 1 BD / 1 BA                     | 850            | \$2,459             | \$2.89       | Built 2004             |
| 2 BD / 1 BA                     | 970            | \$2,629             | \$2.71       |                        |
| 2 BD / 2 BA                     | 1,025          | \$2,719             | \$2.65       |                        |
| 2 BD / 2 BA                     | 1,073          | \$2,996             | \$2.79       |                        |
| 2 BD / 2 BA                     | 1,073          | \$2,804             | \$2.61       |                        |
| <b>EL CERRITO</b>               |                |                     |              |                        |
| <u>Metro 510</u>                |                |                     |              |                        |
| Studio                          | 640            | \$2,690             | \$4.20       | 510 El Cerrito Plaza   |
| 1 BD / 1 BA                     | 847            | \$2,800             | \$3.31       | El Cerrito             |
| 2 BD / 2 BA                     | 1,057          | \$3,715             | \$3.51       | 128 Units              |
| 2 BD / 2 BA                     | 1,153          | \$3,690             | \$3.20       | Built 2017             |
| 3 BD / 2 BA                     | 1,446          | \$4,390             | \$3.04       |                        |
| <u>Village at Town Center</u>   |                |                     |              |                        |
| 1 BD / 1 BA                     | 595            | \$1,940             | \$3.26       | 10810 San Pablo Avenue |
| 1 BD / 1 BA                     | 607            | \$2,435             | \$4.01       | El Cerrito             |
| 1 BD / 1 BA                     | 610            | \$2,040             | \$3.34       | 159 Units              |
| 1 BD / 1 BA                     | 710            | \$2,185             | \$3.08       | Built 2007             |
| 1 BD / 1 BA                     | 737            | \$2,745             | \$3.72       |                        |
| 1 BD / 1 BA                     | 710            | \$2,295             | \$3.23       |                        |
| 2 BD / 2 BA                     | 962            | \$2,490             | \$2.59       |                        |
| 2 BD / 2 BA                     | 1,025          | \$2,585             | \$2.52       |                        |
| 2 BD / 2 BA                     | 1,075          | \$2,575             | \$2.40       |                        |
| 2 BD / 2 BA                     | 1,105          | \$2,735             | \$2.48       |                        |
| 2 BD / 2 BA                     | 1,150          | \$2,960             | \$2.57       |                        |

**Appendix Table C - 4**  
**Vacant Residential Land Sales, 2016-2018, by Zip Code**  
**Residential Feasibility Analysis**  
**City of Richmond, CA**

**Working Draft September 21, 2018**

|                    | <u>Zip Code</u> | <u>Price</u> | <u>Lot Size<br/>(Acres)</u> | <u>Lot Size (SF)</u> | <u>Price/SF</u> | <u>Count</u> |
|--------------------|-----------------|--------------|-----------------------------|----------------------|-----------------|--------------|
| Median             | All             | \$85,000     | 0.11                        | 5,000                | \$18            | 71           |
| Average            | All             | \$115,961    | 0.14                        | 5,936                | \$23            | 71           |
| Median by Zip Code |                 |              |                             |                      |                 |              |
|                    | 94801           | \$76,500     | 0.11                        | 5,000                | \$18            | 46           |
|                    | 94804           | \$62,850     | 0.06                        | 2,750                | \$25            | 8            |
|                    | 94805           | \$95,000     | 0.12                        | 5,250                | \$16            | 10           |

Source: Redfin