

MEMORANDUM

To: Steven Bocian, City of Pleasanton

From: Darin Smith and Michael Nimon

Subject: Housing Fee Survey and Development Feasibility Considerations; EPS #121115

Date: October 9, 2013

The Economics of Land Use



Economic & Planning Systems, Inc. (EPS) was retained by the City of Pleasanton (City) to update the existing fees that the City charges to market-rate housing and commercial development in support of the City's affordable housing program. As part of this goal, the analysis presented in this memorandum is designed to inform an optimum fee level that could be charged by the City without adversely affecting new development prospects. The fee level will be determined through policy implementation that will reflect a balance of the City's policy goals (economic development, housing production, etc.). An excessive financial burden on desired new development could thwart new growth. This analysis builds on the maximum nexus-based affordable housing fee estimates completed by EPS and is designed to supplement these studies to inform policy regarding an appropriate fee level. The previously established fee estimates represent the maximum fee level that would mitigate the impacts of new development on the affordable housing supply.

Feasibility considerations in this analysis combine the following two approaches:

- **Inclusionary fee survey.** EPS conducted a survey of fees imposed in other comparable jurisdictions in the Bay Area. The data includes the current fees by land use, implementation considerations, and date of adoption.
- **Financial feasibility analysis.** EPS developed pro formas for various uses that evaluate the financial impact of housing fees on developer returns on investment. This analysis assesses the extent to which the maximum impact fees reduce the return and informs a fee threshold at which development economics may be supported. It also compares maximum fee results to those under existing affordable housing policy.

*Economic & Planning Systems, Inc.
2501 Ninth Street, Suite 200
Berkeley, CA 94710-2257
510 841 9190 tel
510 841 9208 fax*

*Berkeley
Denver
Los Angeles
Sacramento*

www.epsys.com

Key Findings

- 1. The City's housing fee policy should reflect the City's broader objectives, including its affordability goals as well as its desired competitive position for regional growth and economic development.** To inform this discussion, EPS prepared a summary of fees imposed in other jurisdictions as well as pro forma analysis designed to test whether fee increases would result in any adverse impacts to financial feasibility of new development.
- 2. The maximum nexus-based fees calculated by EPS are higher than the City's current fees but generally within the range of those imposed in other jurisdictions.** The maximum fees calculated by EPS for new housing development are higher than those imposed in some Bay Area cities and counties, but lower than in others. The fees calculated for office and R&D/light industrial use are similarly within the range of those imposed elsewhere, but the maximum fees for retail and hotel/motel use are well beyond the norm.
- 3. For-sale residential uses appear able to financially support the maximum fee based on the nexus study while rental residential can support only a lower fee level.** For-sale residential uses generate substantial developer returns and their feasibility will not likely be adversely affected by a fee increase up to a maximum nexus-based level. Rental residential is marginally feasible even without increased housing fees, and any cost increase could compromise development feasibility of this product type.
- 4. None of the commercial uses can support the maximum fee based on the nexus study.** Office and R&D/light industrial development feasibility is currently challenged by relatively low lease rates compared to typical development costs. However, increasing the current \$2.83 per square foot fee to the maximum nexus-based fee of \$4.67 per square foot would represent a relatively small proportion of total development costs, and is not likely to substantially impact the overall economics of office and R&D/light industrial development. This fee level could potentially be supported by development economics in a stabilized market, especially if phased in over time.

Similar to office and R&D/light industrial uses, hotel/motel development in Pleasanton faces near-term feasibility challenges. An increase of the nexus-based fee to its maximum of nearly \$24 per square foot will likely further compromise or delay hotel feasibility.

Retail appears to be feasible in the near-term, based on typical lease rates and development costs. However, the maximum nexus-based fee for retail is very high (over \$100 per square foot) and will compromise new retail development if imposed at or near its maximum level.

Table 1 Current and Maximum Fees by Product Type

Item	Existing Fee		Maximum Fee	
	per unit	per sq.	per unit	per sq.
Residential				
Single Family Custom	\$10,713	\$2.14	\$34,392	\$6.88
Single Family Tract	\$10,713	\$3.57	\$27,187	\$9.06
Duplex	\$10,713	\$4.29	\$23,422	\$9.37
Condos/Townhomes	\$2,655	\$2.21	\$18,265	\$15.22
Apartments	\$2,655	\$2.66	\$15,694	\$15.69
Commercial				
Retail		\$2.83		\$108.24
Office		\$2.83		\$4.67
R&D/Light Industrial		\$2.83		\$4.67
Hotel/Motel		\$2.83		\$23.85

Affordable Housing Fee Survey

Methodology

EPS conducted a survey of inclusionary housing fees in jurisdictions comparable to Pleasanton. These jurisdictions include Tri-Valley cities as well as the broader Bay Area communities where fees have been recently updated. While this survey is not a comprehensive review of all fees in the Bay Area, it is designed to provide an “order of magnitude” and variance for fees charged by various jurisdictions.

Given the range of various types of charges (e.g. for unit, per square foot, percent of value), EPS normalized the fee schedules for the following three categories:

- **Residential For-Sale:** reflects a typical single-family detached 2,000-square foot unit
- **Residential Rental:** reflects a typical 1,000-square foot, 2-bedroom apartment
- **Commercial:** reflects fees charged for office, retail, industrial, hotel, and R&D development

The summary of the affordable housing fees for each category is provided below:

For-sale housing fees are compared in **Table 2**, and range between \$4,400 per unit in Napa and \$53,392 per unit in San Carlos based on a detached single-family home of 2,000 square feet. The maximum fees calculated by EPS for a 2,000-square foot home in Pleasanton are \$22,272 per unit¹, higher than fees in some jurisdictions but significantly lower than others. This maximum fee in Pleasanton is roughly equivalent to the fees charged in Livermore.

¹ Based on a for-sale residential housing fee for a 2,000 square foot unit as estimated in the *Nexus-Based Affordable Housing Fee Analysis for For-Sale Housing* Report completed by EPS on March 8, 2013.

Table 2 For-Sale Housing Fee Schedules

Item	In-Lieu/Impact Fee per Unit (Assumes 2,000 SF)
<u>Nexus-Based</u>	
San Carlos	\$53,392
Fremont	\$39,000
Walnut Creek	\$30,000
Napa County	\$14,000
Sonoma County	\$13,000
City of Napa	\$4,400
<u>Other Requirements</u>	
Livermore	\$23,299
Dublin	\$11,490
San Ramon	\$2,500
Pleasanton	
Current Fee	\$10,713
Updated Maximum	\$22,272

Rental housing fees are compared in **Table 3**, and range between \$1,250 per unit in San Ramon and \$28,000 per unit in Berkeley based on an apartment of 1,000 square feet. The maximum fee calculated for Pleasanton rental housing is \$15,694 per unit, roughly equivalent to Walnut Creek's fees and in the middle of the range of those surveyed.

Table 3 Rental Housing Fee Schedules

Item	In-Lieu/Impact Fee per Unit (Assumes 1,000 SF)
<u>Nexus-Based</u>	
Berkeley	\$28,000
San Carlos	\$26,696
Fremont	\$19,500
Walnut Creek	\$15,000
Mountain View	\$10,000
Napa County	\$5,500
City of Napa	\$3,750
Sonoma County	\$2,000
<u>Other Requirements</u>	
Livermore	\$23,299
Dublin	\$11,490
San Ramon	\$1,250
Pleasanton	
Current Fee	\$2,655
Updated Maximum	\$15,694

(1) Hayward adopted a nexus study in 2010, but deferred implementation due to market conditions and is now updating the nexus study.

Commercial fees are compared in **Table 4**, and range between \$0.50 per square foot for industrial uses in Napa and \$22.83 per square foot for office space in San Francisco. San Francisco and Palo Alto's fees are well above the norm for those surveyed, which typically are less than \$5.00 per square foot for all commercial use types. The maximum fees calculated for Pleasanton retail and hotel/motel are far greater than are typically charged in comparable jurisdictions, while the maximum fees for Pleasanton office/R&D/industrial are within the typical range.

Table 4 Workplace Linkage Fee Schedules

Item	Linkage Fee (per Square Foot)				
	Office	Retail	Industrial	Hotel	R&D
San Francisco	\$22.83	\$21.30	\$17.95	\$17.10	\$15.21
Palo Alto	\$17.97	\$17.97	\$17.97	\$17.97	\$17.97
Menlo Park	\$14.01	\$7.61	\$7.61	\$7.61	\$14.01
Sunnyvale	\$8.00	N/A	\$8.00	N/A	\$8.00
Mountain View	\$7.43	\$2.47	\$7.43	\$2.47	\$7.43
Cupertino (1)	\$5.08	N/A	\$5.08	N/A	\$5.08
Walnut Creek	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Berkeley	\$5.00	\$5.00	\$2.50	N/A	\$2.50
Oakland (1)	\$4.70	N/A	\$4.70	N/A	\$4.70
Sonoma County (1)	\$2.40	\$4.15	\$2.48	\$2.40	\$2.48
Napa County (1)	\$2.00	\$2.00	\$1.00	\$3.00	\$1.00
City of Napa (1)	<u>\$1.00</u>	<u>\$0.80</u>	<u>\$0.50</u>	<u>\$1.40</u>	<u>\$0.50</u>
Average	\$7.95	\$7.37	\$6.69	\$7.12	\$6.99
Modified Average (2)	\$5.46	\$3.86	\$4.43	\$3.65	\$5.07
Pleasanton					
Current Fee	\$2.83	\$2.83	\$2.83	\$2.83	\$2.83
Updated Maximum	\$4.67	\$108.24	\$4.67	\$23.85	\$4.67

(1) R&D not specified by ordinance. EPS has assumed same rate as industrial use.

(2) Excludes San Francisco and Palo Alto.

Results

There is a large range in fees charged by various Bay Area jurisdictions. Tri-Valley residential housing fees fall in line with the nexus-based fees recently established by other Bay Area jurisdictions. While Livermore has the highest residential fees in the Tri-Valley area,

San Ramon's fees are the lowest in the Tri-Valley and the broader Bay Area². Pleasanton's existing residential fees fall within the lower end of the range, which suggests that the fees could be increased without significant adverse impacts on the City's regional competitiveness. The updated maximum fee falls within the middle of the fee range. Implementation of the maximum fee would put Pleasanton's residential fee above Dublin but below Livermore.

Pleasanton's existing commercial linkage fee falls within the lower end of the range charged by the other Bay Area jurisdictions. Similar to the residential fee, this suggests that the fee could be increased without significantly impacting the City's regional competitiveness. Pleasanton's implementation of the maximum fee would still fall within a reasonable range for office, industrial, and R&D uses, but the fees for retail and hotel would exceed those charged by other jurisdictions. This suggests that retail and hotel fee levels should be evaluated in more detail to determine an optimum level that would maintain the City's competitiveness for attracting new development.

Financial Feasibility Analysis

Methodology

EPS developed pro formas as a tool for analyzing the financial feasibility of different types of development under different housing fee levels. These pro formas include the general costs of construction and other development activities, as well as values or lease rates achieved by new development under the current market conditions. Pro forma assumptions build on financial feasibility work recently completed by EPS for the East Pleasanton Specific Plan for residential, office, and retail uses³. For the purpose of this affordable housing fee analysis, EPS developed additional pro formas for R&D/light industrial and hotel/motel uses.

Background and support for the inputs in the feasibility analysis are described in the **Appendices** as follows:

- **Appendix A:** developer returns for each product type with **no** housing fees
- **Appendix B:** developer returns for each product with **existing** housing fees
- **Appendix C:** developer returns for each product with **maximum** housing fees

The land uses considered in this analysis are assumed to be surface parked and are summarized in **Table 5**. They reflect generic product types and are conducted for a small sample of potential development products that fall under each land use. Given the range of potential user profiles, densities, building materials, design factors, and parking accommodation strategies, each land use could have substantially different assumptions or feasibility prospects from those estimated in this analysis. For example, while speculative office development in Pleasanton is found to face feasibility challenges, it is possible that a tenant-driven build-to-suit project on a unique site may

² San Ramon has not had an affordable housing nexus study, which partially attributes to its low fee schedule.

³ East Pleasanton pro formas used in this analysis reflect higher than average development impact fees. Many other areas in the City are likely to have higher land values due to infill location, existing infrastructure, and established amenities.

have a different financial outlook. Given the policy level nature of this analysis, site-specific circumstances and unique product types are not considered.

Table 5 Evaluated Development Product Types and Key Assumptions

Use	Unit Size (SF)	Value Unit/SF/room	Density (du/acre or FAR)
Residential			
<u>Detached</u>			
Single Family Custom	5,000	\$1,400,000	4 du/acre
Single Family Tract	3,000	\$975,000	8 du/acre
Duplex	2,500	\$800,000	11 du/acre
<u>Attached</u>			
Condos/Townhomes	1,200	\$450,000	23 du/acre
Apartments	1,000	\$372,000	30 du/acre
Commercial			
Retail		\$367	0.3 FAR
Office (Class B stand alone)		\$217	0.35 FAR
R&D/Light Industrial		\$95	0.36 FAR
Hotel/Motel		\$214,056	1.0 FAR

Review of Assumptions and Methodology

EPS utilized a number of assumptions to develop the financial feasibility analysis. These factors will change over time as the economy and the real estate market conditions continue to fluctuate, and also will vary for any given project based on site attributes and other factors. For this policy-level analysis, it was important to develop “generic” assumptions that are typical for a new development and provide a general indication of the product type’s financial prospects under near-term market conditions. Key assumptions are described below.

Revenues and Building Values

This analysis utilizes a range of residential unit value and annual rent assumptions based on the previously conducted work in Pleasanton⁴, additional market research, and developer input. For-sale residential home prices are based on market transactions by unit size, and rental residential lease rates are based on advertised listings for several of the most recently constructed Tri-Valley apartment complexes. Office and R&D/light industrial rents are based on full-service leases while retail rents are based on a triple-net lease. Hotel revenues are based on typical room charges in Tri-Valley hotels.

⁴ EPS has recently completed a Market Study and Infrastructure Feasibility Analysis for the East Pleasanton Specific Plan and is currently conducting a General Plan Fiscal Impact Analysis for the City.

Values for residential rentals and commercial uses are capitalized to establish potential sales values as a multiple of net operating income. Cap rates are based on the IRR Viewpoint 2013 Investor survey for the Oakland submarket with some Pleasanton-specific adjustments and other cap rate sources. The cap rate of 4.75 percent is assumed for rental residential, 6.6 percent is assumed for retail, 6.5 percent for office, 6.75 percent for R&D/light industrial, and 8.5 percent for hotel uses.

Development Costs

EPS uses cost estimates that vary for each use and include direct building construction cost, in-tract/site improvement costs, tenant improvements (for commercial uses), development permitting and impact fees, other soft costs, and contingency. Direct building construction cost estimates are based on EPS's recent work in Pleasanton and other Bay Area jurisdictions, as well as developer input.

Development impact fees are based on engineering estimates prepared for the East Pleasanton Specific Plan. Other soft costs include general and administration, architecture and engineering, legal, marketing, insurance, and financing costs. A 5 percent contingency is assumed across all product types to reflect a potential cost escalation risk or uncertainty associated with cost estimates in this analysis.

Land Values

EPS estimated raw land values for each product type based on the land sale comparables and discussions with developers active in the Tri-Valley area. This analysis assumes per acre land values of \$1.27 million for residential uses, \$900,000 for retail, \$700,000 for office, and \$500,000 for hotel⁵. The actual land values could vary significantly based on zoning, infrastructure availability, location and accessibility, as well as many other factors.

Threshold Returns

EPS compares the calculated developer returns (profit margin above costs) of each product type to the typical financial return threshold. Required returns on investment vary based on a range of factors such as risk, capital and real estate market conditions, building uses, and other trends. For the purpose of this analysis, a return of 9.5 percent is assumed reasonable given a blend of a 20 percent return on equity (at 25 percent of total project costs) and a 6 percent interest cost on a construction loan (at 75 percent of total project costs). These factors are based on the current market interest rates and apply to all product types⁶. Real estate development returns on investment have historically ranged between 8 and 15 percent. This analysis assumes that return requirements on vertical development reflect only building density and construction type rather than any other potential risk factors, such as geographic location within the City.

⁵ Based on comparable sales in the Tri-Valley area inflated to 2013 dollars.

⁶ While various development types vary in risk, the pro formas reflect these differences through different capitalization rates and financing costs. Thus, the required return to a developer should be roughly consistent. For example, apartments are lower risk than hotels, and thus have a lower capitalization rate on their net operating income reflected in the overall project value.

For comparison, cap rates of between 5 and 8.5 percent assumed in this analysis reflect investor tolerance for risk associated with operation of an existing building. Developers seek a higher return than operators or future buyers of the building given a higher level of risk associated with construction, lease up, entitlement, and other variables.

Results and Recommendations

EPS compared developer return estimates for each land use under scenarios with no housing fee, with the existing housing fee, and with EPS's maximum housing fee. This comparison, summarized in **Table 6**, is designed to illustrate the impact of the fee on the overall development feasibility for each land use. The detailed calculations are shown in the **Appendices**. The key considerations for each product type are described below.

Table 6 Developer Return Estimates by Development Product Type and Fee Scenario

Item	No Fee		Existing Fee		Maximum Fee	
	%	\$ per building sq.ft.	%	\$ per building sq.ft.	%	\$ per building sq.ft.
Residential						
Single Family Custom	10.2%	\$25.30	9.2%	\$23.05	7.1%	\$18.08
Single Family Tract	29.6%	\$72.66	27.6%	\$68.91	24.7%	\$63.14
Duplex	24.8%	\$62.35	22.6%	\$57.85	20.1%	\$52.52
Condos/Townhomes	24.7%	\$72.73	23.7%	\$70.41	18.3%	\$56.75
Apartments	5.7%	\$20.03	4.9%	\$17.24	1.0%	\$3.55
Commercial						
Retail	10.7%	\$35.25	9.7%	\$32.28	-17.7%	(\$78.40)
Office	-39.9%	(\$122)	-40.5%	(\$125)	-40.8%	(\$127)
R&D/Light Industrial	-63.2%	(\$144)	-64.1%	(\$149)	-64.4%	(\$151)
Hotel/Motel	5.0%	\$18.86	4.2%	\$15.89	-1.5%	(\$6.18)

Bold - meets a typical developer return threshold

Italicized - short of a typical developer return threshold

- **Custom single-family homes at 4 units/acre:** generate a moderate developer return under the no fee alternative and the existing fee alternative. While the maximum fee reduces the return by approximately 200 basis points from the existing fee scenario, the reduction may have adverse impact on development feasibility of this product type. The resulting return of 7.1 percent falls within the low end of a reasonable range to support a private sector investment and development risk. Adjustments to assumed land acquisition costs for this low-density product type may allow developers to realize an attractive return, even at EPS's maximum fees.
- **Tract single-family homes at 8 units/acre:** generate the highest developer return out of all evaluated product types. While the maximum fee reduces the return by about 300 basis points below the existing fee scenario, the reduction results in returns of 24.7 percent. This suggests a relative strength of this product type as well as a high likelihood for attractiveness of for-sale residential development even with a maximum nexus fee.

- **Duplexes at 11 units/acre:** similar to detached housing, this product type generates substantial developer returns under the no fee alternative and the existing fee alternative. While the maximum fee reduces the return by approximately 250 basis points below the existing fee scenario, the reduction will not likely have any adverse impact on development feasibility of this product type given the high returns. The resulting return of 20.1 percent falls within a reasonable range to support a private sector investment and development risk.
- **Townhomes/condos at 23 units/acre:** similar to lower density housing, this product type generates substantial returns, nearly as high as duplexes under the no fee alternative and higher than duplexes under the existing fee alternative. While the maximum fee reduces the return by approximately 550 basis points below the existing fee scenario, the reduction is not likely to have any adverse impact on development feasibility of this product type given the high developer return estimates. The resulting return of nearly 18.3 percent falls within a reasonable range to support new development.
- **Rental apartments at 30 units/acre:** generate substantially lower returns, estimated at roughly 5.7 percent with no fee, or 4.9 percent with the existing fee. This developer return range falls on the cusp of justifying development feasibility, but appears to be financially inferior to developing lower density housing products. Application of the maximum fee to rentals reduces the return to 1 percent, suggesting that new development would be infeasible. As a result, any fee increase much above the existing level could adversely impact the feasibility of new apartment development under current market conditions.
- **Retail:** generates positive returns under the no fee alternative and the existing fee alternative. Retail has the highest maximum development impact fee out of evaluated land uses (over \$100 per square foot) and the application of the maximum fee reduces the return to a negative value, thus rendering retail development infeasible. This suggests that while a modest fee increase above the existing level could be supported, implementation of the maximum fee will adversely affect new retail development in the City.
- **Office:** generates negative returns under the no fee alternative and the existing fee alternative, suggesting that new development faces major feasibility challenges even with no fee imposed. Any potential fee increase would further reduce development feasibility of this product type, although the maximum fee calculated by EPS represents a small proportion of the overall cost of office development and is not likely to significantly affect feasibility either way.
- **R&D/light industrial:** similar to office uses, this product type generates negative returns under the no fee alternative and the existing fee alternative, suggesting that new development faces feasibility challenges even with no housing fee. Any potential fee increase would further reduce the feasibility of this product type.
- **Hotel/motel:** generates a low developer return under the no fee alternative and the existing fee alternative, suggesting that new development faces feasibility challenges even with no fee imposed. Application of the maximum fee reduces the return to a negative number. This suggests that any potential fee increase would further reduce the feasibility of this product type until the hotel market recovers.



APPENDIX A

Table A-1
Single Family Custom Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

NO housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			4
Gross Area	5,000 sq.ft. per unit		20,000 sq.ft.
Efficiency Ratio	100%		
Net Area			20,000 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$1,400,000 per unit	\$1,400,000	\$5,600,000
Options (net above costs)	1.0%	\$14,000	\$56,000
(less) Cost of Sale	3.0%	<u>(\$42,000)</u>	<u>(\$168,000)</u>
Total Revenue		\$1,372,000	\$5,488,000
LAND VALUE		\$317,542	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$115 /GLA sq. ft.	\$575,000	\$2,300,000
Site Improvement Cost	\$7.00 /land sq. ft.	\$76,230	\$304,920
Parking Construction Cost	\$0 per space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$651,230	\$2,604,920
Indirect Costs			
Impact Fees			
Water	\$25,120 per unit	\$25,120	\$100,480
Wastewater	\$14,881 per unit	\$14,881	\$59,524
Public Facilities	\$4,487 per unit	\$4,487	\$17,948
Traffic Development	\$4,465 per unit	\$4,465	\$17,860
Tri-Valley Transportation Committee Fee	\$2,279 per unit	\$2,279	\$9,116
Impervious Surface	\$7,623 per unit	\$7,623	\$30,492
In-lieu Park Dedication Fee	\$9,707 per unit	\$9,707	\$38,828
GIS Fee	\$22 per unit	\$22	\$87
School Impact Fee	\$33,700 per unit	\$33,700	\$134,800
Other Indirect Costs (2)	20.0% of direct costs	<u>\$130,246</u>	<u>\$520,984</u>
Total Indirect Costs	35.7% of direct costs	\$232,530	\$930,119
Subtotal, Direct and Indirect Costs		\$883,760	\$3,535,039
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$44,188	\$176,752
Total Costs		\$1,245,489	\$4,981,958
NET GAIN		\$126,511	\$506,042
Developer Return			10.2%

(1) Includes building permits.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table A-2
Single Family Tract Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

NO housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			8
Gross Area	3,000 sq.ft. per unit		24,000 sq.ft.
Efficiency Ratio	100%		
Net Area			24,000 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$975,000 per unit	\$975,000	\$7,800,000
Options (net above costs)	1.0%	\$9,750	\$78,000
(less) Cost of Sale	3.0%	<u>(\$29,250)</u>	<u>(\$234,000)</u>
Total Revenue		\$955,500	\$7,644,000
LAND VALUE		\$158,771	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$105 /GLA sq. ft.	\$315,000	\$2,520,000
Site Improvement Cost	\$13.50 /land sq. ft.	\$73,508	\$588,060
Parking Construction Cost	\$0 per space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$388,508	\$3,108,060
Indirect Costs			
Impact Fees			
Water	\$25,120 per unit	\$25,120	\$200,960.00
Wastewater	\$14,881 per unit	\$14,881	\$119,048
Public Facilities	\$4,487 per unit	\$4,487	\$35,896
Traffic Development	\$4,465 per unit	\$4,465	\$35,720
Tri-Valley Transportation Committee Fee	\$2,279 per unit	\$2,279	\$18,232
Impervious Surface	\$3,812 per unit	\$3,812	\$30,492
In-lieu Park Dedication Fee	\$9,707 per unit	\$9,707	\$77,656
GIS Fee	\$11 per unit	\$11	\$87
School Impact Fee	\$20,220 per unit	\$20,220	\$161,760
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$77,702</u>	<u>\$621,612</u>
Total Indirect Costs	41.9% of direct costs	\$162,683	\$1,301,463
Subtotal, Direct and Indirect Costs		\$551,190	\$4,409,523
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$27,560	\$220,476.16
Total Costs		\$737,521	\$5,900,166
NET GAIN		\$217,979	\$1,743,834
Developer Return			29.6%

(1) Includes building permits.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

**Table A-3
Duplex Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115**

NO housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			11
Gross Area	2,500 sq.ft. per unit		27,500 sq.ft.
Efficiency Ratio	100%		
Net Area			27,500 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$800,000 per unit	\$800,000	\$8,800,000
Options (net above costs)	1.0%	\$8,000	\$88,000
(less) Cost of Sale	3.0%	<u>(\$24,000)</u>	<u>(\$264,000)</u>
Total Revenue		\$784,000	\$8,624,000
LAND VALUE		\$115,470	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$110 /GLA sq. ft.	\$275,000	\$3,025,000
Site Improvement Cost	\$16.50 /land sq. ft.	\$65,340	\$718,740
Parking Construction Cost	\$0 per space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$340,340	\$3,743,740
Indirect Costs			
Impact Fees			
Water	\$25,120 per unit	\$25,120	\$276,320
Wastewater	\$14,881 per unit	\$14,881	\$163,691
Public Facilities	\$3,351 per unit	\$3,351	\$36,861
Traffic Development	\$4,465 per unit	\$4,465	\$49,115
Tri-Valley Transportation Committee Fee	\$2,279 per unit	\$2,279	\$25,069
Impervious Surface	\$3,168 per unit	\$3,168	\$34,848
In-lieu Park Dedication Fee	\$9,707 per unit	\$9,707	\$106,777
GIS Fee	\$8 per unit	\$8	\$87
School Impact Fee	\$16,850 per unit	\$16,850	\$185,350
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$68,068</u>	<u>\$748,748</u>
Total Indirect Costs	43.5% of direct costs	\$147,897	\$1,626,866
Subtotal, Direct and Indirect Costs		\$488,237	\$5,370,606
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$24,412	\$268,530
Total Costs		\$628,118	\$6,909,303
NET GAIN		\$155,882	\$1,714,697
Developer Return			24.8%

(1) Includes building permits.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table A-4
Condo/Townhome Residual Land Value (surface parking)
Pleasanton Affordable Housing Study; EPS #121115

NO housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			23
Gross Area	1,200 sq.ft. per unit		27,600 sq.ft.
Efficiency Ratio	85%		
Net Area			23,460 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$450,000 per unit	\$450,000	\$10,350,000
Options (net above costs)	1.0%	\$4,500	\$103,500
(less) Cost of Sale	3.0%	<u>(\$13,500)</u>	<u>(\$310,500)</u>
Total Revenue		\$441,000	\$10,143,000
LAND VALUE		\$55,225	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$140 /GLA sq. ft.	\$168,000	\$3,864,000
Site Improvement Cost	\$15.0 /land sq. ft.	\$28,409	\$653,400
Parking Construction Cost	\$3,500 per space	<u>\$7,000</u>	<u>\$161,000</u>
Total Direct Costs		\$203,409	\$4,678,400
Indirect Costs			
Impact Fees			
Water	\$5,401 per unit	\$5,401	\$124,223
Wastewater	\$9,807 per unit	\$9,807	\$225,561
Public Facilities	\$2,736 per unit	\$2,736	\$62,928
Traffic Development	\$3,125 per unit	\$3,125	\$71,875
Tri-Valley Transportation Committee Fee	\$1,450 per unit	\$1,450	\$33,350
Impervious Surface	\$1,610 per unit	\$1,610	\$37,026
In-lieu Park Dedication Fee	\$7,969 per unit	\$7,969	\$183,287
GIS Fee	\$4 per unit	\$4	\$87
School Impact Fee	\$8,088 per unit	\$8,088	\$186,024
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$40,682</u>	<u>\$935,680</u>
Total Indirect Costs	39.8% of direct costs	\$80,871	\$1,860,041
Subtotal, Direct and Indirect Costs		\$284,280	\$6,538,441
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$14,214	\$326,922
Total Costs		\$353,719	\$8,135,530
NET GAIN		\$87,281	\$2,007,470
Developer Return			24.7%

(1) Includes building permits.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

**Table A-5
Apartments Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115**

NO housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			30
Net Area	1,000 sq.ft. per unit		30,000 sq.ft.
Efficiency Ratio	85%		
Gross Area			35,294 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Gross Revenue	\$28 /net sq. ft./year	\$28,000	\$840,000
(less) Operating Expenses	30%	(\$8,400)	(\$252,000)
(less) Vacancy Rate	5.0%	(\$1,400)	(\$42,000)
Subtotal, Annual Net Operating Income		\$18,200	\$546,000
Capitalized Value	4.8% cap rate	\$383,158	\$11,494,737
(less) Cost of Sale	3.0%	(\$11,495)	(\$344,842)
Total Revenue		\$371,663	\$11,149,895
LAND VALUE		\$42,339	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$175 /GLA sq. ft.	\$205,882	\$6,176,471
Site Improvement Cost	\$5.0 /land sq. ft.	\$7,260	\$217,800
Parking Construction Cost	\$3,000 per space	\$6,000	\$180,000
Total Direct Costs		\$219,142	\$6,574,271
Indirect Costs			
Impact Fees			
Water	\$6,617 per unit	\$6,617	\$198,510
Wastewater	\$9,807 per unit	\$9,807	\$294,210
Public Facilities	\$2,736 per unit	\$2,736	\$82,080
Traffic Development	\$3,125 per unit	\$3,125	\$93,750
Tri-Valley Transportation Committee Fee	\$1,450 per unit	\$1,450	\$43,500
Impervious Surface	\$1,234 per unit	\$1,234	\$37,026
In-lieu Park Dedication Fee	\$7,969 per unit	\$7,969	\$239,070
GIS Fee	\$3 per unit	\$3	\$87
School Impact Fee	\$3,040 per unit	\$3,040	\$91,200
Other Indirect Costs (2)	18.0% of direct costs	\$39,446	\$1,183,369
Total Indirect Costs	34.4% of direct costs	\$75,427	\$2,262,802
Subtotal, Direct and Indirect Costs		\$294,569	\$8,837,072
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$14,728	\$441,854
Total Costs		\$351,636	\$10,549,092
NET GAIN		\$20,026.74	\$600,802
Developer Return	15.0% of direct and indirect costs		5.7%

(1) Includes building permits.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table A-6

NO housing fees scenario

Retail Residual Land Value

Pleasanton Affordable Housing Study; EPS #121115

Item	Assumption	Per Bldg. Sq.Ft.	Total
DEVELOPMENT PROGRAM			
Gross Leasable Area (sq.ft.)			13,068 sq.ft.
Efficiency Ratio	95%		
Net Leasable Area (sq.ft.)			12,415 sq.ft.
Parking Ratio (spaces per 1,000 sq.ft.)			4.0
Total Spaces			52
REVENUE ASSUMPTIONS			
Gross Revenue (NNN)	\$28.00 /NLA sq. ft.	\$28.00	\$347,609
(less) Commissions	3.0%	(\$0.84)	(\$10,428)
(less) Vacancy Rate	4.0%	<u>(\$1.12)</u>	<u>(\$13,904)</u>
Subtotal, Annual Net Operating Income		\$26.04	\$323,276
Capitalized Value	6.6% cap rate	\$374.82	\$4,898,124
(less) Cost of Sale	3.0%	<u>(\$11.24)</u>	<u>(\$146,944)</u>
Total Revenue		\$364	\$4,751,180
LAND VALUE		\$68.87	\$900,000
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost	\$120 /GLA sq. ft.	\$120.00	\$1,568,160
Site Improvement Cost	\$10.0 /land sq. ft.	\$33.33	\$435,600
Parking Construction Cost (1)	\$0 /space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$153	\$2,003,760
Indirect Costs			
Tenant Improvements	\$40 /GLA sq. ft.	\$40.00	\$522,720
Impact Fees			
Water	\$124,230 /acre	\$9.51	\$124,230
Wastewater	\$44,170 /acre	\$3.38	\$44,170
Public Facilities	\$7,318 /acre	\$0.56	\$7,318
Traffic Development	\$163,219 /acre	\$12.49	\$163,219
Tri-Valley Transportation Committee Fee	\$19,863 /acre	\$1.52	\$19,863
Impervious Surface	\$37,026 /acre	\$2.83	\$37,026
In-lieu Park Dedication Fee	\$0 /acre	\$0.00	\$0
GIS Fee	\$87 /acre	\$0.01	\$87
School Impact Fee	\$6,142 /acre	\$0.47	\$6,142
Other Indirect Costs (2)	<u>15.0%</u> of direct costs	<u>\$23</u>	<u>\$300,564</u>
Total Indirect Costs	61.2% of direct costs	\$94	\$1,225,340
Subtotal, Direct and Indirect Costs		\$247.10	\$3,229,100
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$12	\$161,454.98
Total Costs		\$328.33	\$4,290,555
NET GAIN		\$35.25	\$460,626
Developer Return			10.7%

(1) Covered under site improvements.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table A-7
Office Residual Land Value (Class B stand alone)
Pleasanton Affordable Housing Study; EPS #121115

NO housing fees scenario

Item	Assumption	Per Bldg. Sq.Ft.	Per Acre
DEVELOPMENT PROGRAM			
Gross Leasable Area (sq.ft.)			15,246 sq.ft.
Efficiency Ratio	90%		
Net Leasable Area (sq.ft.)			13,721 sq.ft.
Parking Ratio (spaces per 1,000 sq.ft.)			4.0
Total Spaces			
REVENUE ASSUMPTIONS			
Gross Office Revenue (FS)	\$24.00 /NLA	\$21.60	\$329,314
(less) Operating Expenses	30%	(\$6.48)	(\$98,794)
(less) Commissions	3.0%	(\$0.65)	(\$9,879)
(less) Vacancy Rate	10.0%	<u>(\$2.16)</u>	<u>(\$32,931)</u>
Annual Net Operating Income		\$12.31	\$187,709
Capitalized Value	6.5% cap rate	\$189.42	\$2,887,827
(less) Cost of Sale	3.0%	<u>(\$5.68)</u>	<u>(\$86,635)</u>
Total Revenue		\$184	\$2,801,192
LAND VALUE		\$45.91	\$700,000
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost	\$150 /GLA sq. ft.	\$150.00	\$2,286,900
Site Improvement Cost	\$5.0 /GLA sq. ft.	\$5.00	\$76,230
Parking Construction Cost	\$3,000 /per space	<u>\$12.00</u>	<u>\$182,952</u>
Total Direct Costs		\$167.00	\$2,546,082
Indirect Costs			
Tenant Improvements	\$30.00 /GLA sq. ft.	\$30.00	\$457,380
Impact Fees			
Water	\$124,230 /acre	\$8.15	\$124,230
Wastewater	\$51,531 /acre	\$3.38	\$51,531
Public Facilities	\$12,959 /acre	\$0.85	\$12,959
Traffic Development	\$90,561 /acre	\$5.94	\$90,561
Tri-Valley Transportation Committee Fee	\$62,356 /acre	\$4.09	\$62,356
Impervious Surface	\$37,026 /acre	\$2.43	\$37,026
In-lieu Park Dedication Fee	\$0 /acre	\$0.00	\$0
GIS Fee	\$87 /acre	\$0.01	\$87
School Impact Fee	\$7,166 /acre	\$0.47	\$7,166
Other Indirect Costs (1)	<u>15.0%</u> of direct costs	<u>\$25.05</u>	<u>\$381,912</u>
Total Indirect Costs	48.1% of direct costs	\$80.36	\$1,225,209
Subtotal, Direct and Indirect Costs		\$247	\$3,771,291
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$12.37	\$188,565
Total Costs		\$305.64	\$4,659,855
NET GAIN		(\$121.91)	(\$1,858,663)
Developer Return			-39.9%

(1) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table A-8
R&D/Light Industrial Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

NO housing fees scenario

Item	Assumption	Per Bldg. Sq.Ft.	Total
DEVELOPMENT PROGRAM			
Gross Leasable Area (sq.ft.)			15,682 sq.ft.
Efficiency Ratio	85%		
Net Leasable Area (sq.ft.)			13,329 sq.ft.
Parking Ratio (spaces per 1,000 sq.ft.)			3.3
Total Spaces			
REVENUE ASSUMPTIONS			
Gross Office Revenue (FS)	\$12.00 /NLA	\$10.20	\$159,952
(less) Operating Expenses	30%	(\$3.06)	(\$47,986)
(less) Commissions	3.0%	(\$0.31)	(\$4,799)
(less) Vacancy Rate	10.0%	<u>(\$1.02)</u>	<u>(\$15,995)</u>
Annual Net Operating Income		\$5.81	\$91,173
Capitalized Value	6.8% cap rate	\$86.13	\$1,350,708
(less) Cost of Sale	3.0%	<u>(\$2.58)</u>	<u>(\$40,521)</u>
Total Revenue		\$84	\$1,310,187
LAND VALUE		\$44.64	\$700,000
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost	\$110 /GLA sq. ft.	\$110.00	\$1,724,976
Site Improvement Cost	\$5.0 /GLA sq. ft.	\$5.00	\$78,408
Parking Construction Cost	\$3,000 /per space	<u>\$9.90</u>	<u>\$155,248</u>
Total Direct Costs		\$124.90	\$1,958,632
Indirect Costs			
Tenant Improvements	\$10.00 /GLA sq. ft.	\$10.00	\$156,816
Impact Fees			
Water	\$124,230 /acre	\$7.92	\$124,230
Wastewater	\$45,642 /acre	\$2.91	\$45,642
Public Facilities	\$6,887 /acre	\$0.44	\$6,887
Traffic Development	\$60,226 /acre	\$3.84	\$60,226
Tri-Valley Transportation Committee Fee	\$37,270 /acre	\$2.38	\$37,270
Impervious Surface	\$37,026 /acre	\$2.36	\$37,026
In-lieu Park Dedication Fee	\$0 /acre	\$0.00	\$0
GIS Fee	\$87 /acre	\$0.01	\$87
School Impact Fee	\$6,347 /acre	\$0.40	\$6,347
Other Indirect Costs (1)	<u>15.0%</u> of direct costs	<u>\$18.74</u>	<u>\$293,795</u>
Total Indirect Costs	39.2% of direct costs	\$49.00	\$768,326
Subtotal, Direct and Indirect Costs		\$174	\$2,726,957
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$8.69	\$136,348
Total Costs		\$227.23	\$3,563,305
NET GAIN		(\$143.68)	(\$2,253,118)
Developer Return			-63.2%

(1) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table A-9
Hotel/Motel Pro Forma
Pleasanton Affordable Housing Study; EPS #121115

NO housing fees scenario

Item	Assumption	Per Room	Total
DEVELOPMENT PROGRAM			
Hotel (sq.ft.)	545 gross sq.ft per room		43,560
Number of Rooms			80
Average Daily Room Rate			\$150
Average Occupancy			75%
Parking Ratio (spaces per room)			1.0
Total Spaces			80
REVENUE ASSUMPTIONS			
Room Rental Revenue (1)		\$54,750	\$4,380,000
Other Operating Revenue (2)	5.0%	<u>\$2,738</u>	<u>\$219,000</u>
Gross Revenue		\$57,488	\$4,599,000
(less) Vacancy		(\$14,372)	(\$1,149,750)
(less) Operating Expenses	60%	<u>(\$25,869)</u>	<u>(\$2,069,550)</u>
Annual Net Operating Income		\$17,246	\$1,379,700
Reversion Value (3)	8.5% cap rate	\$196,810	\$15,744,812
TOTAL REVENUES		\$214,056	\$17,124,512
LAND VALUE		\$11.48	\$500,000
COST ASSUMPTIONS			
Direct Costs			
Building Construction Costs	\$250 /sq. ft.	\$136,125	\$10,890,000
Site Improvement Cost	\$5.0 /GLA sq. ft.	\$2,723	\$217,800
Parking Construction Cost	\$3,000 /per space	<u>\$3,000</u>	<u>\$240,000</u>
Total Direct Costs		\$141,848	\$11,347,800
Indirect Costs			
Impact Fees	\$30 /sq. ft.	\$16,335	\$1,306,800
FF&E	\$30 /sq. ft.	\$16,335	\$1,306,800
Other Soft Costs (4)	10% of direct costs	<u>\$13,613</u>	<u>\$1,089,000</u>
Total Indirect Costs		\$46,283	\$3,702,600
Contingency	5% of direct and indirect costs	\$9,407	\$752,520
TOTAL COSTS		\$203,787	\$16,302,920
NET GAIN		\$10,270	\$821,592
Developer Return			5.0%

(1) EPS assumption.

(2) Includes telephone and other income and a share of parking revenue, assumed at 5 percent of gross room revenue.

(3) Assumes a 3% cost of sale.

(4) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Sources: Economic & Planning Systems, Inc.



APPENDIX B

Table B-1
Single Family Custom Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

Existing housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			4
Gross Area	5,000 sq.ft. per unit		20,000 sq.ft.
Efficiency Ratio	100%		
Net Area			20,000 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$1,400,000 per unit	\$1,400,000	\$5,600,000
Options (net above costs)	1.0%	\$14,000	\$56,000
(less) Cost of Sale	3.0%	<u>(\$42,000)</u>	<u>(\$168,000)</u>
Total Revenue		\$1,372,000	\$5,488,000
LAND VALUE		\$317,542	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$115 /GLA sq. ft.	\$575,000	\$2,300,000
Site Improvement Cost	\$7.00 /land sq. ft.	\$76,230	\$304,920
Parking Construction Cost	\$0 per space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$651,230	\$2,604,920
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$10,713 per unit	\$10,713	\$42,852
Water	\$25,120 per unit	\$25,120	\$100,480
Wastewater	\$14,881 per unit	\$14,881	\$59,524
Public Facilities	\$4,487 per unit	\$4,487	\$17,948
Traffic Development	\$4,465 per unit	\$4,465	\$17,860
Tri-Valley Transportation Committee Fee	\$2,279 per unit	\$2,279	\$9,116
Impervious Surface	\$7,623 per unit	\$7,623	\$30,492
In-lieu Park Dedication Fee	\$9,707 per unit	\$9,707	\$38,828
GIS Fee	\$22 per unit	\$22	\$87
School Impact Fee	\$33,700 per unit	\$33,700	\$134,800
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$130,246</u>	<u>\$520,984</u>
Total Indirect Costs	37.4% of direct costs	\$243,243	\$972,971
Subtotal, Direct and Indirect Costs		\$894,473	\$3,577,891
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$44,724	\$178,894.56
Total Costs		\$1,256,738	\$5,026,952
NET GAIN		\$115,262	\$461,048
Developer Return			9.2%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table B-2
Single Family Tract Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

Existing housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			8
Gross Area	3,000 sq.ft. per unit		24,000 sq.ft.
Efficiency Ratio	100%		
Net Area			24,000 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$975,000 per unit	\$975,000	\$7,800,000
Options (net above costs)	1.0%	\$9,750	\$78,000
(less) Cost of Sale	3.0%	<u>(\$29,250)</u>	<u>(\$234,000)</u>
Total Revenue		\$955,500	\$7,644,000
LAND VALUE		\$158,771	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$105 /GLA sq. ft.	\$315,000	\$2,520,000
Site Improvement Cost	\$13.50 /land sq. ft.	\$73,508	\$588,060
Parking Construction Cost	\$0 per space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$388,508	\$3,108,060
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$10,713 per unit	\$10,713	\$85,704
Water	\$25,120 per unit	\$25,120	\$200,960.00
Wastewater	\$14,881 per unit	\$14,881	\$119,048
Public Facilities	\$4,487 per unit	\$4,487	\$35,896
Traffic Development	\$4,465 per unit	\$4,465	\$35,720
Tri-Valley Transportation Committee Fee	\$2,279 per unit	\$2,279	\$18,232
Impervious Surface	\$3,812 per unit	\$3,812	\$30,492
In-lieu Park Dedication Fee	\$9,707 per unit	\$9,707	\$77,656
GIS Fee	\$11 per unit	\$11	\$87
School Impact Fee	\$20,220 per unit	\$20,220	\$161,760
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$77,702</u>	<u>\$621,612</u>
Total Indirect Costs	44.6% of direct costs	\$173,396	\$1,387,167
Subtotal, Direct and Indirect Costs		\$561,903	\$4,495,227
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$28,095	\$224,761.36
Total Costs		\$748,769	\$5,990,155
NET GAIN		\$206,731	\$1,653,845
Developer Return			27.6%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table B-3
Duplex Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

Existing housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			11
Gross Area	2,500 sq.ft. per unit		27,500 sq.ft.
Efficiency Ratio	100%		
Net Area			27,500 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$800,000 per unit	\$800,000	\$8,800,000
Options (net above costs)	1.0%	\$8,000	\$88,000
(less) Cost of Sale	3.0%	<u>(\$24,000)</u>	<u>(\$264,000)</u>
Total Revenue		\$784,000	\$8,624,000
LAND VALUE		\$115,470	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$110 /GLA sq. ft.	\$275,000	\$3,025,000
Site Improvement Cost	\$16.50 /land sq. ft.	\$65,340	\$718,740
Parking Construction Cost	\$0 per space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$340,340	\$3,743,740
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$10,713 per unit	\$10,713	\$117,843
Water	\$25,120 per unit	\$25,120	\$276,320
Wastewater	\$14,881 per unit	\$14,881	\$163,691
Public Facilities	\$3,351 per unit	\$3,351	\$36,861
Traffic Development	\$4,465 per unit	\$4,465	\$49,115
Tri-Valley Transportation Committee Fee	\$2,279 per unit	\$2,279	\$25,069
Impervious Surface	\$3,168 per unit	\$3,168	\$34,848
In-lieu Park Dedication Fee	\$9,707 per unit	\$9,707	\$106,777
GIS Fee	\$8 per unit	\$8	\$87
School Impact Fee	\$16,850 per unit	\$16,850	\$185,350
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$68,068</u>	<u>\$748,748</u>
Total Indirect Costs	46.6% of direct costs	\$158,610	\$1,744,709
Subtotal, Direct and Indirect Costs		\$498,950	\$5,488,449
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$24,947	\$274,422
Total Costs		\$639,367	\$7,033,038
NET GAIN		\$144,633	\$1,590,962
Developer Return			22.6%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table B-4
Condo/Townhome Residual Land Value (surface parking)
Pleasanton Affordable Housing Study; EPS #121115

Existing housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			23
Gross Area	1,200 sq.ft. per unit		27,600 sq.ft.
Efficiency Ratio	85%		
Net Area			23,460 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$450,000 per unit	\$450,000	\$10,350,000
Options (net above costs)	1.0%	\$4,500	\$103,500
(less) Cost of Sale	3.0%	<u>(\$13,500)</u>	<u>(\$310,500)</u>
Total Revenue		\$441,000	\$10,143,000
LAND VALUE		\$55,225	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$140 /GLA sq. ft.	\$168,000	\$3,864,000
Site Improvement Cost	\$15.0 /land sq. ft.	\$28,409	\$653,400
Parking Construction Cost	\$3,500 per space	<u>\$7,000</u>	<u>\$161,000</u>
Total Direct Costs		\$203,409	\$4,678,400
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$2,655 per unit	\$2,655	\$61,065
Water	\$5,401 per unit	\$5,401	\$124,230
Wastewater	\$9,807 per unit	\$9,807	\$225,561
Public Facilities	\$2,736 per unit	\$2,736	\$62,928
Traffic Development	\$3,125 per unit	\$3,125	\$71,875
Tri-Valley Transportation Committee Fee	\$1,450 per unit	\$1,450	\$33,350
Impervious Surface	\$1,610 per unit	\$1,610	\$37,026
In-lieu Park Dedication Fee	\$7,969 per unit	\$7,969	\$183,287
GIS Fee	\$4 per unit	\$4	\$87
School Impact Fee	\$8,088 per unit	\$8,088	\$186,024
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$40,682</u>	<u>\$935,680</u>
Total Indirect Costs	41.1% of direct costs	\$83,527	\$1,921,113
Subtotal, Direct and Indirect Costs		\$286,935	\$6,599,513
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$14,347	\$329,976
Total Costs		\$356,507	\$8,199,655
NET GAIN		\$84,493	\$1,943,345
Developer Return			23.7%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

**Table B-5
Apartments Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115**

Existing housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			30
Net Area	1,000 sq.ft. per unit		30,000 sq.ft.
Efficiency Ratio	85%		
Gross Area			35,294 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Gross Revenue	\$28 /net sq. ft./year	\$28,000	\$840,000
(less) Operating Expenses	30%	(\$8,400)	(\$252,000)
(less) Vacancy Rate	5.0%	(\$1,400)	(\$42,000)
Subtotal, Annual Net Operating Income		\$18,200	\$546,000
Capitalized Value	4.8% cap rate	\$383,158	\$11,494,737
(less) Cost of Sale	3.0%	(\$11,495)	(\$344,842)
Total Revenue		\$371,663	\$11,149,895
LAND VALUE		\$42,339	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$175 /GLA sq. ft.	\$205,882	\$6,176,471
Site Improvement Cost	\$5.0 /land sq. ft.	\$7,260	\$217,800
Parking Construction Cost	\$3,000 per space	\$6,000	\$180,000
Total Direct Costs		\$219,142	\$6,574,271
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$2,655 per unit	\$2,655	\$79,650
Water	\$6,617 per unit	\$6,617	\$198,510
Wastewater	\$9,807 per unit	\$9,807	\$294,210
Public Facilities	\$2,736 per unit	\$2,736	\$82,080
Traffic Development	\$3,125 per unit	\$3,125	\$93,750
Tri-Valley Transportation Committee Fee	\$1,450 per unit	\$1,450	\$43,500
Impervious Surface	\$1,234 per unit	\$1,234	\$37,026
In-lieu Park Dedication Fee	\$7,969 per unit	\$7,969	\$239,070
GIS Fee	\$3 per unit	\$3	\$87
School Impact Fee	\$3,040 per unit	\$3,040	\$91,200
Other Indirect Costs (2)	18.0% of direct costs	\$39,446	\$1,183,369
Total Indirect Costs	35.6% of direct costs	\$78,082	\$2,342,452
Subtotal, Direct and Indirect Costs		\$297,224	\$8,916,722
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$14,861	\$445,836
Total Costs		\$354,424	\$10,632,725
NET GAIN		\$17,239	\$517,170
Developer Return			4.9%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table B-6

Existing housing fees scenario

Retail Residual Land Value

Pleasanton Affordable Housing Study; EPS #121115

Item	Assumption	Per Bldg. Sq.Ft.	Total
DEVELOPMENT PROGRAM			
Gross Leasable Area (sq.ft.)			13,068 sq.ft.
Efficiency Ratio	95%		
Net Leasable Area (sq.ft.)			12,415 sq.ft.
Parking Ratio (spaces per 1,000 sq.ft.)			4.0
Total Spaces			52
REVENUE ASSUMPTIONS			
Gross Revenue (NNN)	\$28.00 /NLA sq. ft.	\$28.00	\$347,609
(less) Commissions	3.0%	(\$0.84)	(\$10,428)
(less) Vacancy Rate	4.0%	<u>(\$1.12)</u>	<u>(\$13,904)</u>
Subtotal, Annual Net Operating Income		\$26.04	\$323,276
Capitalized Value	6.6% cap rate	\$374.82	\$4,898,124
(less) Cost of Sale	3.0%	<u>(\$11.24)</u>	<u>(\$146,944)</u>
Total Revenue		\$364	\$4,751,180
LAND VALUE		\$68.87	\$900,000
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost	\$120 /GLA sq. ft.	\$120.00	\$1,568,160
Site Improvement Cost	\$10.0 /land sq. ft.	\$33.33	\$435,600
Parking Construction Cost (1)	\$0 /space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$153	\$2,003,760
Indirect Costs			
Tenant Improvements	\$40 /GLA sq. ft.	\$40.00	\$522,720
Impact Fees			
Inclusionary Housing Fee	\$36,982 /acre	\$2.83	\$36,982
Water	\$124,230 /acre	\$9.51	\$124,230
Wastewater	\$44,170 /acre	\$3.38	\$44,170
Public Facilities	\$7,318 /acre	\$0.56	\$7,318
Traffic Development	\$163,219 /acre	\$12.49	\$163,219
Tri-Valley Transportation Committee Fee	\$19,863 /acre	\$1.52	\$19,863
Impervious Surface	\$37,026 /acre	\$2.83	\$37,026
In-lieu Park Dedication Fee	\$0 /acre	\$0.00	\$0
GIS Fee	\$87 /acre	\$0.01	\$87
School Impact Fee	\$6,142 /acre	\$0.47	\$6,142
Other Indirect Costs (2)	<u>15.0%</u> of direct costs	<u>\$23</u>	<u>\$300,564</u>
Total Indirect Costs	63.0% of direct costs	\$96.60	\$1,262,322
Subtotal, Direct and Indirect Costs		\$249.93	\$3,266,082
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$12	\$163,304.11
Total Costs		\$331.30	\$4,329,386
NET GAIN		\$32.28	\$421,794
Developer Return			9.7%

(1) Covered under site improvements.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table B-7
Office Residual Land Value (Class B stand alone)
Pleasanton Affordable Housing Study; EPS #121115

Existing housing fees scenario

Item	Assumption	Per Bldg. Sq.Ft.	Per Acre
DEVELOPMENT PROGRAM			
Gross Leasable Area (sq.ft.)			15,246 sq.ft.
Efficiency Ratio	90%		
Net Leasable Area (sq.ft.)			13,721 sq.ft.
Parking Ratio (spaces per 1,000 sq.ft.)			4.0
Total Spaces			
REVENUE ASSUMPTIONS			
Gross Office Revenue (FS)	\$24.00 /NLA	\$21.60	\$329,314
(less) Operating Expenses	30%	(\$6.48)	(\$98,794)
(less) Commissions	3.0%	(\$0.65)	(\$9,879)
(less) Vacancy Rate	10.0%	<u>(\$2.16)</u>	<u>(\$32,931)</u>
Annual Net Operating Income		\$12.31	\$187,709
Capitalized Value	6.5% cap rate	\$189.42	\$2,887,827
(less) Cost of Sale	3.0%	<u>(\$5.68)</u>	<u>(\$86,635)</u>
Total Revenue		\$184	\$2,801,192
LAND VALUE		\$45.91	\$700,000
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost	\$150 /GLA sq. ft.	\$150.00	\$2,286,900
Site Improvement Cost	\$5.0 /GLA sq. ft.	\$5.00	\$76,230
Parking Construction Cost	\$3,000 /per space	<u>\$12.00</u>	<u>\$182,952</u>
Total Direct Costs		\$167.00	\$2,546,082
Indirect Costs			
Tenant Improvements	\$30.00 /GLA sq. ft.	\$30.00	\$457,380
Impact Fees			
Inclusionary Housing Fee	\$43,146 /acre	\$2.83	\$43,146
Water	\$124,230 /acre	\$8.15	\$124,230
Wastewater	\$51,531 /acre	\$3.38	\$51,531
Public Facilities	\$12,959 /acre	\$0.85	\$12,959
Traffic Development	\$90,561 /acre	\$5.94	\$90,561
Tri-Valley Transportation Committee Fee	\$62,356 /acre	\$4.09	\$62,356
Impervious Surface	\$37,026 /acre	\$2.43	\$37,026
In-lieu Park Dedication Fee	\$0 /acre	\$0.00	\$0
GIS Fee	\$87 /acre	\$0.01	\$87
School Impact Fee	\$7,166 /acre	\$0.47	\$7,166
Other Indirect Costs (1)	<u>15.0%</u> of direct costs	<u>\$25.05</u>	<u>\$381,912</u>
Total Indirect Costs	49.8% of direct costs	\$83.19	\$1,268,355
Subtotal, Direct and Indirect Costs		\$250	\$3,814,437
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$12.51	\$190,722
Total Costs		\$308.62	\$4,705,159
NET GAIN		(\$124.88)	(\$1,903,967)
Developer Return			-40.5%

(1) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table B-8
R&D/Light Industrial Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

Existing housing fees scenario

Item	Assumption	Per Bldg. Sq.Ft.	Total
DEVELOPMENT PROGRAM			
Gross Leasable Area (sq.ft.)			15,682 sq.ft.
Efficiency Ratio	85%		
Net Leasable Area (sq.ft.)			13,329 sq.ft.
Parking Ratio (spaces per 1,000 sq.ft.)			4.0
Total Spaces			
REVENUE ASSUMPTIONS			
Gross Office Revenue (FS)	\$12.00 /NLA	\$10.20	\$159,952
(less) Operating Expenses	30%	(\$3.06)	(\$47,986)
(less) Commissions	3.0%	(\$0.31)	(\$4,799)
(less) Vacancy Rate	10.0%	<u>(\$1.02)</u>	<u>(\$15,995)</u>
Annual Net Operating Income		\$5.81	\$91,173
Capitalized Value	6.8% cap rate	\$86.13	\$1,350,708
(less) Cost of Sale	3.0%	<u>(\$2.58)</u>	<u>(\$40,521)</u>
Total Revenue		\$84	\$1,310,187
LAND VALUE		\$44.64	\$700,000
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost	\$110 /GLA sq. ft.	\$110.00	\$1,724,976
Site Improvement Cost	\$5.0 /GLA sq. ft.	\$5.00	\$78,408
Parking Construction Cost	\$3,000 /per space	<u>\$12.00</u>	<u>\$188,179</u>
Total Direct Costs		\$127.00	\$1,991,563
Indirect Costs			
Tenant Improvements	\$10.00 /GLA sq. ft.	\$10.00	\$156,816
Impact Fees			
Inclusionary Housing Fee	\$44,379 /acre	\$2.83	\$44,379
Water	\$124,230 /acre	\$7.92	\$124,230
Wastewater	\$45,642 /acre	\$2.91	\$45,642
Public Facilities	\$6,887 /acre	\$0.44	\$6,887
Traffic Development	\$60,226 /acre	\$3.84	\$60,226
Tri-Valley Transportation Committee Fee	\$37,270 /acre	\$2.38	\$37,270
Impervious Surface	\$37,026 /acre	\$2.36	\$37,026
In-lieu Park Dedication Fee	\$0 /acre	\$0.00	\$0
GIS Fee	\$87 /acre	\$0.01	\$87
School Impact Fee	\$6,347 /acre	\$0.40	\$6,347
Other Indirect Costs (1)	<u>15.0%</u> of direct costs	<u>\$19.05</u>	<u>\$298,734</u>
Total Indirect Costs	41.1% of direct costs	\$52.14	\$817,644
Subtotal, Direct and Indirect Costs		\$179	\$2,809,207
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$8.96	\$140,460
Total Costs		\$232.74	\$3,649,668
NET GAIN		(\$149.19)	(\$2,339,481)
Developer Return			-64.1%

(1) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table B-9
Hotel/Motel Pro Forma
Pleasanton Affordable Housing Study; EPS #121115

Existing housing fees scenario

Item	Assumption	Per Room	Total
DEVELOPMENT PROGRAM			
Hotel (sq.ft.)	545 gross sq.ft per room		43,560
Number of Rooms			80
Average Daily Room Rate			\$150
Average Occupancy			75%
Parking Ratio (spaces per room)			1.0
Total Spaces			80
REVENUE ASSUMPTIONS			
Room Rental Revenue (1)		\$54,750	\$4,380,000
Other Operating Revenue (2)	5.0%	<u>\$2,738</u>	<u>\$219,000</u>
Gross Revenue		\$57,488	\$4,599,000
(less) Vacancy		(\$14,372)	(\$1,149,750)
(less) Operating Expenses	60%	<u>(\$25,869)</u>	<u>(\$2,069,550)</u>
Annual Net Operating Income		\$17,246	\$1,379,700
Reversion Value (3)	8.5% cap rate	\$196,810	\$15,744,812
TOTAL REVENUES		\$214,056	\$17,124,512
LAND VALUE		\$11.48	\$500,000
COST ASSUMPTIONS			
Direct Costs			
Building Construction Costs	\$250 /sq. ft.	\$136,125	\$10,890,000
Site Improvement Cost	\$5.0 /GLA sq. ft.	\$2,723	\$217,800
Parking Construction Cost	\$3,000 /per space	<u>\$3,000</u>	<u>\$240,000</u>
Total Direct Costs		\$141,848	\$11,347,800
Indirect Costs			
Inclusionary Housing Fee	\$2.83 /sq. ft.	\$1,541	\$123,275
Other Impact Fees	\$30 /sq. ft.	\$16,335	\$1,306,800
FF&E	\$30 /sq. ft.	\$16,335	\$1,306,800
Other Soft Costs (4)	10% of direct costs	<u>\$13,613</u>	<u>\$1,089,000</u>
Total Indirect Costs		\$13,613	\$3,825,875
Contingency	5% of direct and indirect costs	\$9,484	\$758,684
TOTAL COSTS		\$205,404	\$16,432,359
Per Acre		\$8,652	\$692,153
Per Sq.Ft.			4.2%

(1) EPS assumption.

(2) Includes telephone and other income and a share of parking revenue, assumed at 5 percent of gross room revenue.

(3) Assumes a 3% cost of sale.

(4) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Sources: Economic & Planning Systems, Inc.



APPENDIX C

Table C-1
Single Family Custom Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

Maximum housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			4
Gross Area	5,000 sq.ft. per unit		20,000 sq.ft.
Efficiency Ratio	100%		
Net Area			20,000 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$1,400,000 per unit	\$1,400,000	\$5,600,000
Options (net above costs)	1.0%	\$14,000	\$56,000
(less) Cost of Sale	3.0%	<u>(\$42,000)</u>	<u>(\$168,000)</u>
Total Revenue		\$1,372,000	\$5,488,000
LAND VALUE		\$317,542	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$115 /GLA sq. ft.	\$575,000	\$2,300,000
Site Improvement Cost	\$7.00 /land sq. ft.	\$76,230	\$304,920
Parking Construction Cost	\$0 per space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$651,230	\$2,604,920
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$34,392 per unit	\$34,392	\$137,568
Water	\$25,120 per unit	\$25,120	\$100,480
Wastewater	\$14,881 per unit	\$14,881	\$59,524
Public Facilities	\$4,487 per unit	\$4,487	\$17,948
Traffic Development	\$4,465 per unit	\$4,465	\$17,860
Tri-Valley Transportation Committee Fee	\$2,279 per unit	\$2,279	\$9,116
Impervious Surface	\$7,623 per unit	\$7,623	\$30,492
In-lieu Park Dedication Fee	\$9,707 per unit	\$9,707	\$38,828
GIS Fee	\$22 per unit	\$22	\$87
School Impact Fee	\$33,700 per unit	\$33,700	\$134,800
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$130,246</u>	<u>\$520,984</u>
Total Indirect Costs	41.0% of direct costs	\$266,922	\$1,067,687
Subtotal, Direct and Indirect Costs		\$918,152	\$3,672,607
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$45,908	\$183,630
Total Costs		\$1,281,601	\$5,126,404
NET GAIN		\$90,399	\$361,596
Developer Return			7.1%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table C-2
Single Family Tract Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

Maximum housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			8
Gross Area	3,000 sq.ft. per unit		24,000 sq.ft.
Efficiency Ratio	100%		
Net Area			24,000 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$975,000 per unit	\$975,000	\$7,800,000
Options (net above costs)	1.0%	\$9,750	\$78,000
(less) Cost of Sale	3.0%	<u>(\$29,250)</u>	<u>(\$234,000)</u>
Total Revenue		\$955,500	\$7,644,000
LAND VALUE		\$158,771	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$105 /GLA sq. ft.	\$315,000	\$2,520,000
Site Improvement Cost	\$13.50 /land sq. ft.	\$73,508	\$588,060
Parking Construction Cost	\$0 per space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$388,508	\$3,108,060
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$27,187 per unit	\$27,187	\$217,496
Water	\$25,120 per unit	\$25,120	\$200,960.00
Wastewater	\$14,881 per unit	\$14,881	\$119,048
Public Facilities	\$4,487 per unit	\$4,487	\$35,896
Traffic Development	\$4,465 per unit	\$4,465	\$35,720
Tri-Valley Transportation Committee Fee	\$2,279 per unit	\$2,279	\$18,232
Impervious Surface	\$3,812 per unit	\$3,812	\$30,492
In-lieu Park Dedication Fee	\$9,707 per unit	\$9,707	\$77,656
GIS Fee	\$11 per unit	\$11	\$87
School Impact Fee	\$20,220 per unit	\$20,220	\$161,760
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$77,702</u>	<u>\$621,612</u>
Total Indirect Costs	48.9% of direct costs	\$189,870	\$1,518,959
Subtotal, Direct and Indirect Costs		\$578,377	\$4,627,019
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$28,919	\$231,351
Total Costs		\$766,067	\$6,128,537
NET GAIN		\$189,433	\$1,515,463
Developer Return			24.7%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

**Table C-3
Duplex Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115**

Maximum housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			11
Gross Area	2,500 sq.ft. per unit		27,500 sq.ft.
Efficiency Ratio	100%		
Net Area			27,500 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$800,000 per unit	\$800,000	\$8,800,000
Options (net above costs)	1.0%	\$8,000	\$88,000
(less) Cost of Sale	3.0%	<u>(\$24,000)</u>	<u>(\$264,000)</u>
Total Revenue		\$784,000	\$8,624,000
LAND VALUE		\$115,470	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$110 /GLA sq. ft.	\$275,000	\$3,025,000
Site Improvement Cost	\$16.50 /land sq. ft.	\$65,340	\$718,740
Parking Construction Cost	\$0 per space	<u>\$0</u>	<u>\$0</u>
Total Direct Costs		\$340,340	\$3,743,740
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$23,422 per unit	\$23,422	\$257,642
Water	\$25,120 per unit	\$25,120	\$276,320
Wastewater	\$14,881 per unit	\$14,881	\$163,691
Public Facilities	\$3,351 per unit	\$3,351	\$36,861
Traffic Development	\$4,465 per unit	\$4,465	\$49,115
Tri-Valley Transportation Committee Fee	\$2,279 per unit	\$2,279	\$25,069
Impervious Surface	\$3,168 per unit	\$3,168	\$34,848
In-lieu Park Dedication Fee	\$9,707 per unit	\$9,707	\$106,777
GIS Fee	\$8 per unit	\$8	\$87
School Impact Fee	\$16,850 per unit	\$16,850	\$185,350
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$68,068</u>	<u>\$748,748</u>
Total Indirect Costs	50.3% of direct costs	\$171,319	\$1,884,508
Subtotal, Direct and Indirect Costs		\$511,659	\$5,628,248
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$25,583	\$281,412
Total Costs		\$652,712	\$7,179,827
NET GAIN		\$131,288	\$1,444,173
Developer Return			20.1%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table C-4
Condo/Townhome Residual Land Value (surface parking)
Pleasanton Affordable Housing Study; EPS #121115

Maximum housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			23
Gross Area	1,200 sq.ft. per unit		27,600 sq.ft.
Efficiency Ratio	85%		
Net Area			23,460 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Sale Price	\$450,000 per unit	\$450,000	\$10,350,000
Options (net above costs)	1.0%	\$4,500	\$103,500
(less) Cost of Sale	3.0%	<u>(\$13,500)</u>	<u>(\$310,500)</u>
Total Revenue		\$441,000	\$10,143,000
LAND VALUE		\$55,225	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$140 /GLA sq. ft.	\$168,000	\$3,864,000
Site Improvement Cost	\$15.0 /land sq. ft.	\$28,409	\$653,400
Parking Construction Cost	\$3,500 per space	<u>\$7,000</u>	<u>\$161,000</u>
Total Direct Costs		\$203,409	\$4,678,400
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$18,265 per unit	\$18,265	\$420,104
Water	\$5,401 per unit	\$5,401	\$124,230
Wastewater	\$9,807 per unit	\$9,807	\$225,561
Public Facilities	\$2,736 per unit	\$2,736	\$62,928
Traffic Development	\$3,125 per unit	\$3,125	\$71,875
Tri-Valley Transportation Committee Fee	\$1,450 per unit	\$1,450	\$33,350
Impervious Surface	\$1,610 per unit	\$1,610	\$37,026
In-lieu Park Dedication Fee	\$7,969 per unit	\$7,969	\$183,287
GIS Fee	\$4 per unit	\$4	\$87
School Impact Fee	\$8,088 per unit	\$8,088	\$186,024
Other Indirect Costs (2)	<u>20.0%</u> of direct costs	<u>\$40,682</u>	<u>\$935,680</u>
Total Indirect Costs	48.7% of direct costs	\$99,137	\$2,280,152
Subtotal, Direct and Indirect Costs		\$302,546	\$6,958,552
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$15,127	\$347,928
Total Costs		\$372,898	\$8,576,646
NET GAIN		\$68,102	\$1,566,354
Developer Return			18.3%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

**Table C-5
Apartments Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115**

Maximum housing fees scenario

Item	Assumption	Per Unit	Total (per acre)
DEVELOPMENT PROGRAM			
Units			30
Net Area	1,000 sq.ft. per unit		30,000 sq.ft.
Efficiency Ratio	85%		
Gross Area			35,294 sq.ft.
Parking Ratio (spaces per unit)			2.0
REVENUE ASSUMPTIONS			
Gross Revenue	\$28 /net sq. ft./year	\$28,000	\$840,000
(less) Operating Expenses	30%	(\$8,400)	(\$252,000)
(less) Vacancy Rate	5.0%	(\$1,400)	(\$42,000)
Subtotal, Annual Net Operating Income		\$18,200	\$546,000
Capitalized Value	4.8% cap rate	\$383,158	\$11,494,737
(less) Cost of Sale	3.0%	(\$11,495)	(\$344,842)
Total Revenue		\$371,663	\$11,149,895
LAND VALUE		\$42,339	1,270,166
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost (1)	\$175 /GLA sq. ft.	\$205,882	\$6,176,471
Site Improvement Cost	\$5.0 /land sq. ft.	\$7,260	\$217,800
Parking Construction Cost	\$3,000 per space	\$6,000	\$180,000
Total Direct Costs		\$219,142	\$6,574,271
Indirect Costs			
Impact Fees			
Inclusionary Housing Fee	\$15,694 per unit	\$15,694	\$470,820
Water	\$6,617 per unit	\$6,617	\$198,510
Wastewater	\$9,807 per unit	\$9,807	\$294,210
Public Facilities	\$2,736 per unit	\$2,736	\$82,080
Traffic Development	\$3,125 per unit	\$3,125	\$93,750
Tri-Valley Transportation Committee Fee	\$1,450 per unit	\$1,450	\$43,500
Impervious Surface	\$1,234 per unit	\$1,234	\$37,026
In-lieu Park Dedication Fee	\$7,969 per unit	\$7,969	\$239,070
GIS Fee	\$3 per unit	\$3	\$87
School Impact Fee	\$3,040 per unit	\$3,040	\$91,200
Other Indirect Costs (2)	18.0% of direct costs	\$39,446	\$1,183,369
Total Indirect Costs	41.6% of direct costs	\$91,121	\$2,733,622
Subtotal, Direct and Indirect Costs		\$310,263	\$9,307,892
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$15,513	\$465,395
Total Costs		\$368,115	\$11,043,453
NET GAIN		\$3,548	\$106,441
Developer Return			1.0%

(1) Includes building cost.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table C-6

Maximum housing fees scenario

Retail Residual Land Value

Pleasanton Affordable Housing Study; EPS #121115

Item	Assumption	Per Bldg. Sq.Ft.	Total
DEVELOPMENT PROGRAM			
Gross Leasable Area (sq.ft.)			13,068 sq.ft.
Efficiency Ratio	95%		
Net Leasable Area (sq.ft.)			12,415 sq.ft.
Parking Ratio (spaces per 1,000 sq.ft.)			4.0
Total Spaces			52
REVENUE ASSUMPTIONS			
Gross Revenue (NNN)	\$28.00 /NLA sq. ft.	\$28.00	\$347,609
(less) Commissions	3.0%	(\$0.84)	(\$10,428)
(less) Vacancy Rate	4.0%	(\$1.12)	(\$13,904)
Subtotal, Annual Net Operating Income		\$26.04	\$323,276
Capitalized Value	6.6% cap rate	\$374.82	\$4,898,124
(less) Cost of Sale	3.0%	(\$11.24)	(\$146,944)
Total Revenue		\$364	\$4,751,180
LAND VALUE		\$68.87	\$900,000
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost	\$120 /GLA sq. ft.	\$120.00	\$1,568,160
Site Improvement Cost	\$10.0 /land sq. ft.	\$33.33	\$435,600
Parking Construction Cost (1)	\$0 /space	\$0	\$0
Total Direct Costs		\$153	\$2,003,760
Indirect Costs			
Tenant Improvements	\$40 /GLA sq. ft.	\$40.00	\$522,720
Impact Fees			
Inclusionary Housing Fee	\$1,414,480 /acre	\$108.24	\$1,414,480
Water	\$124,230 /acre	\$9.51	\$124,230
Wastewater	\$44,170 /acre	\$3.38	\$44,170
Public Facilities	\$7,318 /acre	\$0.56	\$7,318
Traffic Development	\$163,219 /acre	\$12.49	\$163,219
Tri-Valley Transportation Committee Fee	\$19,863 /acre	\$1.52	\$19,863
Impervious Surface	\$37,026 /acre	\$2.83	\$37,026
In-lieu Park Dedication Fee	\$0 /acre	\$0.00	\$0
GIS Fee	\$87 /acre	\$0.01	\$87
School Impact Fee	\$6,142 /acre	\$0.47	\$6,142
Other Indirect Costs (2)	15.0% of direct costs	\$23	\$300,564
Total Indirect Costs	131.7% of direct costs	\$202.01	\$2,639,820
Subtotal, Direct and Indirect Costs		\$355.34	\$4,643,580
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$18	\$232,179
Total Costs		\$441.98	\$5,775,759
NET GAIN		-\$78.40	(\$1,024,579)
Developer Return			-17.7%

(1) Covered under site improvements.

(2) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table C-7
Office Residual Land Value (Class B stand alone)
Pleasanton Affordable Housing Study; EPS #121115

Maximum housing fees scenario

Item	Assumption	Per Bldg. Sq.Ft.	Per Acre
DEVELOPMENT PROGRAM			
Gross Leasable Area (sq.ft.)			15,246 sq.ft.
Efficiency Ratio	90%		
Net Leasable Area (sq.ft.)			13,721 sq.ft.
Parking Ratio (spaces per 1,000 sq.ft.)			4.0
Total Spaces			
REVENUE ASSUMPTIONS			
Gross Office Revenue (FS)	\$24.00 /NLA	\$21.60	\$329,314
(less) Operating Expenses	30%	(\$6.48)	(\$98,794)
(less) Commissions	3.0%	(\$0.65)	(\$9,879)
(less) Vacancy Rate	10.0%	<u>(\$2.16)</u>	<u>(\$32,931)</u>
Annual Net Operating Income		\$12.31	\$187,709
Capitalized Value	6.5% cap rate	\$189.42	\$2,887,827
(less) Cost of Sale	3.0%	<u>(\$5.68)</u>	<u>(\$86,635)</u>
Total Revenue		\$184	\$2,801,192
LAND VALUE		\$45.91	\$700,000
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost	\$150 /GLA sq. ft.	\$150.00	\$2,286,900
Site Improvement Cost	\$5.0 /GLA sq. ft.	\$5.00	\$76,230
Parking Construction Cost	\$3,000 /per space	<u>\$12.00</u>	<u>\$182,952</u>
Total Direct Costs		\$167.00	\$2,546,082
Indirect Costs			
Tenant Improvements	\$30.00 /GLA sq. ft.	\$30.00	\$457,380
Impact Fees			
Inclusionary Housing Fee	\$71,199 /acre	\$4.67	\$71,199
Water	\$124,230 /acre	\$8.15	\$124,230
Wastewater	\$51,531 /acre	\$3.38	\$51,531
Public Facilities	\$12,959 /acre	\$0.85	\$12,959
Traffic Development	\$90,561 /acre	\$5.94	\$90,561
Tri-Valley Transportation Committee Fee	\$62,356 /acre	\$4.09	\$62,356
Impervious Surface	\$37,026 /acre	\$2.43	\$37,026
In-lieu Park Dedication Fee	\$0 /acre	\$0.00	\$0
GIS Fee	\$87 /acre	\$0.01	\$87
School Impact Fee	\$7,166 /acre	\$0.47	\$7,166
Other Indirect Costs (1)	15.0% of direct costs	<u>\$25.05</u>	<u>\$381,912</u>
Total Indirect Costs	50.9% of direct costs	\$85.03	\$1,296,408
Subtotal, Direct and Indirect Costs		\$252	\$3,842,490
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$12.60	\$192,124
Total Costs		\$310.55	\$4,734,614
NET GAIN		(\$126.82)	(\$1,933,422)
Developer Return			-40.8%

(1) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.

Table C-8
R&D/Light Industrial Residual Land Value
Pleasanton Affordable Housing Study; EPS #121115

Maximum housing fees scenario

Item	Assumption	Per Bldg. Sq.Ft.	Total
DEVELOPMENT PROGRAM			
Gross Leasable Area (sq.ft.)			15,682 sq.ft.
Efficiency Ratio	85%		
Net Leasable Area (sq.ft.)			13,329 sq.ft.
Parking Ratio (spaces per 1,000 sq.ft.)			4.0
Total Spaces			
REVENUE ASSUMPTIONS			
Gross Office Revenue (FS)	\$12.00 /NLA	\$10.20	\$159,952
(less) Operating Expenses	30%	(\$3.06)	(\$47,986)
(less) Commissions	3.0%	(\$0.31)	(\$4,799)
(less) Vacancy Rate	10.0%	<u>(\$1.02)</u>	<u>(\$15,995)</u>
Annual Net Operating Income		\$5.81	\$91,173
Capitalized Value	6.8% cap rate	\$86.13	\$1,350,708
(less) Cost of Sale	3.0%	<u>(\$2.58)</u>	<u>(\$40,521)</u>
Total Revenue		\$84	\$1,310,187
LAND VALUE		\$44.64	\$700,000
DEVELOPMENT COSTS			
Direct Costs			
Building Construction Cost	\$110 /GLA sq. ft.	\$110.00	\$1,724,976
Site Improvement Cost	\$5.0 /GLA sq. ft.	\$5.00	\$78,408
Parking Construction Cost	\$3,000 /per space	<u>\$12.00</u>	<u>\$188,179</u>
Total Direct Costs		\$127.00	\$1,991,563
Indirect Costs			
Tenant Improvements	\$10.00 /GLA sq. ft.	\$10.00	\$156,816
Impact Fees			
Inclusionary Housing Fee	\$73,233 /acre	\$4.67	\$73,233
Water	\$124,230 /acre	\$7.92	\$124,230
Wastewater	\$45,642 /acre	\$2.91	\$45,642
Public Facilities	\$6,887 /acre	\$0.44	\$6,887
Traffic Development	\$60,226 /acre	\$3.84	\$60,226
Tri-Valley Transportation Committee Fee	\$37,270 /acre	\$2.38	\$37,270
Impervious Surface	\$37,026 /acre	\$2.36	\$37,026
In-lieu Park Dedication Fee	\$0 /acre	\$0.00	\$0
GIS Fee	\$87 /acre	\$0.01	\$87
School Impact Fee	\$6,347 /acre	\$0.40	\$6,347
Other Indirect Costs (1)	<u>15.0%</u> of direct costs	<u>\$19.05</u>	<u>\$298,734</u>
Total Indirect Costs	42.5% of direct costs	\$53.98	\$846,498
Subtotal, Direct and Indirect Costs		\$181	\$2,838,062
Contingency (% of direct and indirect costs)	5.0% of direct and indirect costs	\$9.05	\$141,903
Total Costs		\$234.67	\$3,679,965
NET GAIN		(\$151.12)	(\$2,369,777)
Developer Return			-64.4%

(1) Include architecture & engineering, financing, legal, marketing, insurance, and G & A costs.

Source: Economic & Planning Systems, Inc.