



KEYSER MARSTON ASSOCIATES<sup>TM</sup>

**INCLUSIONARY HOUSING:  
FINANCIAL EVALUATION**

**Prepared for:**

**City of Thousand Oaks**

**Prepared by:**

**Keyser Marston Associates, Inc.**

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## I. EXECUTIVE SUMMARY

### A. Background

Keyser Marston Associates, Inc. (KMA) was selected by the City of Thousand Oaks (City) to assist in reviewing the City's existing Inclusionary Housing program and making recommendations for ways in which the program could potentially be modified. By way of background, the KMA Los Angeles office has assisted over 35 cities and counties with their Inclusionary Housing programs over the past 20 years. KMA's analyses reflect a real world perspective based on the firm's core experience in real estate development economics, real estate transactions, and developer negotiations services.

KMA was engaged to prepare an Inclusionary Housing: Financial Evaluation (Financial Evaluation) to identify supportable Inclusionary Housing program requirements. The primary function of the Financial Evaluation is to identify Inclusionary Housing requirements that balance the interests of property owners and developers against the City's need for affordable housing. The KMA evaluation methodology has been continually evolving over the past 20 years. Each study is tailored to reflect the specific characteristics of the jurisdiction being evaluated.

### B. Public Policy Objectives

Inclusionary Housing programs are subject to both statutory parameters imposed by the State Legislature and the rulings in the court cases that have challenged Inclusionary Housing programs over the past 30+ years. These statutes and court rulings are described in Section 2 of this Financial Evaluation. It is important to understand the constraints and opportunities that are created by these statutes and court rulings.

### C. Inclusionary Housing Program Design

In 2015, the California Supreme Court ruled in *California Building Industry Association v. City of San Jose*, 61 Cal 4<sup>th</sup> 435 (*San Jose*) that Inclusionary Housing Programs should be viewed as use restrictions that are a valid exercise of a jurisdiction's zoning powers. However, the *San Jose* ruling also imposed the following limitations to the requirements that jurisdictions can impose:

1. Inclusionary Housing requirements cannot be confiscatory; and
2. Inclusionary Housing requirements cannot deprive a property owner of a fair and reasonable return on their investment.

The court did not provide criteria under which jurisdictions can evaluate these limitations. As a result, each jurisdiction is left to create an evaluation methodology that balances the interests of property owners, developers and the jurisdiction’s need for affordable housing. It is KMA’s practice to take a conservative approach in evaluating potential requirements in order to comport with the court’s ruling.

The first step in designing an Inclusionary Housing program is to identify the factors that will be considered in defining the program’s goals. The characteristics of the unmet need for affordable housing in the community are commonly assessed for this purpose. This Financial Evaluation uses information presented in the City’s Housing Element (Housing Element), which was approved by the City Council in January 2022, to assist in this assessment.<sup>1</sup>

D. Financial Analyses

Each unit in a market rate project that is required to fulfill income and affordability restrictions creates an impact on the project economics. This is called the “Affordability Gap”, which is defined as difference between the achievable market rate rent or sales price and the allowable rent or sales price for each “Inclusionary Unit”. This Financial Evaluation uses pro forma analyses to estimate the Affordability Gaps generated at varying income and affordability levels.

Prototype apartment and ownership housing developments were created for analysis purposes. Apartment development prototypes were created for three different zoning categories and ownership housing development prototypes were varied by housing product type. The prototypes can be generally described as follows:

Table I – 1 Development Prototypes Apartment Development and Ownership Housing Development	
Apartment Development	Ownership Housing Development
Mall Property	Townhomes
Neighborhood Medium High	Detached Single Family Homes
Mixed-Use	

<sup>1</sup> The approved Housing Element covers the period between 2021 and 2029.

The prototype projects were created using the following resources:

1. The Housing Element;
2. Development plans for residential projects that were submitted to the City's Planning Division; and
3. Residential projects identified in KMA's market surveys.

KMA used pro forma analyses to estimate the Affordability Gaps created by the Inclusionary Housing alternatives being tested. The results were then evaluated to identify requirements that balance the interests of the property owner, the developer, and the City's unmet need for affordable housing.

## E. Findings

### SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS

#### *Apartment Development (Attachment 3)*

Apartment development analyses have been prepared for Inclusionary Housing requirements set at the low income and very low income levels.

#### Rent Estimates

The rent estimates that were used as part of the Affordability Gap analyses are presented in the following tables:

Table I – 2 Projected Market Rate Rents Apartment Development Prototypes			
Number of Bedrooms	Mall Property	Neighborhood Medium High	Mixed-Use
1	\$2,740	\$3,110	\$3,110
2	\$3,280	\$3,800	\$3,970
3	\$3,990	\$4,190	\$4,190

Table I - 3 Affordable Rents Apartment Development Prototypes		
Number of Bedrooms	Low Income	Very Low Income
1	\$1,794	\$1,102
2	\$2,005	\$1,226
3	\$2,219	\$1,354

### Affordability Gap Estimates

The Affordability Gaps per Inclusionary Unit are estimated as follows for the apartment development prototypes:

Table 1 - 4 Estimated Affordability Gaps Per Inclusionary Unit Apartment Development Prototypes	
Mall Property	\$203,000
Neighborhood Medium High	\$288,000
Mixed-Use	\$274,000
Weighted Average Affordability Gap Per Inclusionary Unit	\$260,000

### Supportable Inclusionary Housing Requirements – Apartment Development

Based on the results of the pro forma analyses, KMA concluded that the following Inclusionary Housing requirements can be supported by apartment development projects:



Table I - 5 Supportable Inclusionary Housing Requirements <sup>2</sup> Apartment Development Projects			
Income Level	Mall Property	Neighborhood Medium High	Mixed-Use
Low	11%	8%	9%
Very Low	8%	5%	6%

Based on all the factors considered in the apartment development evaluation, KMA has concluded that a 10% low income Inclusionary Housing obligation can be supported. Given the conservative approach taken by KMA, it is reasonable to conclude that a requirement of this magnitude is not confiscatory and that it will not deprive a property owner of a fair and reasonable return on their investment.

It is important to consider that some developers may wish to mitigate the financial impact created by the imposition of Inclusionary Housing requirements by using the density bonus provided under California Government Code Section 65915 et seq. (Section 65915). Moreover, in many cases it will be advantageous for a developer to provide very low income units to fulfill the Density Bonus requirements. In those instances, the City's low income Inclusionary Housing requirements would actually be fulfilled at a deeper affordability level.

#### *Ownership Housing Development (Attachment 4)*

Inclusionary Housing programs generally set the affordability requirements for ownership housing development at the moderate income level. This is done as a reflection of the fact that higher income households are likely to have more discretionary income to devote to the ongoing costs associated with home ownership than that of lower income households. The City Council also requested that the Financial Evaluation also consider the potential for imposing a low income requirement on ownership housing projects.

#### Sales Price Estimates

The sales price estimates that were used as part of the Affordability Gap analyses are presented in the following tables:

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<sup>2</sup> Measured against the number of units allowed by the development site's base zoning standards.

Table I - 6 Projected Market Rate Sales Prices Ownership Housing Development Prototypes		
Number of Bedrooms	Townhomes	Detached Single Family Homes
3	\$765,000	\$1,012,000
4	\$840,000	\$1,460,000
5		\$2,160,000

Table I - 7 Affordable Sales Prices Ownership Housing Development Prototypes		
Number of Bedrooms	Moderate Income	Low Income
Townhome Prototype		
3	\$502,000	\$228,300
4	\$531,100	\$235,600
Detached Single Family Home Prototype		
3	\$494,000	\$220,200
4	\$527,900	\$232,300
5	\$561,900	\$244,500

### Affordability Gap Estimates

The weighted average Affordability Gaps per Inclusionary Unit are estimated as follows for the ownership housing development prototypes:

Table I - 8 Affordability Gap Estimates Ownership Housing Development Projects		
	Townhomes	Detached Single Family Homes
Moderate Income		
Weighted Average Affordability Gap Per Inclusionary Unit	\$274,400	\$1,057,200
Low Income		
Weighted Average Affordability Gap Per Inclusionary Unit	\$553,600	\$1,356,100

#### Supportable Inclusionary Housing Requirements – Ownership Housing Development

Based on the results of the pro forma analyses, KMA concluded that the following Inclusionary Housing requirements can be supported by ownership housing development projects:

Table I - 9 Supportable Inclusionary Housing Requirement Ownership Housing Development Projects		
Income Level	Townhomes	Detached Single Family Homes
Moderate	10%	5%
Low	5%	3.5%

Given the magnitude of the Affordability Gaps associated with the provision of low income ownership housing units it is KMA's opinion that the Inclusionary Housing requirement should be set at the moderate income level. This will maximize the number of affordable ownership housing units that are produced, while minimizing the Affordability Gaps between the market rate sales prices and the "Affordable Sales Prices".

## SUPPORTABLE IN-LIEU FEES (ATTACHMENT 5)

KMA converted the Affordability Gaps associated with the supportable Inclusionary Housing obligations into the in-lieu fee payments that would be required to fulfill the affordable housing requirements on site within a proposed residential development. The resulting in lieu fee amounts are presented in the following tables.

### Apartment Development

Table I - 10 Supportable In-Lieu Fee Payment Amounts: 10% Low Income Inclusionary Standard Apartment Development Prototypes			
In-Lieu Fee	Mall Property	Neighborhood Medium High	Mixed-Use
In-Lieu Fee Per Inclusionary Unit			
Total In-Lieu Fee Obligation	\$1,827,000	\$1,152,000	\$8,220,000
Number of Inclusionary Units	9	4	30
In-Lieu Fee Per Inclusionary Unit	\$203,000	\$288,000	\$274,000
In-Lieu Fee Per Unit in the 100% Market Rate Project			
Total In-Lieu Fee Obligation	\$1,827,000	\$1,152,000	\$8,220,000
Number of Units in the Project	90	40	300
In-Lieu Fee Per Market Rate Unit	\$20,300	\$28,800	\$27,400
In-Lieu Fee Per Square Foot of Leasable Area in the 100% Market Rate Project			
Total In-Lieu Fee Obligation	\$1,827,000	\$1,152,000	\$8,220,000
Square Feet of Leasable Area	80,250	42,900	312,600
In-Lieu Fee Per Square Foot of Leasable Area	\$22.80	\$26.90	\$26.30

KMA applied the weighted averages of the in-lieu fee amounts that were supported by the prototype apartment development scopes being tested. The resulting in-lieu fee amounts are presented in the following table:

Table I – 11 Weighted Average Supportable In-Lieu Fee Payment Amounts 10% Low Income Inclusionary Standard Apartment Development	
Per Inclusionary Unit	\$260,400
Per Market Rate Unit in a 100% Market Rate Project	\$26,000
Per Square Foot of Leasable Area in a 100% Market Rate Project	\$25.70

### Ownership Housing Development

Table I – 12 Supportable In-Lieu Fee Payment Amounts Townhomes: 10% Moderate Income Inclusionary Standard Detached Single Family Homes: 5% Moderate Income Inclusionary Standard Ownership Housing Development Prototypes		
In-Lieu Fee	Townhomes	Detached Single Family Homes
In-Lieu Fee Per Inclusionary Unit		
Total In-Lieu Fee Obligation	\$548,800	\$3,171,600
Number of Inclusionary Units	2	3
In-Lieu Fee Per Inclusionary Unit	\$274,400	\$1,057,200
In-Lieu Fee Per Unit in the 100% Market Rate Project		
Total In-Lieu Fee Obligation	\$548,800	\$3,171,600
Number of Units in the Project	20	60
In-Lieu Fee Per Market Rate Unit	\$27,440	\$52,860
In-Lieu Fee Per Square Foot of Saleable Area in the 100% Market Rate Project		
Total In-Lieu Fee Obligation	\$548,800	\$3,171,600
Square Feet of Saleable Area	37,500	188,850
In-Lieu Fee Per Square Foot of Saleable Area	\$14.60	\$16.80

The supportable in-lieu fees for ownership housing projects are summarized in the following table:

<b>Table I – 13</b> <b>Weighted Average In-Lieu Fee Payment Analysis</b> <b>Townhomes: 10% Moderate Income Inclusionary Standard</b> <b>Detached Single Family Homes: 5% Moderate Income Inclusionary Standard</b> <b>Ownership Housing Development</b>		
	<b>Townhomes</b>	<b>Detached Single Family Homes</b>
Per Inclusionary Unit	\$274,400	\$1,057,200
Per Market Rate Unit in a 100% Market Rate Project	\$27,440	\$52,860
Per Square Foot of Saleable Area in a 100% Market Rate Project	\$14.60	\$16.80

Due to the fact that the in-lieu fee payment is an optional method of fulfilling the Inclusionary Housing obligation, the amount of the fee does not have to track with the Affordability Gaps associated with providing Inclusionary Units. The City may wish to consider applying a premium to the in-lieu fee payment amount to discourage its use, or they may wish to apply a discount to the in-lieu fee when the policy objective is to obtain funding sources for use in assisting dedicated affordable housing projects.

## F. Next Steps

The Financial Evaluation is meant to provide the City with the context under which to update the Inclusionary Housing program in ways that are not confiscatory and that do not deprive property owners of a fair and reasonable return on their investment. At the conclusion of this Financial Evaluation KMA offers a set of preliminary policy recommendations for City Council consideration.

After receiving input from the City Council, KMA will prepare a report that provides recommendations for specific requirements to be imposed if the City chooses to move forward with an amendment to the Inclusionary Housing Ordinance.

## II. INCLUSIONARY HOUSING PROGRAM CHARACTERISTICS (ATTACHMENT 1)

### A. Survey of Existing Inclusionary Housing Programs

Over 170 jurisdictions in California currently include an Inclusionary Housing Program as a component in their overall affordable housing strategy. While the unifying foundation of these programs is the objective to attract affordable housing development, the characteristics of these programs vary widely from jurisdiction-to-jurisdiction.

To assist the City in evaluating options for creating an Inclusionary Housing Program it is useful to identify the elements that are typically included in Inclusionary Housing Programs being implemented in California jurisdictions. To that end, KMA compiled information on 93 Inclusionary Housing Programs being implemented throughout California. The survey information is presented in Attachment 1.

The survey results can be summarized as follows:

1. In California, the majority of Inclusionary Housing Programs include a threshold project size below which projects are not subject to the Inclusionary Housing requirements. Common thresholds found in the survey fall between three and 10 units, with a 5 unit median threshold and a seven unit average threshold.
2. The income and affordability standards imposed by Inclusionary Housing Programs vary widely throughout California. The majority of programs have established standards in the range of 10% to 20% of the units in projects that will be subject to the requirements. However, the following policy variations are commonly found:
  - a. The threshold standards are varied as a reflection of the depth of the affordability being required.
  - b. Inclusionary Housing requirements have a disproportionate impact on smaller projects, because there are fewer market rate units available to spread the impact created by the income and affordability standards. As shown in the survey, a sliding scale requirement is sometimes used to mitigate these impacts.
  - c. The length of the covenant period imposed on Inclusionary Units varies from jurisdiction-to-jurisdiction. California Health and Safety Code (H&SC) Section 33413 applies covenant periods of 45 years for ownership housing units and 55 years for

apartment units. These standards are commonly used, but both shorter and longer covenant periods are imposed throughout Inclusionary Housing Programs in California.

Inclusionary Housing Programs focus on the production of affordable housing units by imposing specific affordable housing requirements on new development. However, an option for projects to pay a fee in lieu of producing affordable units is that the Inclusionary Housing requirements can be transferred to developers that have experience in constructing affordable housing projects. This is advantageous for the following reasons:

1. Affordable housing developers have specific expertise in the development and operation of affordable housing projects.
2. Dedicated affordable housing projects have access to state and federal funding sources that are not available to market rate projects. These funding sources provide a more cost-efficient way to achieve deeper affordability than can be supported by an Inclusionary Housing requirement. A representative sample of programs that are targeted to dedicated affordable housing projects are:
  - a. The Community Development Block Grant program funds that are awarded to the City by the United States Department of Housing and Urban Development (HUD);
  - b. The funds allocated to the City by HCD under the Permanent Local Housing Allocation (PLHA) for Senate Bill 2 (Chapter 364, Statutes of 2017);
  - c. The federal and state Low-Income Housing Tax Credits (Tax Credits) offered under Internal Revenue Code Section 42;
  - d. State funding sources such as the Infill Infrastructure Grant (IIG), the Multifamily Housing Program (MHP) and Affordable Housing and Sustainable Communities (AHSC) Program; and
  - e. The Area Housing Authority of the County of Ventura (AHACV) assistance programs.

## **B. State Density Bonus and Inclusionary Housing Requirements**

A tool that is commonly used to reduce the financial impact created by the imposition of Inclusionary Housing requirements is the Section 65915 density bonus. The City is required to adopt an ordinance that specifies how it will comply with the State mandated density bonus requirements.



The City's adopted ordinance is included in Chapter 10 of the Thousand Oaks Municipal Code (Chapter 10), and it was last amended in 2008. The City is currently in the process of amending the density bonus ordinance to reflect changes the State Legislature has made during the intervening period. Until the update is codified, State law will automatically prevail over any inconsistencies between State law and Chapter 10.

In July 2013 the First District Court of Appeal held that jurisdictions must agree to count the affordable units used to fulfill Section 65915 affordable housing requirements towards the Inclusionary Housing requirements that will be imposed on a project.<sup>3</sup> Based on that ruling, a developer must be allowed to use the same affordable units to fulfill both the Inclusionary Housing requirements and the Section 65915 requirements. However, in order to exercise this option, the developer must apply the more stringent of the two programs' requirements.

### C. Structuring Issues

In structuring an Inclusionary Housing Program it is important to remember that the courts and the State Legislature have placed limitations on the price controls imposed Inclusionary Housing Programs:

#### SAN JOSE CASE

In the 2015 San Jose case, the California Supreme Court ruled that Inclusionary Housing Programs should be viewed as use restrictions that are a valid exercise of a jurisdiction's zoning powers. Specifically, the Court found that Inclusionary Housing requirements are a planning tool rather than an exaction. This is interpreted to mean that an in-lieu fee payment option that is included in an Inclusionary Housing Program, that includes an affordable housing production requirement, is not subject to the AB 1600 nexus requirements imposed by the "Mitigation Fee Act".<sup>4</sup>

While Inclusionary Housing Programs are not subject to the Mitigation Fee Act, these programs must comply with the following criteria:

1. The requirements cannot be "Confiscatory"; and
2. The requirements cannot deprive a property owner of a fair and reasonable return on their investment.

The court did not provide criteria under which jurisdictions can determine whether proposed price controls are confiscatory and/or they deprive a property owner of a fair and reasonable return. As a

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<sup>3</sup> *Latinos Unidos del Valle de Napa y Solano v. County of Napa*, 217 Cal. App. 4<sup>th</sup> 1160 (Napa).

<sup>4</sup> The Mitigation Fee Act is codified in California Government Code §66000 et seq.

result, each jurisdiction is left to create an evaluation methodology that balances the interests of property owners, developers and the jurisdiction's need for affordable housing. It is KMA's practice to take a conservative approach in establishing the price controls that comport with the court's ruling.

## ASSEMBLY BILL 1505

Assembly Bill (AB) 1505 amended Section 65850 of the California Government Code and added Section 65850.01. This legislation provides jurisdictions with the ability to adopt programs that impose Inclusionary Housing requirements on apartment development projects.

Section 65850.01 does not place a cap on the percentage of units that can be subject to income and affordability restrictions. However, Section 65850.01 (a) gives HCD the authority to review the restrictions imposed by an Inclusionary Housing Program on apartment developments if it requires that more than 15% of the units to be restricted to households earning less than 80% of the area median income (AMI), and if one of the following conditions applies:

1. The jurisdiction has failed to meet at least 75% of its Regional Housing Needs Assessment (RHNA) allocation for above moderate income units. This test is measured on a pro-rated basis over the planning period, which is set at a minimum of five years; or
2. HCD finds that the jurisdiction has not submitted their Housing Element report for at least two consecutive years.

The City has fulfilled the requirements imposed by both of the standards identified above. As such, HCD does not have authority under Section 65850.01 (a) to review the Inclusionary Housing requirements the City proposes to impose on apartment development. However, in a technical guidance memorandum dated October 21, 2019, HCD reaffirmed its authority to review Inclusionary Housing ordinances as part of its review of a jurisdiction's Housing Element.

## CALIFORNIA GOVERNMENT CODE SECTION 65583 (A)

California Government Code Section 65583 (a) (Section 65583 (a)) requires the City to analyze potential and actual constraints being placed on the development of housing. If the City chooses to impose a greater than 15% affordability requirement and/or a deeper affordability standard than 80% of AMI on apartment development, HCD can require the City to demonstrate that the Inclusionary Housing requirement does not create a constraint to housing development. This can potentially extend and complicate the approval process for the City's Sixth Cycle Housing Element.

Section 65583 (a) requires the City to analyze potential and actual constraints being placed on the development of housing. Within that context, it is important to recognize that the requirements imposed by an Inclusionary Housing Program can only be expected to fulfill a small portion of the unmet need for affordable housing in Thousand Oaks.

### III. METHODOLOGY

The purpose of this Financial Evaluation is to evaluate the financial feasibility of imposing Inclusionary Housing requirements on residential development in Thousand Oaks. The financial feasibility analysis is comprised of the following steps:

#### A. Parameters

As the first step in the evaluation process, it is necessary to identify the parameters that will be applied in the analysis. One measurement is the RHNA, which is used as a tool in the Housing Element process. The Sixth Cycle RHNA Allocation Plan covers the period between 2021 and 2029, and the Thousand Oaks allocations are detailed in the following table:

Table III - 1 Sixth Cycle RHNA Allocation October 2021 through October 2029		
Income Category	Total Obligation	% of Total
Extremely Low Income	368	14%
Very Low	367	14%
Low	494	19%
Moderate	532	20%
Above Moderate	860	33%
Totals	2,621	100%

Notable factors to be considered are:

1. By far, the largest identified unmet need for affordable housing falls in the above moderate income category. Based on historical development patterns it can be assumed that these units will be produced by market rate developers without City intervention.
2. Outside financial assistance sources are widely available to affordable housing projects targeted to extremely low and very low income households. There are numerous nonprofit housing organizations in the Thousand Oaks market area that have experience obtaining these funding sources.

3. There are a limited number of outside funding available to assist low income units and effectively no outside funding sources available to assist moderate income units.

For these reasons it is KMA's opinion that the Inclusionary Housing Program should focus on attracting development that serves households at the low and moderate income levels. As part of creating an Inclusionary Housing Program it is also important to evaluate the impact the restrictions will have on the developers of market rate housing projects to ensure that onerous requirements are not imposed.

## **B. Program Foundation**

The courts have held that affordable housing is a "public benefit," and that locally imposed Inclusionary Housing Programs are a legitimate means of providing this public benefit. The courts have tempered this with the requirement that the Inclusionary Housing obligations cannot be confiscatory, and they cannot deprive a property owner of a fair and reasonable return on their investment.

Recognizing that the courts have not provided guidance for determining how these limitations should be measured, it is left to the City to create a methodology for testing the financial impacts created by proposed Inclusionary Housing requirements. The KMA approach is based on pro forma analyses of prototype projects that reflect the residential development types exhibited within the jurisdiction.

The KMA pro forma analyses test the following factors to assist in identifying Inclusionary Housing requirements that can reasonably be applied:

1. The reduction in property acquisition costs needed to offset the impact that is caused by the proposed requirements; and
2. The increase in market rate rents/sales prices would be needed to offset the proposed requirements.

KMA evaluates the results of each of these tests in order to develop a comprehensive perspective on the financial impacts created by Inclusionary Housing requirements. These analyses collaboratively inform the KMA conclusion as to the Inclusionary Housing requirements that can be supported.

The KMA methodology has been continually evolving over the past 20 years, and each financial evaluation is tailored to reflect the specific characteristics of the jurisdiction in which KMA is performing the evaluation. The development prototypes used in this Financial Evaluation are described in the following section of this report.

## DEVELOPMENT PROTOTYPES

The pro forma analyses that KMA has prepared are based on prototype residential developments. To assist in creating the development prototypes, KMA reviewed the following:

1. The Housing Element;
2. Development plans for residential projects that have recently received entitlements and/or been submitted to the City's Planning Division for review; and
3. Apartment and ownership housing development projects identified in KMA's market surveys.

It is important to understand that the prototypes used in the Financial Evaluation do not represent actual projects. Instead, the prototypes represent composites of projects that have recently been developed or proposed for development and the results of KMA market surveys.

### C. Financial Evaluation Structure

The analysis structure applied by KMA can be described as follows:

1. KMA prepared financial analyses to assist in creating recommended Inclusionary Housing requirements that balance the interests of property owners and developers against the public benefit created by the production of affordable housing units.
2. In general terms, the financial impact associated with fulfilling Inclusionary Housing requirements within market rate projects is equal to the Affordability Gap between the achievable market rate rents or sales prices and the allowable rents or sales prices for the Inclusionary Units.
3. The KMA financial analyses identify the range of Inclusionary Housing production requirements that can be supported.

### D. Financial Analysis Organization

The following sections of this Financial Evaluation describe the assumptions, analysis and findings related to ownership housing and apartment developments. The analyses are supported by the following Attachments and Appendices:

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# IV. APARTMENT DEVELOPMENT ANALYSIS

## (ATTACHMENT 3)

KMA created three prototype apartment development scenarios in order to evaluate the impacts created by variations in site sizes and densities of the project types anticipated to be developed in Thousand Oaks. Prototypes were evaluated for apartment development based on the following zoning standards:

- 1. Mall Property;
- 2. Neighborhood Medium High; and
- 3. Mixed-use.

### A. Pro Forma Organization and Assumptions

#### MARKET RATE SCENARIOS

The 100% market rate unit apartment development prototypes provide baselines against which to measure the impacts created by affordable housing requirements. The pro forma analyses for the 100% market rate unit scenarios are organized as follows:

Table IV - 1	
Pro Forma Analysis - 100% Market Rate Scenario	
Apartment Development Prototypes	
Table 1:	Estimated Development Costs
Table 2:	Estimated Stabilized Net Operating Income
Table 3:	Stabilized Return on Total Investment

The stabilized returns on investment generated by the 100% market rate scenarios are used as the benchmark returns for the purpose of estimating the impacts created by the imposition of Inclusionary Housing obligations. KMA measured the financial impacts created by the imposition of Inclusionary Housing requirements using the tools described previously in this Financial Evaluation. These tools were used to identify the income and affordability requirements that can be feasibly imposed on apartment developments.



## AFFORDABLE HOUSING SCENARIOS

To assist in establishing the Inclusionary Housing production requirements that can be supported, KMA created the following affordability alternatives:

1. A low income alternative;
2. A very low income alternative; and
3. A Section 65915 density bonus alternative.

The pro forma analyses for the affordable housing scenarios are organized as follows:

Table IV - 2 Pro Forma Analysis – Affordable Housing Alternatives Apartment Development Prototypes	
Table 1:	Estimated Development Costs
Table 2:	Estimated Stabilized Net Operating Income
Table 3:	Financial Impacts: Inclusionary Housing Requirements

The “Affordable Rent” calculation methodology is described in Attachment 2: Appendix A and the Affordable Rent calculations are detailed in Attachment 3: Appendix B. The results are presented in the following table:

Table IV - 3 Affordable Rents Apartment Development Prototypes		
Number of Bedrooms	Low Income	Very Low Income
1	\$1,794	\$1,102
2	\$2,005	\$1,226
3	\$2,219	\$1,354

## B. Alternatives Testing

### MAILL PROPERTY APARTMENT DEVELOPMENT ANALYSIS

The characteristics of the Mall Property apartment development prototype are summarized in the following table:

Table IV - 4 Development Scope Summary Mall Property Apartment Development Prototype			
Site Area (Acres)	3.0	<u>Unit Mix</u>	
Total Number of Units	90	One-Bedroom Units	40%
Density (Units/Acre)	30	Two-Bedroom Units	55%
Parking	At- & Above -Grade Spaces	Three-Bedroom Units	5%

The pro forma analyses for the Mall Property development prototype is provided in Attachment 3: Appendix C. The results of the Mall Property apartment development analyses are presented in the following sections of this Financial Evaluation.

#### *Estimated Development Costs:*

##### *Mall Property Prototype Apartment Development*

The development costs for the Mall Property prototype apartment development are estimated at \$43.7 million. This equates to \$485,000 per unit, or \$544 per square foot of leasable area.

#### *Projected Market Rate Rents:*

##### *Mall Property Prototype Apartment Development*

The market survey is presented in Attachment 3: Appendix A. The resulting market rents are summarized in the following table:

Table IV - 5	
Projected Market Rate Rents	
Mall Property Apartment Development Prototype	
One-Bedroom Units	\$2,740
Two-Bedroom Units	\$3,280
Three-Bedroom Units	\$3,990
Average Monthly Rent Per Square Foot of Leasable Area	\$3.49

### Findings:

#### Mall Property Apartment Prototype Development

The results of the KMA analyses of the Mall Property apartment development prototype are summarized in the following table:

Table IV - 6		
Supportable Inclusionary Housing Requirements /		
Financial Impacts: Inclusionary Housing Requirements		
Mall Property Apartment Development Prototype		
	Low Income	Very Low Income
Supportable Inclusionary Housing Requirement	11%	7%
Property Acquisition Cost Reduction Needed to Offset the Impact Created by the Affordability Requirements	27%	29%
Market Rent Increase Required to Offset the Impact	4.9%	5.3%

## NEIGHBORHOOD MEDIUM HIGH APARTMENT DEVELOPMENT ANALYSIS

The characteristics of the Neighborhood Medium High apartment development prototype are summarized in the following table:

Table IV - 7 Development Scope Summary Neighborhood Medium High Apartment Development Prototype			
Site Area (Acres)	2.0	<u>Unit Mix</u>	
Total Number of Units	40	One-Bedroom Units	35%
Density (Units/Acre)	20	Two-Bedroom Units	50%
Parking	Covered & Enclosed Spaces	Three-Bedroom Units	15%

The pro forma analyses for the Neighborhood Medium High development prototype is provided in Attachment 3: Appendix D. The results of the Neighborhood Medium High apartment development analyses are presented in the following sections of this Financial Evaluation.

*Estimated Development Costs:*

*Neighborhood Medium High Prototype Apartment Development*

The development costs for the Neighborhood Medium High prototype apartment development are estimated at \$23.1 million. This equates to \$578,000 per unit, or \$539 per square foot of leasable area.

*Projected Market Rate Rents:*

*Neighborhood Medium High Prototype Apartment Development*

The market rents applied in the Neighborhood Medium High analysis are based on the weighted average rents identified in the KMA market survey (Attachment 3: Appendix A). The resulting market rents are summarized in the following table:

Table IV - 8 Projected Market Rate Rents Neighborhood Medium High Prototype Apartment Development	
One-Bedroom Units	\$3,110
Two-Bedroom Units	\$3,800
Three-Bedroom Units	\$4,190
Average Monthly Rent Per Square Foot of Leasable Area	\$3.37

*Findings:*

*Neighborhood Medium High Apartment Prototype Development*

The results of the KMA analyses of the Neighborhood Medium High apartment development prototype are summarized in the following table:

Table IV - 9 Supportable Inclusionary Housing Requirements / Financial Impacts: Inclusionary Housing Requirements Neighborhood Medium High Apartment Development Prototype		
	Low Income	Very Low Income
Supportable Inclusionary Housing Requirement	8%	5%
Property Acquisition Cost Reduction Needed to Offset the Impact Created by the Affordability Requirements	17%	16%
Market Rent Increase Required to Offset the Impact	4.3%	4.0%

**MIXED USE APARTMENT DEVELOPMENT ANALYSIS**

The characteristics of the Mixed Use apartment development prototype are summarized in the following table:

Table IV – 10 Development Scope Summary Mixed Use Apartment Development Prototype			
Site Area (Acres)	10	<u>Unit Mix</u>	
Total Number of Units	300	One-Bedroom Units	50%
Density (Units/Acre)	30	Two-Bedroom Units	38%
Parking	At-Grade Spaces & Semi-Subterranean Garage	Three-Bedroom Units	12%

The pro forma analyses for the Mixed Use development prototype is provided in Attachment 3: Appendix E. The results of the Mixed-Use apartment development analyses are presented in the following sections of this Financial Evaluation.

*Estimated Development Costs:*  
*Mixed Use Prototype Apartment Development*

The development costs for the Mixed Use prototype apartment development are estimated at \$137.6 million. This equates to \$459,000 per unit, or \$440 per square foot of leasable area.

*Projected Market Rate Rents:*  
*Mixed Use Prototype Apartment Development*

The market rents applied in the Mixed Use analysis are based on the weighted average rents identified in the KMA market survey (Attachment 3: Appendix A). The resulting market rents are summarized in the following table:

Table IV - 11 Projected Market Rate Rents Mixed-Use Apartment Development Prototype	
One-Bedroom Units	\$3,110
Two-Bedroom Units	\$3,970
Three-Bedroom Units	\$4,190
Average Monthly Rent Per Square Foot of Leasable Area	\$3.42

*Findings:*  
*Mixed Use Apartment Prototype Development*

The results of the KMA analyses of the Mixed Use apartment development prototype are summarized in the following table:

Table IV - 12 Supportable Inclusionary Housing Requirements / Financial Impacts: Inclusionary Housing Requirements Mixed Use Apartment Development Prototype		
	Low Income	Very Low Income
Supportable Inclusionary Housing Requirement	9%	6%
Property Acquisition Cost Reduction Needed to Offset the Impact Created by the Affordability Requirements	29%	28%
Market Rent Increase Required to Offset the Impact	5.0%	4.7%

### C. Supportable Inclusionary Housing Production Requirements

#### BASE ZONING SCENARIOS

The results of the KMA apartment development analyses indicate that the following Inclusionary Housing requirements can be supported at the base zoning allowed by the City's Municipal Code.

Table IV - 13 Supportable Inclusionary Housing Requirement Apartment Development Projects			
Income Level	Mall Property	Neighborhood Medium High	Mixed Use
Low	11%	8%	9%
Very Low	8%	5%	6%

#### SECTION 65915 DENSITY BONUS SCENARIOS

KMA's primary analysis is based on prototype apartment development projects that comport with the development site's base zoning requirements. KMA also created Section 65915 density bonus prototypes that maximize the supportable Inclusionary Housing requirement, while minimizing the financial impact created by the requirement. The density bonus analyses are presented in Exhibit IV of Appendices C, D, and E of Attachment 3.

For the purposes of this analysis, KMA tested the following concepts:

1. For the Mall Property and Neighborhood Medium High zoning standards, KMA tested prototypes that include a 15% very low income requirement. This entitles the project to obtain a 50% density bonus.
2. For the Mixed-Use zoning standards:
  - a. KMA tested a prototype that includes a 9% very low income requirement, which entitles the project to obtain a 30% density bonus.
  - b. KMA undertook an additional test to estimate how many additional low income units could be supported from an economic perspective.
3. The results can be summarized as follows:
  - a. The benefits associated with a 50% density bonus were deemed to be sufficient to support a requirement to set aside 15% of the units allowed by the site's base zoning for very low income households.
  - b. The benefits associated with a 30% density bonus were estimated to support the following requirements:
    - i. A very low income requirement set at 9% of the units allowed by the site's base zoning; plus
    - ii. A low income requirement set at 7% of the units allowed by the site's base zoning.

### **SUMMARY: SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS**

KMA's analyses of prototype apartment development projects that comport with a site's base zoning requirements supports Inclusionary Housing requirements that fall within the following ranges:



Table IV - 14  
Supportable Inclusionary Housing Production Requirements  
Apartment Development

Income Category	Inclusionary Housing Requirement
Low	8% - 11%
Very Low	5% - 8%

The use of the Section 65915 density bonus for apartment development projects can potentially mitigate the impacts created by an Inclusionary Housing requirement that is set at up to a 15% very low income standard. However, it is also important to understand that a density bonus cannot be used efficiently on all development sites. This is particularly an issue for small development sites or for projects in which increased density would require a more expensive construction or parking type.

Based on all the factors considered in the apartment development projects evaluation, KMA concluded that a 10% low income Inclusionary Housing obligation can be supported. Given the conservative approach taken by KMA, it is reasonable to conclude that a requirement of this magnitude is not confiscatory and that it will not deprive a property owner of a fair and reasonable return on their investment.

## V. OWNERSHIP HOUSING ANALYSES (ATTACHMENT 4)

Ownership housing development in Thousand Oaks is focused on detached single family homes and townhome developments. Stacked flat condominiums are not yet a factor in the ownership housing development inventory. In recognition of this, KMA created the following ownership housing development types:

1. Townhomes; and
2. Detached single family homes.

### A. Pro Forma Organization and Assumptions

To assist in establishing the Inclusionary Housing production requirements that can be supported, KMA prepared the following pro forma analyses for each prototype ownership housing project:

1. A prototype in which 100% of the units are sold at unrestricted market rate sales prices;
2. A prototype that includes a moderate income component; and
3. A prototype that includes a low income component.

The 100% market rate unit ownership housing development scenarios provide baselines against which to measure the impacts created by affordable housing requirements. The pro forma analyses for the 100% market rate unit scenarios are organized as follows:

Table V - 1 Pro Forma Analysis – Market Rate Scenario Ownership Housing Development Prototypes	
Table 1:	Estimated Development Costs
Table 2:	Projected Net Sales Revenue
Table 3:	Projected Developer Profit

The estimated developer profit for each of the 100% market rate scenarios is used as the benchmark profit percentage for the purpose of estimating the impacts created by the imposition of Inclusionary Housing obligations. The resulting financial gaps represent the impact created by the requirements being tested. The pro forma analyses for the affordable housing alternatives are organized as follows:

Table V - 2 Pro Forma Analyses - Affordable Housing Alternatives Ownership Housing Development Prototypes	
Table 1:	Estimated Development Costs
Table 2:	Projected Net Sales Revenue
Table 3:	Financial Impacts: Inclusionary Housing Requirements

KMA measured the financial impacts created by the imposition of Inclusionary Housing requirements using the tools described previously in this Financial Evaluation. These tools were used to identify the moderate income and low income requirements that can be feasibly imposed on ownership housing developments.

## B. Alternatives Testing

### TOWNHOME ANALYSIS

The characteristics of the townhome development prototype are summarized in the following table:

Table V - 3 Development Scope Summary Townhome Development Prototype			
Site Area (Acres)	1.0	<u>Unit Mix</u>	
Total Number of Units	20	Three-Bedroom Units	75%
Density (Units/Acre)	20	Four-Bedroom Units	25%
Parking	2-Car Attached Garages		

The pro forma analyses for the townhome development prototype are provided in Attachment 4: Appendix C. The results of the townhome development analyses are summarized in the following sections of this Financial Evaluation.

*Estimated Development Costs:*  
*Townhome Development Prototype*

The total development cost for the Market Rate Alternative is estimated at \$13.6 million. This equates to \$680,000 per unit, or \$363 per square foot of saleable area.<sup>5</sup>

*Projected Market Rate Sales Prices:*  
*Townhome Development Prototype*

To assist in projecting the achievable market rate sales prices, KMA compiled sales data for townhome projects located in the Thousand Oaks market area. Based in part on this survey, the market rate sales prices that were applied in the townhome development prototype analysis are as follows:

Table V - 4 Projected Market Rate Sales Prices Townhome Development Prototype	
Three-Bedroom Units	\$765,000
Four-Bedroom Units	\$840,000
Average Price per Square Foot of Saleable Area	\$418

*Affordable Sales Price Calculations:*  
*Townhome Development Prototype*

Based on the Affordable Sales Price calculation methodology described in Attachment 2: Appendix B, and the calculations presented in Attachment 4: Appendix B – Exhibit I, the Affordable Sales Prices for the townhome development prototype are:

Table V - 5 Affordable Sales Price Estimates Townhome Development Prototype		
	Moderate Income	Low Income
Three-Bedroom Units	\$502,100	\$228,300
Four-Bedroom Units	\$531,100	\$235,600

<sup>5</sup> The development costs for the affordable housing alternatives vary slightly from the costs for the Market Rate Alternative. This is attributable to minor interest cost savings and is the case for both ownership housing development prototypes.

### Findings:

#### Townhome Development Prototype Analysis

The results of the KMA analyses of the townhome development prototype are summarized in the following table:

Table V - 6 Supportable Inclusionary Housing Requirements / Financial Impacts: Inclusionary Housing Requirements Townhome Development Prototype		
	Moderate Income	Low Income
Supportable Inclusionary Housing Requirement	10%	5%
Property Acquisition Cost Reduction Needed to Offset the Impact Created by the Affordability Requirements	19%	18%
Market Price Increase Required to Offset the Impact	3.6%	3.2%

#### DETACHED SINGLE FAMILY HOME ANALYSIS

The characteristics of the detached single family home development prototype are summarized in the following table:

Table V - 7 Development Scope Summary Detached Single Family Home Development Prototype			
Site Area (Acres)	10	<u>Unit Mix</u>	
Total Number of Units	60	Three-Bedroom Units	10%
Density (Units/Acre)	6	Four-Bedroom Units	65%
Parking	2-Car Attached Garages	Five-Bedroom Units	25%

The pro forma analyses for the detached single family home development prototype are provided in Attachment 4: Appendix D. The results of the detached single family home development analyses are summarized in the following sections of this Financial Evaluation.

*Estimated Development Costs:*

*Detached Single Family Home Development Prototype*

The total development cost for the Market Rate Alternative is estimated at \$85.7 million. This equates to \$1.42 million per unit, or \$454 per square foot of saleable area.

*Projected Market Rate Sales Prices:*

*Detached Single Family Home Development Prototype*

To assist in projecting the market rate sales prices, KMA compiled sales data for detached single family homes located in the Thousand Oaks market area. Based in part on this survey, the market rate sales prices that were applied in the detached single family home prototype analysis are as follows:

Table V - 8	
Projected Market Rate Sales Prices	
Detached Single Family Home Development Prototype	
Three-Bedroom Units	\$1,012,000
Four-Bedroom Units	\$1,460,000
Five-Bedroom Units	\$2,160,000
Average Price per Square Foot of Saleable Area	\$505

*Affordable Sales Price Calculations:*

*Detached Single Family Home Development Prototype*

Based on the Affordable Sales Price calculation methodology described in Attachment 2: Appendix B, and the calculations presented in Attachment 4: Appendix B – Exhibit II, the Affordable Sales Prices for the detached single family home development prototype are:

Table V - 9		
Affordable Sales Price Estimates		
Detached Single Family Home Development Prototype		
	Moderate Income	Low Income
Three-Bedroom Units	\$494,000	\$220,200
Four-Bedroom Units	\$527,900	\$232,300
Five-Bedroom Units	\$561,900	\$244,500

### Findings:

#### Detached Single Family Home Development Prototype Analysis

The results of the KMA analyses of the detached single family home development prototype are summarized in the following table:

Table V – 10 Supportable Inclusionary Housing Requirements / Financial Impacts: Inclusionary Housing Requirements Detached Single Family Home Development Prototype		
	Moderate Income	Low Income
Supportable Inclusionary Housing Requirement	5%	3.5%
Property Acquisition Cost Reduction Needed to Offset the Impact Created by the Affordability Requirements	10%	8%
Market Price Increase Required to Offset the Impact	2.3%	1.9%

### C. Supportable Inclusionary Housing Production Requirements

The preceding section of this Financial Evaluation used pro forma analyses of prototype ownership housing development projects to assist in identifying the Inclusionary Housing production requirements that can currently be supported. The ownership housing development types that were evaluated are:

1. Townhomes; and
2. Detached single family homes.

The results of the KMA ownership housing development analyses indicate that the following Inclusionary Housing requirements can be supported for ownership housing development projects.

Table V - 11 Supportable Inclusionary Housing Requirements Ownership Housing Development Projects		
Income Level	Townhomes	Detached Single Family Homes
Moderate	10%	5%
Low	5%	3.5%

Given the magnitude of the Affordability Gaps associated with ownership housing development in Thousand Oaks, it is KMA's opinion that imposing a moderate income requirement will maximize the number of affordable ownership housing units that are produced while minimizing the Affordability Gaps between the market rate sales prices and the Affordable Sales Prices.

As discussed previously, KMA takes a conservative approach in setting benchmark impact standards for evaluating the impact created by income and affordability controls. Based on our financial analyses, KMA has concluded that the following Inclusionary Housing production requirements can be supported:

Table V - 12 Supportable Inclusionary Housing Production Requirements Ownership Housing Development	
Townhomes	10% Moderate Income
Detached Single Family Homes	5% Moderate Income



## VI. IN-LIEU FEE ANALYSES (ATTACHMENT 5)

An option to pay a fee in lieu of producing affordable housing units is typically offered as part of an Inclusionary Housing program. Recognizing that paying an in-lieu fee is an option, not a requirement, KMA made the fundamental assumption that developers can be required to pay a premium over the in-lieu fee amounts generated by an Affordability Gap analysis. The results of this analysis can be used to create in-lieu fee schedules, or the format can be used to develop a methodology for calculating the in-lieu fee on a case by case basis.

### A. Apartment Development

KMA based the in-lieu analysis for apartment development on a 10% low income requirement. The calculations are presented in Attachment 5: Appendix A, and are based on the following methodology:

1. The differences between the estimated achievable market rate rents and the defined Affordable Rents were calculated.
2. KMA assumed that the property taxes for projects that include designated affordable housing units would be based on a lower assessed value than a 100% market rate project due to the reduction in net operating income that would be generated by the project. KMA deducted this lower property tax expense from the estimated rent difference.
3. The “Net Annual Rent Difference Per Inclusionary Unit” is equal to the “Annual Rent Difference Per Inclusionary Unit” minus the property tax savings.
4. The “Affordability Gap Per Inclusionary Unit” is equal to Annual Rent Difference Per Inclusionary Unit capitalized at the benchmark returns derived from the pro forma analyses of the market rate scenarios.
5. The Affordability Gaps Per Inclusionary Unit were translated into in-lieu fees per square foot of leasable area.

The KMA in-lieu fee estimates for apartment development projects are summarized in the following table:

Table VI - 1 In-Lieu Fee Payment Amounts: 10% Low Income Inclusionary Standard Apartment Development Prototypes			
In-Lieu Fee	Mall Property	Neighborhood Medium High	Mixed-Use
In-Lieu Fee Per Inclusionary Unit			
Total In-Lieu Fee Obligation	\$1,827,000	\$1,152,000	\$8,220,000
Number of Inclusionary Units	9	4	30
In-Lieu Fee Per Inclusionary Unit	\$203,000	\$288,000	\$274,000
In-Lieu Fee Per Unit in the 100% Market Rate Project			
Total In-Lieu Fee Obligation	\$1,827,000	\$1,152,000	\$8,220,000
Number of Units in the Project	90	40	300
In-Lieu Fee Per Market Rate Unit	\$20,300	\$28,800	\$27,400
In-Lieu Fee Per Square Foot of Leasable Area in the 100% Market Rate Project			
Total In-Lieu Fee Obligation	\$1,827,000	\$1,152,000	\$8,220,000
Square Feet of Leasable Area	80,250	42,900	312,600
In-Lieu Fee Per Square Foot of Leasable Area	\$22.80	\$26.90	\$26.30

## B. Ownership Housing Development

The KMA in-lieu fee estimates for ownership housing development projects is based on a 10% moderate income requirement for townhome projects and a 5% moderate income requirement for ownership housing projects. The calculations are presented in Attachment 5: Appendix B, and summarized in the following table:

Table VI - 2 In-Lieu Fee Payment Amounts Townhomes: 10% Moderate Income Inclusionary Standard Detached Single Family Homes: 5% Moderate Income Inclusionary Standard Ownership Housing Development Prototypes		
In-Lieu Fee	Townhomes	Detached Single Family Homes
In-Lieu Fee Per Inclusionary Unit		
Total In-Lieu Fee Obligation	\$548,800	\$3,171,600
Number of Inclusionary Units	2	3
In-Lieu Fee Per Inclusionary Unit	\$274,400	\$1,057,200
In-Lieu Fee Per Unit in the 100% Market Rate Project		
Total In-Lieu Fee Obligation	\$548,800	\$3,171,600
Number of Units in the Project	20	60
In-Lieu Fee Per Market Rate Unit	\$27,440	\$52,860
In-Lieu Fee Per Square Foot of Saleable Area in the 100% Market Rate Project		
Total In-Lieu Fee Obligation	\$548,800	\$3,171,600
Square Feet of Saleable Area	37,500	188,850
In-Lieu Fee Per Square Foot of Saleable Area	\$14.60	\$16.80

VII. FINDINGS / PRELIMINARY POLICY RECOMMENDATIONS

This section of the report summarizes the results of the Financial Evaluation. The analysis findings provide the first step towards developing a recommended package of requirements to be imposed by an Inclusionary Housing program.

A. Supportable Inclusionary Housing Production Requirements

APARTMENT DEVELOPMENT

KMA’s analyses of prototype apartment development projects that comport with a site’s base zoning requirements supports Inclusionary Housing requirements that fall within the following ranges:

Table VII - 1 Supportable Inclusionary Housing Production Requirements Apartment Development	
Income Category	Inclusionary Housing Requirement
Low	8% - 11%
Very Low	5% - 8%

Based on all the factors considered in the apartment development evaluation, KMA concluded that a 10% low income Inclusionary Housing obligation can be supported. Given the conservative approach taken by KMA, it is reasonable to conclude that a requirement of this magnitude is not confiscatory and that it will not deprive a property owner of a fair and reasonable return on their investment.

Some developers may wish to mitigate the financial impact created by the Inclusionary Housing requirements by using the density bonus provided by Section 65915. In many cases it will be advantageous for a developer to provide very low income units to fulfill the Density Bonus requirements. In those instances, the City’s low income requirements would actually be fulfilled at a deeper affordability level than required by the Inclusionary Housing program.

OWNERSHIP HOUSING DEVELOPMENT

The results of the KMA ownership housing analysis indicate that Inclusionary Housing requirements that fall within the following ranges can be supported:

Table VII – 2 Supportable Inclusionary Housing Production Requirements Ownership Housing Development		
Income Category	Townhomes	Detached Single Family Homes
Moderate	10%	5.0%
Low	5%	3.5%

As discussed previously, KMA takes a conservative approach in setting benchmark impact standards for evaluating the impact created by income and affordability controls. Based on our financial analyses, KMA recommends that a 10% moderate income Inclusionary Housing requirement be imposed on townhome projects, and a 5% moderate income requirement be applied to detached single family home projects. This will maximize the number of affordable ownership housing units that are produced while minimizing the Affordability Gaps between the market rate sales prices and the Affordable Sales Prices.

## B. Supportable In-Lieu Fees

In this Financial Evaluation, KMA calculated the in-lieu fee amount based on the following standards:

Table VII – 3 Inclusionary Housing Standards Used in the In-Lieu Fee Analysis Apartment Development and Ownership Housing Development	
Apartment Development	10% Low Income
Ownership Housing Development	
Townhomes	10% Moderate Income
Detached Single Family Homes	5% Moderate Income

KMA applied the weighted averages of the in-lieu fee amounts that were supported by the prototypes being tested. The resulting in-lieu fee amounts are presented in the following tables:

Table VII – 4 Weighted Average Supportable In-Lieu Fee Payment Amounts 10% Low Income Inclusionary Standard Apartment Development	
Per Inclusionary Unit	\$260,400
Per Market Rate Unit in a 100% Market Rate Project	\$26,000
Per Square Foot of Leasable Area in a 100% Market Rate Project	\$25.70

Table VII – 5 Weighted Average In-Lieu Fee Payment Analysis Townhomes: 10% Moderate Income Inclusionary Standard Detached Single Family Homes: 5% Moderate Income Inclusionary Standard Ownership Housing Development		
	Townhomes	Detached Single Family Homes
Per Inclusionary Unit	\$274,400	\$1,057,200
Per Market Rate Unit in a 100% Market Rate Project	\$27,400	\$52,900
Per Square Foot of Saleable Area in a 100% Market Rate Project	\$14.60	\$16.80

### C. Preliminary Policy Recommendations

Based on the results of the Financial Evaluation, and to provide context to the City Council’s decision making process, KMA offers the following general policy recommendations for consideration.

#### THRESHOLD PROJECT SIZES

The KMA survey of Inclusionary Housing programs being implemented throughout California indicates that common thresholds fall between three and 10 units. Based on the supportable Inclusionary Housing production requirements identified in this Financial Evaluation, KMA recommends that the

City Council consider setting the threshold project size at 10 units. That is the first point at which a whole Inclusionary Unit would be supportable.<sup>6</sup>

**TARGET INCOME AND AFFORDABILITY STANDARDS**

Based on the results of the Financial Evaluation, KMA recommends that the income and affordability standards be set as follows:

Table VII – 6	
Recommended Inclusionary Housing Production Requirements	
Apartment Development and Ownership Housing Development	
Apartment Development	10% Low Income
Ownership Housing Development	
Townhomes	10% Moderate Income
Detached Single Family Homes	5% Moderate Income

**COVENANT PERIODS**

KMA recommends that the following covenant period requirements be considered:

1. Inclusionary Housing apartment units should be required to remain in place for as long as the property is developed with a residential use, but for not less than 55 years.
2. The covenant period for affordable ownership housing units be set at one cumulative 45-year period.

**ALTERNATIVE MEANS OF FULFILLING INCLUSIONARY HOUSING OBLIGATIONS**

AB 1505, which was adopted by the State Legislature in 2017, includes a provision that requires jurisdictions to provide alternative means of complying with the income and affordability requirements imposed by an Inclusionary Housing program. AB 1505 identifies the following potential alternatives to the on-site production of affordable housing units:<sup>7</sup>

<sup>6</sup> A 10-unit threshold would result in a .5 Inclusionary Unit obligation for a detached single family home project. Depending on how the in-lieu fee option is ultimately structured, it would likely be more advantageous for a developer to pay the in-lieu fee for the fractional unit obligation.

<sup>7</sup> AB 1505 only applies the restrictions imposed on apartment development. However, the provision of alternative means of compliance is a best practice and is commonly provided to ownership housing development as well.

1. A payment to the City in lieu of producing the required Inclusionary Units.
2. Alternative means of producing Inclusionary Units.
3. Dedication of land to the City for the subsequent development of the required Inclusionary Units.
4. The acquisition and rehabilitation of existing apartment units.

KMA offers the following general recommendations for City Council consideration:

#### *In-Lieu Fee Payment*

Some form of an in-lieu fee payment option is offered in nearly all Inclusionary Housing programs. KMA recommends that the following alternatives be considered:

1. An in-lieu fee should be allowed to be paid for any fractional Inclusionary Unit that is required to be produced.
2. The following in-lieu fee payment options should be offered to proposed apartment projects:
  - a. Inclusionary Housing requirements have a disproportionate impact on smaller projects, because there are fewer market rate units available to spread the impact created by the income and affordability standards. KMA recommends that an in-lieu fee payment be allowed by right for apartment projects with 20 or fewer units.
  - b. As a baseline, apartment projects with more than 20 units should be required to produce the requisite number of Inclusionary Units. However, the City Council should be provided with the discretion to allow an in-lieu fee to be paid for apartment projects with more than 20 units if the obligation is deemed to create an extreme hardship circumstance.
3. Premium price ownership housing developments of any size should be provided with the option to pay a fee in lieu of producing affordable units.

#### *Alternative Means of Producing Inclusionary Units*

1. KMA does not recommend that an off-site production option be offered as a fulfillment alternative for apartment developments. It is our opinion that, from a public policy perspective, it is better to integrate market rate and affordable rental units into the same project.



2. KMA recommends that the developers of ownership housing development projects be given the following options to produce affordable apartment units to fulfill the Inclusionary Housing obligation:
  - a. The off-site production of affordable apartment units; or
  - b. The creation of a parcel within an ownership housing development site on which affordable apartment units are constructed concurrently with the market rate ownership housing development project.

### *Land Dedication*

The City Council should have the discretion, but not the requirement, to approve a developer's proposal to dedicate property in lieu of producing Inclusionary Units. If a land dedication option is provided, it should be subject to a detailed list of requirements that maximize the potential for an affordable housing project to be developed in a timely fashion.

### *Acquisition and Rehabilitation of Existing Apartment Units*

Acquisition and rehabilitation projects must be identified in a jurisdiction's Housing Element in order to receive RHNA credit. No projects were identified in the City's Housing Element. As such, it will not be possible for the City to obtain RHNA credit for this type of project during the sixth cycle, which runs through 2029.

## **D. Next Steps**

The Financial Evaluation is meant to provide the City with the context under which to update the Inclusionary Housing program in ways that are not confiscatory and that do not deprive property owners of a fair and reasonable return on their investment. After receiving input from the City Council, KMA will provide recommendations for specific requirements to be imposed if the City chooses to move forward with an amendment to the Inclusionary Housing Ordinance.

## **ATTACHMENT 1**

### **INCLUSIONARY HOUSING PROGRAM SURVEYS INCLUSIONARY HOUSING: FINANCIAL EVALUATION THOUSAND OAKS, CALIFORNIA**

# APPENDIX A

## INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA INCLUSIONARY HOUSING: FINANCIAL EVALUATION THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development		
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period
I. <u>Inclusionary Requirements: Both Rental and Ownership Projects</u>									
Agoura Hills	Create on-site units; pay an in-lieu fee for the required Low and/or Moderate Income Units. In-lieu fee cannot be paid to fulfill the very low income requirement.	15%	No	10	7% @ VL + 4% @ Low + 4% @ mod	55	10	7% @ VL + 4% @ Low + 4% @ mod	45
Alameda	Create on-site units; create off-site units; pay in-lieu fee	15%	No	5	4% @ VL + 4% @ Low + 7% @ Mod	59	5	4% @ VL + 4% @ Low + 7% @ Mod	59
Albany	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	15%	Yes	5		Perpetual	5		Perpetual
Alhambra	Create on-site units; create off-site units; pay in-lieu fee; donate land	15%	No	5	9% @ 120% + 6% @ 80%		5	9% at 120% + 6% at 80%	
Avalon	Create on-site units; create off-site units; pay in-lieu fee	20%	No	4	Decided per project	55	4	Decided per project	55
Berkeley	Create on-site units; pay in-lieu fee;	20%	No	5	80% unless subsidies are available	Life of the Building	5	80%	Life of the Building
Brea	Create on-site units; pay in-lieu fee;	10%	No	20	Not defined	55	20	120%	45
Calabasas	Create on-site units; create off-site units; convert market rate units; preserve or rehab existing housing; pay in-lieu fee	20%	No	5	20% @ 110%; 15% @ 90%; 10% @ 75%; or 5% at 50%		5	20% @ 110%; 15% @ 90%; 10% @ 75%; or 5% at 50% of AMI	
Campbell	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	15%	No	10	6% @ VL + 9% @ Low	55	10	120%	45
Capitola	Create on-site units; pay in-lieu fee	15%	Yes				7	120%	Life of Bldg
Carlsbad	Create units; pay in-lieu fee. Reduced requirement is provided if the affordable units are set at very low or extremely low income	15%	No	1	Low	55	1	Low	30
Chula Vista	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Excludes area west of I-805 identified as "Area of Low/Moderate Income Concentration".	10%	No	50	5% @ Low + 5% @ Mod	Life of Bldg	50	5% @ Low + 5% @ Mod	Life of Bldg
Colma	Create on-site units; pay in-lieu fee	20%	No	5	5% @ VL + 5% @ Low + 10% @ Mod	55	5	5% @ VL + 5% @ Low + 10% @ Mod	45
Concord	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee	10%	Yes	5		55	5		45

APPENDIX A

INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development		
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period
Contra Costa County	Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas.	15%	No	5	3% @ VL + 12% @ Lower		5		3
Coronado	Create units; pay in-lieu fee	20%	No	2	Low		2	Mod	
Cupertino	1-7 units pays in-lieu fee. Create on-site units; create off-site units; pay impact/linkage fee; donate land	15%	No	7	50% / 80%	99	7	50% /120%	99
Davis	Create on-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	10% - 25%	No	5-19 , 20+	5-19: 15% @ 80% or 10% @ 50%. 20+: 25% @ 80% or 10% @ 50%	Perpetual	5	120%	Perpetual
Downey	Create on-site units; create off-site units; pay in-lieu fee in the case of extreme hardship for apartments	11%/10%	No		Mod	>55 or as long as resid		Mod	45
Dublin	Create on-site units; create off-site units; pay in-lieu fee; donate land	12.5%	No	20	50% @ 120% + 20% @ 80% + 30% @ 50%	55	20	5% @ 80% + 7.5% @ 120%	55
Emeryville	Create on-site units; pay impact/linkage fee	12%/20%	No		4% @ VL + 8% @ Low	55	10		55
Encinitas	Create on-site units; create off-site units; create ADU's; preserve at-risk units; pay in-lieu fee; donate land	10%/15%	No	7	10% @ VL or 15% @ Low	Perpetual	7	10% VL or 15% @ Low	Perpetual
Fillmore	Create on-site units; pay in-lieu fee; donate land	15%	No	4	20+: 5% ELI or VL & 10%; Low 17-19: 2 low + one ELI or VL; 10-16: 2 low; 5-9:: 1 low	55	4	20+: 5% ELI or VL & 10%; Low 17-19: 2 low + one ELI or VL; 10-16: 2 low; 5-9:: 1 low	45
Fremont	Has a production option, but the in-lieu fee option is more cost effective	15%	No	2	10% @ Low		2	5% @ Mod + 10% @ Low	
Fort Bragg	Create on-site units	10% to 20%		5	80% / 120%		5	100% /120%	15
Goleta	Create on-site units; create off-site units; donate land, pay in-lieu fee; acquisition/rehabilitation. Income/Affordability trade off of extremley low and very low income units to low and moderate income units in demonstrated extreme hardship.	25% - reduced to 20% with public benefit	No	2	2.5% @ ELI + 2.5% @ VL+ 5% @ Low + 5% @ Mod + 5% at Above Mod	In general 45 to 55 years, but not less than 30 years	2	2.5% @ ELI + 2.5% @ VL+ 5% @ Low + 5% @ Mod + 5% at Above Mod	In general 45 to 55 years, but not less than 30 years

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INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development		
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period
Hayward	Create on-site units; create off-site units; pay in-lieu fee; pay impact/linkage fee; donate land	6% / 7.5% - 10%	No	2	3% @ 50% + 3% @ 60%	55	2	110%	45
Huntington Beach	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee	10%	No	3	80%	55	3	120%	45
Irvine	Projects with fewer than 50 units can create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Projects with 50+ units must produce the affordable units on site.	15%	No	50	50%, 80% & 120% Defined credits	30	50	50%, 80% & 120% Defined credits	30
Laguna Woods	Create on-site units; create off-site units; pay in-lieu fee; donate land	15%	No	5	7.5% @ VL + 7.5% @ Low	45	5	10% @ Low + 5% @ Mod	45
La Habra	Create on-site units; create off-site units; pay in-lieu fee; acquisition/rehabilitation.	15%	No	10	9% @ Mod + 6% @ VL & Low	55	10	110%	45
Long Beach	Create on-site units; pay in-lieu fee; donate land	11%/10%	No	10	50%	>55 or as long as resid	10	110%	>55 or as long as resid
Los Altos	Create on-site units; create off-site units. Program requirements are only imposed in designated areas.	Rental: 5-9 @ 15% & 10+ @ 30%. Ownership @ 15%	No	5	5-9: 15% @ Mod, 10+: 5% @ Low + 15% @ Mod	30	10	7.5% @ Mod, 7.5% @ Low	30
Los Angeles County	Create on-site units; create off-site units. Program requirements vary by subarea.	5%-20% depending on project size & income standard	No	5	Averages: <40% AMI: 10% or 5% - sm proj <65% AMI: 15% or 7% - sm proj <80% AMI: 20% or 10% sm proj	55 or Perpetual	5	Mod/Middle Inc: Avg 135% AMI: Coastal SLA, SLA (exc condos), & ELA: 20% or 10% - sm proj SG Valley: 15% or 7% - sm proj Santa Clarita & Antelope Valleys (exc condos): 5%	Equity share on first sale
Menlo Park	Create on-site units; create off-site units; pay in-lieu fee	10%	Yes	5	80% /120%		5	80% /120%	
Mill Valley	Create on-site units	25%	Yes	4	120%	Perpetual	4	120%	Perpetual
Nevada County	Create on-site units; create off-site units Program requirements are only applied in designated areas.		No	20		30	20		30

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INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development		
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period
Oceanside	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land; purchase credits from another project.	10%	No	3	Low (80%)	55	3	Mod (120%)	55
Oxnard	Create on-site units; create off-site units; pay in-lieu fee in limited circumstances	10%	No	10	5% @ VL + 5% Low	55	10	Low	20
Pacifica	Create on-site units; create off-site units; pay in-lieu fee; donate land	15%	No	8	6% @ VL + 4.5% @ Low + 4.5% @ Mod	55	8		45
Palo Alto	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee	20%	Yes	5	5% @ 35% + 10% @ 50% + 5% @ 60%	59	5	10% @ 80% + 10% @ 120%	59
Pasadena	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	20%	No	1	5% @ 50% + 5% @ 80% + 10% @ 120%	Perpetual	1	110%	45
Petaluma	Create on-site units; pay in-lieu fee; donate land	15%	No	5	7.5% @ VL; 7.5% @ Low	45	5	7.5% @ Low + 7.5% @ Mod	55
Pleasanton	Create on-site units; create off-site units; pay in-lieu fee; donate land; credit transfers; other alternate methods of compliance	15%	Yes	15	50% to 80%		15	50% to 120%	Perpetual
Pomona	Create on-site units; create off-site units; pay in-lieu fee; donate land	13% / 7%-11%	Yes	3	120%	Perpetual	3	120%	45
Poway	Create on-site units; create off-site units; pay in-lieu fee	15% / 15%-20%	No		Very Low	55		15% @ Low or 20% @ Mod	45
Redondo Beach	Create on-site units; create off-site units; pay in-lieu fee up to nine units. Fractional unit obligations are rounded down	10%-15% / 9%-15%	Yes	2	Moderate	>75 or as long as resid	2	Moderate	55
Redwood City	Create on-site units; create off-site units; preserve or rehab units; pay impact/linkage fee; donate land	20% / 15%	No	20	10% @ Mod + 5% @ Low + 5% @ VL	30	5	Moderate	30
Sacramento County	Has a production option, but the in-lieu fee option is more cost effective	10%	No	1	80%		1	80%	
San Bruno	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Excludes area	15%	No	10	6% VL + 4.5% Low + 4.5% Mod	55	10	6% Low + 9% Mod	45
San Buenaventura (Proposed Update)	Create on-site units; create off-site units; pay in-lieu fee; preserve or rehab existing housing; donate land	15% / 10%	No	7	Low	55	7	Mod	45
San Clemente	Create on-site units; create off-site units; pay in-lieu fee; donate land; or a combination recommended by the Community Development Director.	2%	No	6	Very Low		6	Very Low	

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INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development		
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period
San Diego	Create on-site units; create off-site units; rehabilitate existing units, SRO hotel rooms, or conversion of guest rooms; pay in-lieu fee; donate land. The amended requirements were approved in 2020 and are being phased in over five years.	10% to 15%	No	10	10% @ 60%	55	10	10% @ 100% or 15% 120%	15
San Francisco	Create on-site units; create off-site units; pay in-lieu fee. Full schedule goes into effect in 2023 for rental and 2025 for ownership.	15% to 20% / 15% to 26%	Yes	10	55% to 110%		10	80% to 130%	
San Jose	Create on-site units; create off-site units; preserve or rehab units; in-lieu fee; donate land; credit transfers; reduction for deeper affordability	15%	Yes	10	5% @ 50% + 5% @ 60% + 5% @ 100%	Perpetual	10	120%	Perpetual
San Juan Capistrano	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	10%	No	2		55	2		55
SLO County	Multiple subareas and requirements. Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	15%	Yes	1, 2 or 11 depending on subarea	Coastal: 15% at Low or 15% at Mod	55	1, 2 or 11 depending on subarea	Coastal A: 5% VL + 5% Low + 5% Mod + 5% 120-150%. Coastal: 15% Low. Inland: 2% VL + 2% Low + 2% Mod + 2% 120-150%.	Coastal: 45 Inland: Perpetuity
San Mateo County	Create on-site units, pay in-lieu fee	20%	Yes	5	10% @ ELI + 10% @ Low	Life of Bldg	11	10% @ Low + 10% @ Mod	45
San Rafael	Create on-site units; pay in-lieu fee	10%	No	2			2	120%	
Santa Ana	Only applies to changes in land use and zoning designations. Create on-site units; off-site units; substantially rehab existing units; pay in-lieu fee	Rental: 5% - 15% & Own: 5%	No	5	15% @ Low or 10% @ VL or 5% @ ELI or 5% Low + 3% VL +2% ELI	55	5	120%	55
Santa Barbara (City)	Create on-site units; create off-site units; pay in-lieu fee for 1 to 9 & fractional units; donate land	10% / 15%	No	5	Mod	90	1	120% to 200%	90 / restarts on each resale
Santa Cruz	Create on-site units; create off-site units; pay in-lieu fee; donate land	15%	Yes	2	80%	Perpetual	2	120%	Perpetual
Santa Monica	Create on-site units; create off-site units; pay in-lieu fee; donate land	5% to 30%	Yes	2	50%, 80% & 120% Defined credits	55	2	50%, 80% & 120% Defined credits	55
Santa Paula	Create on-site units; create off-site units; pay in-lieu fee	10% to 17%	Yes	10	15% Low or 10% VL	55	10	15% Low or 10% VL	45

# APPENDIX A

## INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA INCLUSIONARY HOUSING: FINANCIAL EVALUATION THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development		
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period
Santa Rosa	Has a production option, but the in-lieu fee option is more cost effective	5% to 8% / 10%	No	1	5% @ 50% or 8% @ 60%		2	110%	
Sonoma	Create on-site units	20%	Yes	5	120%	55	5	120%	55
Sonoma County	Create on-site units; create off-site units; pay in-lieu fee; donate land	10% or 15% / 20%	Yes	1	7.5% @ VL + 7.5% @ Low, or 5% @ ELI + 5% @ VL	55	1	10% @ Low + 10% @ Mod	30
South San Francisco	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee	20%	No	4		55	4		55
Sunnyvale	Create on-site units; create off-site units; pay in-lieu fee; donate land, unit conversion, other proposals	15.0%	No	7	5% @ 50% + 10% @ 60%	55	7	100%	30
Tiburon	Create on-site units; create off-site units; pay in-lieu fee	15%		3	5% @ Low + 10% @ Mod	Perpetual	3	5% @ Low + 10% @ Mod	Perpetual
Union City	Create on-site units; create off-site units; pay in-lieu fee	15%	No	7	4.5% @ VL + 10.5% @ Low		7	1.5% @ Low + 4.5% @ 100% + 9% @ 120%	
West Sacramento	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	10%	No	5	5% @ 50% + 5% @ 60%	55	5	70%	45
West Hollywood	Create on-site units; create off-site units; pay in-lieu fee for 2-10 unit projects	20%	No	2	Low / Mod	As long as resid	2	Low / Mod	As long as resid



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INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development		
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period
II. <u>Inclusionary Requirements: Ownership Projects Only</u>									
Carpinteria	Create on-site units; pay in-lieu fee in limited circumstances	12%	No				5	200%	30
Danville	Create on-site units; pay in-lieu fee	10%	Yes				7	110%	20
Folsom	Create on-site units; create off-site units; pay in-lieu fee; donate land; acq/rehab; other proposals	10%	No				10	3% @ VL + 7% @ Low	
Lafayette	Create on-site units; create off-site units	15%	No				2	9% @ Mod + 6% @ VL	45
Monterey	Create on-site units; donate land	20%	No				6		Perpetual
Mountain View	Create on-site units; pay in-lieu fee	15%	No				3	100%	55
Rohnert Park	Create on-site units; create off-site units; pay in-lieu fee	15%	No				50		55
San Leandro	Create on-site units; pay in-lieu fee	15%	Yes				2	9% @ Mod + 6% @ Low	55
San Mateo County	Create on-site units; create off-site units; pay in-lieu fee; donate land	20%	No				5	10% @ Low + 10% @ Mod	55
								5-19: 1 Mod. 20+: South Coast: 2.5% VL + 2.5% Low + 5% Mod + 5%	45 - restarts up to 90
Santa Barbara County	Create on-site units; create off-site units in the coastal zone; pay in-lieu fee for certain unit types	5% - 15%	Yes				5	Workforce Santa Ynez: No Workforce Santa Maria & Lompoc: 2.5% VL + 2.5 Low	
Thousand Oaks	Create on-site units; create off-site rental units; pay in-lieu fee	10%	No				5	Mod	45

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### INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA INCLUSIONARY HOUSING: FINANCIAL EVALUATION THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development		
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period
III. <u>Inclusionary for Ownership Projects &amp; Impact Fee for Rental Projects</u>									
Fontana	Create on-site units; pay in-lieu fee; develop a reduced percentage at deeper affordability	10%	No				5	4% @ VL + 4% @ Low + 2% @ Mod	55
San Carlos	Create on-site units; create off-site units; pay impact/linkage fee	15%	Yes			55	2	10% @ Mod + 5% @ Low	45
Truckee	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; pay impact/linkage fee; donate land. Requirements vary by zones, neighborhoods or districts.	15%	No	7		Perpetual	7		Perpetual
IV. <u>Mandatory Inclusionary for Ownership Projects &amp; Voluntary Inclusionary for Rental Projects</u>									
Pittsburg	Create on-site units; pay in-lieu fee	15%/20%	Yes				5	9% @ Mod + 6% @ Low, or 20% @ Mod	
Salinas	Create on-site units; create off-site units; donate land	20%	No				10		30
San Juan Bautista	Create on-site units; pay impact/linkage fee	6%					6	80%	
San Luis Obispo	Create on-site units; pay in-lieu fee; donate land	3%	Yes			55	5		45
San Marcos	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	15%	No			55		120%	55
Solana Beach	Create on-site units; create off-site units; preserve or rehab existing housing; pay impact/linkage fee	15%	No	5		55	5		45
V. <u>Rental Projects Only</u>									
Fullerton	Applies only to the Transportation Specific Plan area. Create on-site units	15%	No		5% @ VL + 5% @ Low + 5% @ Mod	55			
Glendale	Create on-site units; create off-site units; pay in-lieu fee; donate land	15%	No	8	60%	55			

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - LOS ANGELES, ORANGE, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development			In-Lieu Fee
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period	
Inclusionary Requirements: Both Rental and Ownership Projects										
Alhambra	On-site or pay in-lieu fee.	15%	No	7	9% at 120% & 6% at 80%		7	9% at 120% + 6% at 80%		Fee Schedule: 5 -20 units. Rental: \$0.89 - \$14.30/SF; Ownership: \$1.88 - \$30.00/SF
Agoura Hills	Create on-site units; pay an in-lieu fee for the required Low and/or Moderate Income Units. In-lieu fee cannot be paid to fulfill the very low income requirement.	15%	N/A	10	7% @ VL + 4% @ Low + 4% @ mod	55	10	7% @ VL + 4% @ Low + 4% @ mod	45	Set in 2018 to be consistent with the Affordability gap. \$285,336 per VL apartment unit, \$262,541 per low income condominium unit, and \$427,002 per moderate income single family home.
Brea	Create on-site units; pay in-lieu fee	10%	No	20	Not Defined	55	20	120%	10	Calculated per project. Based on the Affordability Gap
Carlsbad	Create units; pay in-lieu fee. Reduced requirement is provided if the affordable units are set at very low or extremely low income	15%	No	1	Low		1	Low		Available up to 6 units. \$8,529 for on SFH. \$15.00/SF for 2-6 unit projects.
Chula Vista	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Excludes area west of I-805 identified as "Area of Low/Moderate Income Concentration".	10%	No	50	5% @ Low + 5% @ Mod	Life of Bldg	50	5% @ Low + 5% @ Mod	Life of Bldg	In-lieu fee is based on the median home price minus the affordable home price
Coronado	Create units; pay in-lieu fee	20%	No	2	Low		2	Mod		In-lieu fee paid by right. \$7,000 per market rate unit
Downey	Create on-site units; create off-site units; pay in-lieu fee	11%/10%	No	10	Mod	>55 or as long as resid	10	Mod	45	Rental: \$23.50/SF - only allowed under extreme hardship. Ownership: \$15.90/SF payable based on City Council criteria
Encinitas	Create on-site units; create off-site units; create ADU's; preserve at-risk units; pay in-lieu fee; donate land	10%/15%	No	7	10% VL or 15% Low	Perpetual	7	10% VL or 15% Low	45	One to 6 unit projects pay an in-lieu fee based on a sliding scale. 7+ unit projects pay \$20 per sf in-lieu fee.

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - LOS ANGELES, ORANGE, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development			In-Lieu Fee
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period	
Fillmore	Create on-site units; pay in-lieu fee; donate land	15%	No	4	20+: 5% ELI or VL & 10%; Low 17-19: 2 low + one ELI or VL; 10-16: 2 low; 5-9:: 1 low	55	4	20+: 5% ELI or VL & 10%; Low 17-19: 2 low + one ELI or VL; 10-16: 2 low; 5-9:: 1 low		
Goleta	Create on-site units; create off-site units; donate land, pay in-lieu fee; acquisition/rehabilitation. Income/Affordability trade off of extremley low and very low income units to low and moderate income units in demonstrated extreme hardship.	25% - reduced to 20% with public benefit	No	2	2.5% @ ELI + 2.5% @ VL+ 5% @ Low + 5% @ Mod + 5% at Above Mod	In general 45 to 55 years, but not less than 30 years	2	2.5% @ ELI + 2.5% @ VL+ 5% @ Low + 5% @ Mod + 5% at Above Mod	In general 45 to 55 years, but not less than 30 years	Equal to the Affordability Gap associated with providing the requisite number of affordable units on site within the market rate project.
Huntington Beach	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee	10%	No	3	80%	55	3	120%	45	Sliding Scale: 3 to 30 units. In-Lieu Fee allowed for projects up to 100 units. Rental: \$3.58 to \$35.80/SF Ownership: \$2.54 to \$25.36/SF. The per SF measurement caps at 2,000 SF.
Irvine	Projects with fewer than 50 units can create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Projects with 50+ units must produce the affordable units on site.	15%	No	50	50%, 80% & 120% Defined credits	30	50	50%, 80% & 120% Defined credits	30	Calculated per project. Based on an equivalent value calculation
La Habra	Create on-site units; create off-site units; pay in-lieu fee; acquisition/rehabilitation.	15%	No	10	9% Mod + 6% VL & Low	55	10	110%	45	Calculated per project. Based on the estimated construction cost to produce the unit.

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - LOS ANGELES, ORANGE, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development			In-Lieu Fee
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period	
Long Beach	Create on-site units; pay in-lieu fee; donate land	11%/10%	No	10	50%	> of 55 yrs or as long as resid	10	120%	> of 55 yrs or as long as resid	Rental @ \$38.00/SF; Ownership @ \$29.10/SF
Oceanside	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land; purchase credits from another project.	10%	No	3	Low	55	3	Mod	55	In-lieu fee paid by right. The fee was set at \$15/SF on 1/1/23 and will increase to \$20/SF on 1/1/24.
Oxnard	Create on-site units; create off-site units; pay in-lieu fee in limited circumstances	10%	No	10	5% @ VL + 5% Low	55	10	Low	20	Fee charged per total unit in the project. In 2022: SFH \$36,000; MF Ownership \$35,000; Rental \$28,000
Pasadena	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	20%	No	1	5% @50% + 5% @ 80% + 10% @ 120%		1	110%	45	Sliding scale by sub-area & project size. Low at \$34.19/SF & High at \$73.52/SF
Pomona	Create on-site units; create off-site units; pay in-lieu fee; donate land	13% / 7%- 11%	Yes	3	120%	Perpetual	3	120%	45	Rental @ \$9.30/SF; SFH @ \$11.40/SF Condominiums @ \$9.30/SF
Poway	Create on-site units; create off-site units; pay in-lieu fee	15% / 15%- 20%	No		Very Low	55		15% @ Low or 20% @ Mod	45	In-lieu fee is payable by right and is set at \$500 per unit for both rental and ownership housing
Redondo Beach	Create on-site units; created off-site units; pay in-lieu fee up to nine units. Fractional unit obligations are rounded down	10%-15% / 9%-15%	Yes	2	Moderate	>75 or as long as resid	2	Mod	55	Sliding scale for 2 to 9 unit projects: Rental: extrapolated from \$34.20/SF of total project area. Ownership: extrapolated from \$43.20/SF of total project area.
San Buenaventura (Proposed Update)	Create on-site units; create off-site units; pay in-lieu fee; preserve or rehab existing housing; donate land	15% / 10%	No	7	Low	55	7	Mod	45	Ownership @ \$29.80 - \$66.30/SF; Apartments @ \$20.30 - \$48.90/SF

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - LOS ANGELES, ORANGE, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development			In-Lieu Fee
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period	
San Clemente	Create on-site units; create off-site units; pay in-lieu fee; donate land; or a combination recommended by the Community Development Director.	2%	No	6	Very Low		6	50%	Very Low	Based on the greater of 1% of construction costs as determined by the Building Division or 2% of the affordability gap determined by the formula in the Housing Element.
San Diego	Create on-site units; create off-site units; pay in-lieu fee; donate land	10% to 15%	No	10	50% or 80%	55		100% or 120%		In 2024 the in-lieu fee will be set a \$25/SF
San Juan Capistrano	Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land	10%	No	2		55	2		55	Based on 90% of the Affordability Gap, which is updated monthly based on benchmark market prices
Santa Ana	Only applies to changes in land use and zoning designations. Create on-site units; off-site units; pay in-lieu fee	Rental: 5% - 15% & Own: 5%	No	5	15% @ Low or 10% @ VL or 5% @ ELI or 5% Low + 3% VL +2% ELI	55	5	120%	55	Fee charged per sf of habitable area: 5-9: \$6.00; 10-14: \$9.00; 15-19: \$12; 20+: \$15. Discounts for use of skilled and trained labor force
Santa Barbara (City)	Create on-site units; create off-site units; pay in-lieu fee for 1 to 9 & fractional units; donate land	10% / 15%	No	5	Mod	90	1	120% to 200%	90 / restarts on each resale	In 2020 the in-lieu fee for rental projects was set at \$25 per SF. Adjusted annually by the Engineering News Record (ENR) Building Cost Index for Los Angeles. In-lieu fee for ownership units is calculated based on the median price for 2-bedroom condos, a low income standard, and the estimated production cost (sales price - 15% profit). A discount schedule is provided from small units.
Santa Monica	Create on-site units; create off-site units; pay in-lieu fee; donate land	5% to 30%	Yes	2	50%, 80% & 120% Defined credits	55	2	50%, 80% & 120% Defined credits	55	Rental @ \$35.70/SF   Ownership @ \$41.70/SF
Santa Paula	Create on-site units; create off-site units; pay in-lieu fee	10% to 17%	Yes	10	15% Low or 10% VL	55	10		45	In-Lieu Fee is set on a project-by-project basis.

## APPENDIX B

### INCLUSIONARY HOUSING PROGRAM SURVEYS - LOS ANGELES, ORANGE, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES INCLUSIONARY HOUSING: FINANCIAL EVALUATION THOUSAND OAKS, CALIFORNIA

Jurisdiction	Compliance Options	Set Aside %	On-site % Varies	Rental Development			Ownership Development			In-Lieu Fee
				Threshold Project Size	% of AMI	Covenant Period	Threshold Project Size	% of AMI	Covenant Period	
West Hollywood	Create on-site units; create off-site units; pay in-lieu fee for 2-10 units projects	20%	No	2	Low / Mod	As long as resid	2	Low / Mod	As long as resid	Sliding scale: 2 Units @ \$13.63/SF - 10 Units @ \$29.23/SF

#### II. Inclusionary Requirements: Ownership Projects Only

Carpinteria	Create on-site units; pay in-lieu fee in limited circumstances	12%	No				5	200%	30	In-lieu fee allowed if infeasibility can be proved. The fee is based on the difference between the median sales price of condominiums and/or single family homes and the affordable price at 121% of AMI with 30% of income dedicated to housing expenses
Santa Barbara County	Create on-site units; create off-site units in the coastal zone; pay in-lieu fee for certain unit types	5% - 15%	Yes				5	5-19: 1 Mod. 20+: South Coast: 2.5% VL + 2.5% Low + 5% Mod + 5% Workforce  Santa Ynez: No Workforce Santa Maria & Lompoc: 2.5% VL + 2.5 Low	45 - restarts up to 90	In-Lieu fee is measured per affordable unit. Varies by HMA & income / affordability level. Fee: Very Low & Low are based on the estimated cost for the County to subsidize very low & low income units. Cost of Construction Fee: Moderate & Workforce are based on the median condo sales prices minus 15% of the median price of condos.  2020 Very Low & Low Fees: South Coast \$176,000; Santa Maria \$96,600; Santa Ynez \$146,200; Lompoc \$99,500 2020 Mod & Workforce Fees: South Coast \$658,000; Santa Maria \$248,000; Santa Ynez \$431,600; Lompoc \$227,600

#### III. Inclusionary Requirements: Rental Projects Only

Glendale	Create on-site units; create off-site units; pay in-lieu fee; donate land	15%	No	8	60%	55				Sliding scale: 8 Units @ \$28.71/SF - 21 Units @ \$55/SF
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**ATTACHMENT 2**  
**AFFORDABLE HOUSING COST CALCULATION METHODOLOGIES**  
**INCLUSIONARY HOUSING: FINANCIAL EVALUATION**  
**THOUSAND OAKS, CALIFORNIA**



# APPENDIX A

## AFFORDABLE RENT CALCULATION METHODOLOGY

The Affordable Rent calculations are presented in Attachment 3 – Appendix A. The calculations are based on the following assumptions:

1. The household income information used in the calculations is based on 2022 income statistics for Ventura County as a whole. This information is published annually by the United States Department of Housing and Urban Development (HUD) and distributed by the California Department of Housing and Community Development (HCD).
2. The household size appropriate for the unit is based on the California Health and Safety Code (H&SC) Section 50052.5 standard of the number of bedrooms in the home plus one.<sup>1</sup> H&SC Section 50052.5 refers to this as “the family size appropriate for the unit.” This is a benchmark that is used for calculation purposes only. It is neither an occupancy minimum nor a maximum.
3. The benchmark household incomes used in the Affordable Rent analyses are based on the following standards:
  - a. The low income rents are based on 80% of area median income (AMI). This percentage of AMI is based on the standard imposed in Assembly Bill 1505.
  - b. The very low income rents are based on 50% of AMI, which is the standard imposed by H&SC Section 50053.
  - c. The affordable rents used in the California Government Code Section 65915 et seq. density bonus analyses are based on the household income standards imposed by H&SC Section 50053.
4. Thirty percent (30%) of defined household income is allocated to housing-related expenses.
5. The following monthly utilities allowances were applied in this analysis.<sup>2</sup>

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<sup>1</sup> For example, the imputed household size for a two-bedroom unit is three persons.

<sup>2</sup> Utilities allowances are based on utilities costs comprised of gas heating, cooking and water heating; and basic electric. The allowances are based on the Housing Authority of the County of Ventura schedule effective as of June 1, 2022.

Utilities Allowances  
Apartment Development

Number of Bedrooms	Monthly Utilities Allowances
1	\$52
2	\$72
3	\$89

## **APPENDIX B**

### **AFFORDABLE SALES PRICE CALCULATION METHODOLOGY**

The Affordable Sales Price calculations are presented in Attachment 4 – Appendix A. The calculations are based on the following assumptions:

1. The household income information used in the calculations is based on 2022 income statistics for Ventura County as a whole:
  - a. The household incomes for low income households is produced by HUD and distributed by HCD.
  - b. The household incomes for moderate income households are produced and distributed annually by HCD.
2. The Affordable Sales Price estimates are based on the calculation methodology imposed by H&SC Section 50052.5.

The elements included in the Affordable Sales Price calculations are described in the following sections of this Attachment.

#### **HOUSEHOLD SIZE**

For the sole purposes of calculating Affordable Sales Prices, H&SC Section 50052.5 sets household sizes based on the number of bedrooms in the home plus one. As discussed previously, this is not an occupancy minimum or maximum. Rather, it is a benchmark that creates a consistent Affordable Sales Price calculation methodology.

#### **HOUSEHOLD INCOME**

For calculation purposes only, H&SC Section 50052.5 applies benchmark household incomes as the standard for determining the Affordable Sales Prices. These benchmarks are based on the following percentages of the Ventura County AMI:

Income Category	% of AMI
Moderate	110%
Low	70%

The identified benchmark percentages of AMI are not income caps. The household income qualification standards are based on 120% of AMI for moderate income households and 80% of AMI for low income households; both are based on the actual size of the home buyer's household.

## INCOME ALLOCATED TO HOUSING-RELATED EXPENSES

H&SC Section 50052.5 allocates the following percentages of the benchmark household incomes to the payment of housing-related expenses:

Income Category	% of Benchmark Income
Moderate	35%
Low	30%

## HOUSING-RELATED EXPENSES

Based on research undertaken by KMA, the variable housing related expense assumptions used in this analysis are presented in the following table:

Variable Housing Related Expenses		
Ownership Housing Development Prototypes		
	Monthly Utilities Allowances <sup>3</sup>	Monthly HOA, Insurance & Maintenance
Three-Bedroom Units	\$265	\$350 / \$400 <sup>4</sup>
Four-Bedroom Units	\$303	\$430 / \$450 <sup>5</sup>
Five-Bedroom Units	\$339	\$500

The property tax expense estimates are based on 1.15% of the defined Affordable Sales Prices. This assumes that the City will require the homes to be resold on an Affordable Sales Price throughout one cumulative 45-year covenant period.

## SUPPORTABLE MORTGAGE AMOUNT

The mortgage amounts used in the Affordable Sales Price calculations are estimated using the income available after the other housing-related expenses are paid. The mortgage terms used in this Financial Evaluation were based on a 30-year fully amortizing loan at a 5.16% interest rate. <sup>6</sup>

## BENCHMARK DOWN PAYMENT

KMA set the benchmark down payment at 5% of the estimated Affordable Sales Price. A down payment of this magnitude is commonly allowed by affordable housing programs.

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<sup>3</sup>Utilities allowances are based on utilities costs comprised of gas heating, cooking and water heating; basic electric; and water, sewer and trash services. The allowances are based on the Housing Authority of the County of Ventura schedule effective as of June 1, 2022.

<sup>4</sup> The \$350 HOA fee and maintenance costs are applied in the townhome analysis, and the \$400 insurance and maintenance costs are applied in the detached single family home analysis.

<sup>5</sup> The \$430 HOA and maintenance costs are applied in the townhome analysis, and the \$450 insurance and maintenance costs are applied to the detached single family home analysis.

<sup>6</sup> Based on a 100 basis points premium applied to the Freddie Mac monthly average, between September 2021 and August 2022, for a fixed-interest rate loan with a 30-year amortization period.

## **ATTACHMENT 3**

### **APARTMENT DEVELOPMENT INCLUSIONARY HOUSING: FINANCIAL EVALUATION THOUSAND OAKS, CALIFORNIA**

**ATTACHMENT 3: APPENDIX A**

**RENT ANALYSES**

**APARTMENT DEVELOPMENT**

**INCLUSIONARY HOUSING: FINANCIAL EVALUATION**

**THOUSAND OAKS, CALIFORNIA**

**ATTACHMENT 3: APPENDIX A**

**RENT SURVEY 4 STAR PROPERTIES  
APARTMENT DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

Name	Address			# of Units	Unit Size (SF)	Average Effective Rent	
						Total	Per SF
One-Bedroom Units							
77 North Apartments	77 N Conejo School Rd	Thousand Oaks	91362	20	789	\$2,721	\$3.45
Park View Apartment Homes	256-268 Erbes Rd	Thousand Oaks	91362	10	700	\$2,593	\$3.70
Retreat at Thousand Oaks	550 N Laurie Ln	Thousand Oaks	91360	48	850	\$2,595	\$3.05
YOLO East Apartment Homes	1815 Los Feliz Dr	Thousand Oaks	91362	12	748	\$2,689	\$3.59
Santal Thousand Oaks	299 E Thousand Oaks Blvd	Thousand Oaks	91360	64	805	\$3,338	\$4.15
1710 on the BLVD	1710 E Thousand Oaks Blvd	Thousand Oaks	91360	8	816	\$2,490	\$3.05
Westcreek Apartments	973 Westcreek Ln	Westlake Village	91362	48	820	\$3,055	\$3.73
Andorra Apartments	341 Mike Loza Dr	Camarillo	93012	228	782	\$2,470	\$3.16
Allure at Camarillo	390 Paseo Camarillo	Camarillo	93010	92	761	\$2,459	\$3.23
Mission Hills	45 Rincon Dr	Camarillo	93012	102	812	\$2,690	\$3.31
AMLI Spanish Hills	668 Spring Oak Rd	Camarillo	93010	207	769	\$2,562	\$3.33
Las Positas	352 Townsite Promenade	Camarillo	93010	53	831	\$2,645	\$3.18
Villas at the Park	313 Westpark Ct	Camarillo	93012	19	849	\$2,588	\$3.05
Waterstone at Moorpark	4767 Moorpark Ave	Moorpark	93021	120	681	\$2,113	\$3.10
Sofi at Wood Ranch	241 Country Club Dr	Simi Valley	93065	252	684	\$2,211	\$3.23
Lumina Apartments	1196 Patricia Ave	Simi Valley	93065	16	626	\$2,166	\$3.46
Shadlow Ridge Apt Homes	1987 Ridgegate Ln	Simi Valley	93065	92	656	\$2,473	\$3.77
	Minimum				626	\$2,113	\$3.05
	Maximum				850	\$3,338	\$4.15
	Weighted Average				751	\$2,497	\$3.32
Two-Bedroom Units							
77 North Apartments	77 N Conejo School Rd	Thousand Oaks	91362	20	1,230	\$3,226	\$2.62
Park View Apartment Homes	256-268 Erbes Rd	Thousand Oaks	91362	24	922	\$2,755	\$2.99
Retreat at Thousand Oaks	550 N Laurie Ln	Thousand Oaks	91360	24	1,200	\$3,181	\$2.65
YOLO East Apartment Homes	1815 Los Feliz Dr	Thousand Oaks	91362	33	1,068	\$2,924	\$2.74
YOLO Thousand Oaks Apts	51-81 Maegan Pl	Thousand Oaks	91362	36	896	\$2,761	\$3.08
Santal Thousand Oaks	299 E Thousand Oaks Blvd	Thousand Oaks	91360	44	1,014	\$3,878	\$3.82
1710 on the BLVD	1710 E Thousand Oaks Blvd	Thousand Oaks	91360	26	1,012	\$3,039	\$3.00
Westcreek Apartments	973 Westcreek Ln	Westlake Village	91362	78	1,032	\$3,611	\$3.50
Andorra Apartments	341 Mike Loza Dr	Camarillo	93012	207	1,059	\$2,898	\$2.74
Allure at Camarillo	390 Paseo Camarillo	Camarillo	93010	73	1,035	\$3,039	\$2.94
Mission Hills	45 Rincon Dr	Camarillo	93012	140	921	\$2,999	\$3.26
AMLI Spanish Hills	668 Spring Oak Rd	Camarillo	93010	157	1,095	\$3,151	\$2.88
Las Positas	352 Townsite Promenade	Camarillo	93010	160	1,071	\$2,957	\$2.76
Villas at the Park	313 Westpark Ct	Camarillo	93012	38	1,077	\$2,843	\$2.64
The Ranch at Moorpark	51 Magestic Ct	Moorpark	93021	296	835	\$2,675	\$3.20
Waterstone at Moorpark	4767 Moorpark Ave	Moorpark	93021	156	933	\$3,193	\$3.42
Sofi at Wood Ranch	241 Country Club Dr	Simi Valley	93065	252	734	\$2,659	\$3.62
Lumina Apartments	1196 Patricia Ave	Simi Valley	93065	49	850	\$2,787	\$3.28
Shadlow Ridge Apt Homes	1987 Ridgegate Ln	Simi Valley	93065	218	873	\$2,709	\$3.10
	Minimum				734	\$2,659	\$2.62
	Maximum				1,230	\$3,878	\$3.82



ATTACHMENT 3: APPENDIX A

RENT SURVEY 4 STAR PROPERTIES  
APARTMENT DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

						Average Effective Rent	
Name	Address			# of Units	Unit Size (SF)		
						Total	Per SF
Weighted Average					941	\$2,924	\$3.14
Three-Bedroom Units							
Retreat at Thousand Oaks	550 N Laurie Ln	Thousand Oaks	91360	70	1,593	\$3,947	\$2.48
1710 on the BLVD	1710 E Thousand Oaks Blvd	Thousand Oaks	91360	2	1,503	\$3,747	\$2.49
Andorra Apartments	341 Mike Loza Dr	Camarillo	93012	15	1,330	\$3,867	\$2.91
Mission Hills	45 Rincon Dr	Camarillo	93012	86	1,245	\$3,661	\$2.94
AMLI Spanish Hills	668 Spring Oak Rd	Camarillo	93010	20	1,395	\$3,829	\$2.74
The Ranch at Moorpark	51 Magestic Ct	Moorpark	93021	82	1,100	\$3,453	\$3.14
Waterstone at Moorpark	4767 Moorpark Ave	Moorpark	93021	36	1,201	\$2,532	\$2.11
Shadlow Ridge Apt Homes	1987 Ridgeway Ln	Simi Valley	93065	22	1,078	\$3,243	\$3.01
Minimum					1,078	\$2,532	\$2.11
Maximum					1,593	\$3,947	\$3.14
Weighted Average					1,281	\$3,540	\$2.79

Source: CoStar, September 2022

**ATTACHMENT 3: APPENDIX B**

**AFFORDABLE RENT CALCULATIONS  
APARTMENT DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX B

AFFORDABLE RENT CALCULATIONS  
2022 INCOME STANDARDS  
APARTMENT DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

		One-Bedroom	Two-Bedroom	Three-Bedroom
		Low Income		
I.	<b><u>Household Income Assumptions</u></b>			
	Area Median Income (AMI)	<sup>1</sup> \$92,300	\$103,850	\$115,400
	Percentage of AMI Used for Rent Setting Purposes	<sup>2</sup> 80%	80%	80%
	Benchmark Annual Household Income	\$73,840	\$83,080	\$92,320
II.	<b>Percentage of Income Allotted to Housing Expenses</b>	30%	30%	30%
III.	<b><u>Gross Affordable Rent</u></b>			
	Annual	\$22,152	\$24,924	\$27,696
	Monthly	\$1,846	\$2,077	\$2,308
	<b>(Less) Monthly Utilities Allowance</b>	<sup>3</sup> (\$52)	(\$72)	(\$89)
IV.	<b>Net Affordable Rent</b>	\$1,794	\$2,005	\$2,219
		Very Low Income		
I.	<b><u>Household Income Assumptions</u></b>			
	Area Median Income (AMI)	<sup>1</sup> \$92,300	\$103,850	\$115,400
	Percentage of AMI Used for Rent Setting Purposes	<sup>4</sup> 50%	50%	50%
	Benchmark Annual Household Income	\$46,150	\$51,925	\$57,700
II.	<b>Percentage of Income Allotted to Housing Expenses</b>	30%	30%	30%
III.	<b><u>Gross Affordable Rent</u></b>			
	Annual	\$13,845	\$15,578	\$17,310
	Monthly	\$1,154	\$1,298	\$1,443
	<b>(Less) Monthly Utilities Allowance</b>	<sup>3</sup> (\$52)	(\$72)	(\$89)
IV.	<b>Net Affordable Rent</b>	\$1,102	\$1,226	\$1,354

<sup>1</sup> Based on the median income for Ventura County published annually by the California Department of Housing & Community Development (HCD).

<sup>2</sup> Based on 80% of AMI. This percentage of AMI is based on the standard identified in AB 1505.

<sup>3</sup> Utilities allowances are based on the Area Housing Authority of the County of Ventura utility allowance schedule for apartment development effective as of 6/1/22. Assumes: Gas Heating, Gas Cooking, and Gas Water Heater; and Basic Electric.

<sup>4</sup> Based on 50% of AMI. This percentage of AMI is based on the standard identified in California Health & Safety Code Section 50053.

**ATTACHMENT 3: APPENDIX C**

**PRO FORMA ANALYSES  
MALL PROPERTY APARTMENT PROTOTYPES  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

**ATTACHMENT 3: APPENDIX C - EXHIBIT I**

**PRO FORMA ANALYSIS  
MARKET RATE ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX C - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
MARKET RATE ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	130,680	Sf of Land	\$60 /Sf of Land		\$7,841,000
II.	<u>Direct Costs</u>	<sup>2</sup>					
	On-Site Improvements/Landscaping		130,680	Sf of Land	\$20 /Sf of Land	\$2,614,000	
	Parking	<sup>3</sup>					
	At-Grade Spaces		45	Spaces	\$7,500 /Space	338,000	
	Above-Grade Spaces		120	Spaces	\$20,000 /Space	2,400,000	
	Building Costs		80,250	Sf of GLA	\$190 /Sf of GLA	15,248,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		4,120,000	
	<b>Total Direct Costs</b>		80,250	Sf of GLA	\$308 /Sf of GLA		\$24,720,000
III.	<u>Indirect Costs</u>						
	Architecture, Engineering & Consulting			8% Direct Costs		\$1,978,000	
	Public Permits & Fees	<sup>5</sup>	90	Units	\$43,890 /Unit	3,950,000	
	Taxes, Insurance, Legal & Accounting			2% Direct Costs		494,000	
	Marketing		90	Units	\$5,000 /Unit	450,000	
	Developer Fee			5.0% Direct Costs		1,236,000	
	Soft Cost Contingency Allowance			5% Other Indirect Costs		405,000	
	<b>Total Indirect Costs</b>						\$8,513,000
IV.	<u>Financing Costs</u>						
	Interest During Construction						
	Land	<sup>6</sup>	\$7,841,000	Cost	5.0% Avg Rate	\$588,000	
	Construction	<sup>7</sup>	\$35,826,000	Cost	5.0% Avg Rate	1,612,000	
	Loan Origination Fees			60% Loan to Cost	1.5 Points	393,000	
	<b>Total Financing Costs</b>						\$2,593,000
V.	<b>Total Construction Cost</b>		90	Units	\$398,000 /Unit		\$35,826,000
	<b>Total Development Cost</b>		90	Units	\$485,000 /Unit		\$43,667,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratios comport with the following Municipal Code requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; three-bedroom units at 2.0 spaces; and guest spaces at 0.50 spaces per unit.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on an 18 month construction period, after receipt of entitlements, and a 100% average outstanding loan balance.

<sup>7</sup> Based on an 18 month construction period, after receipt of entitlements, and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX C - EXHIBIT I - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
MARKET RATE ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. Gross Income

A. Market Rate Units

<sup>1</sup>

One-Bedroom Units	35 Units @	\$2,740 /Unit/Month	\$1,151,000
Two-Bedroom Units	50 Units @	\$3,280 /Unit/Month	1,968,000
Three-Bedroom Units	5 Units @	\$3,990 /Unit/Month	239,000

B. Laundry & Miscellaneous Income

90 Units @	\$25 /Unit/Month	27,000
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**Total Gross Income**

\$3,385,000

Vacancy & Collection Allowance

5% Gross Income

(169,000)

II. **Effective Gross Income**

\$3,216,000

III. Operating Expenses

General Operating Expenses	90 Units @	\$4,500 /Unit	\$405,000
Property Taxes	90 Units @	\$6,600 /Unit	596,000
Replacement Reserve Deposits	90 Units @	\$150 /Unit	14,000

<sup>2</sup>

**Total Operating Expenses**

(\$1,015,000)

IV. **Stabilized Net Operating Income**

\$2,201,000

<sup>1</sup> The weighted average monthly rent equates to \$3.49 per square foot of leasable area.

<sup>2</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX C - EXHIBIT I - TABLE 3

ESTIMATED DEVELOPER RETURN  
MARKET RATE ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX C - EXHIBIT I - TABLE 2	\$2,201,000
II.	Total Development Cost	See ATTACHMENT 3: APPENDIX C - EXHIBIT I - TABLE 1	<u>\$43,667,000</u>
III.	Stabilized Return on Total Investment		5.0%



**ATTACHMENT 3: APPENDIX C - EXHIBIT II**

**PRO FORMA ANALYSIS  
LOW INCOME ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX C - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
LOW INCOME ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	130,680	Sf of Land	\$60 /Sf of Land		\$7,841,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		130,680	Sf of Land	\$20 /Sf of Land	\$2,614,000	
	Parking	<sup>3</sup>					
	At-Grade Spaces		45	Spaces	\$7,500 /Space	338,000	
	Above-Grade Spaces		120	Spaces	\$20,000 /Space	2,400,000	
	Building Costs		80,250	Sf of GLA	\$190 /Sf of GLA	15,248,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		4,120,000	
	<b>Total Direct Costs</b>		80,250	Sf of GLA	\$308 /Sf of GLA		\$24,720,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting			8% Direct Costs		\$1,978,000	
	Public Permits & Fees	<sup>5</sup>	90	Units	\$43,890 /Unit	3,950,000	
	Taxes, Insurance, Legal & Accounting			2% Direct Costs		494,000	
	Marketing		90	Units	\$5,000 /Unit	450,000	
	Developer Fee			5% Direct Costs		1,236,000	
	Soft Cost Contingency Allowance			5% Other Indirect Costs		405,000	
	<b>Total Indirect Costs</b>						\$8,513,000
IV.	<b>Financing Costs</b>						
	Interest During Construction						
	Land	<sup>6</sup>	\$7,682,700	Cost	5.0% Avg Rate	\$576,000	
	Construction	<sup>7</sup>	\$35,815,000	Cost	5.0% Avg Rate	1,612,000	
	Loan Origination Fees			60% Loan to Cost	1.5 Points	393,000	
	<b>Total Financing Costs</b>						\$2,581,000
V.	<b>Total Construction Cost</b>		90	Units	\$398,000 /Unit		\$35,814,000
	<b>Total Development Cost</b>		90	Units	\$485,000 /Unit		\$43,655,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratios comport with the following Municipal Code requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; three-bedroom units at 2.0 spaces; and guest spaces at 0.50 spaces per unit.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on a 18 month construction period after receipt of entitlements and a 100% average outstanding loan balance. Includes a \$158,300 offset to reflect the carrying cost savings associated with the estimated property acquisition cost reduction.

<sup>7</sup> Based on an 18 month construction period, after receipt of entitlements, and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX C - EXHIBIT II - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
LOW INCOME ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. **Gross Income**

<b>A. Market Rate Units</b>	<sup>1</sup>			
One-Bedroom Units		31 Units @	\$2,740 /Unit/Month	\$1,019,000
Two-Bedroom Units		45 Units @	\$3,280 /Unit/Month	1,771,000
Three-Bedroom Units		4 Units @	\$3,990 /Unit/Month	192,000
<b>B. Low Income Units</b>	<sup>2</sup>			
One-Bedroom Units		4 Units @	\$1,794 /Unit/Month	86,000
Two-Bedroom Units		5 Units @	\$2,005 /Unit/Month	120,000
Three-Bedroom Units		1 Unit @	\$2,219 /Unit/Month	27,000
<b>C. Laundry &amp; Miscellaneous Income</b>		90 Units @	\$25 /Unit/Month	27,000
<b>Total Gross Income</b>				\$3,242,000
Vacancy & Collection Allowance		5% Gross Income		(162,000)

II. **Effective Gross Income** \$3,080,000

III. **Operating Expenses**

General Operating Expenses		90 Units @	\$4,500 /Unit	\$405,000
Property Taxes	<sup>3</sup>	90 Units @	\$6,300 /Unit	567,000
Replacement Reserve Deposits		90 Units @	\$150 /Unit	14,000
<b>Total Operating Expenses</b>		90 Units @	\$10,956 /Unit	(\$986,000)

IV. **Stabilized Net Operating Income** \$2,094,000

<sup>1</sup> The weighted average monthly rent equates to \$3.49 per square foot of leasable area.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX C - EXHIBIT II - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
LOW INCOME ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Supportable Investment</b>		
	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX C - EXHIBIT II - 1	\$2,094,000
	Threshold Return on Total Investment <sup>1</sup>		<u>5.0%</u>
	<b>Total Supportable Investment</b>		\$41,544,000
II.	<b>Total Development Cost</b>	See ATTACHMENT 3: APPENDIX C - EXHIBIT II - TABLE 1	<u>\$43,655,000</u>
III.	<b>Total Financial Impact</b>		(\$2,111,000)
	Stabilized Return on Total Investment	4.8%	
	% Rent Increase to Offset Impact	4.9% Market Rate Units	

<sup>1</sup> Based on the Developer Return estimated to be generated by the MARKET RATE ALTERNATIVE.

**ATTACHMENT 3: APPENDIX C - EXHIBIT III**

**PRO FORMA ANALYSIS  
VERY LOW INCOME ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX C - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
VERY LOW INCOME ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	130,680	Sf of Land	\$60 /Sf of Land		\$7,841,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		130,680	Sf of Land	\$20 /Sf of Land	\$2,614,000	
	Parking	<sup>3</sup>					
	At-Grade Spaces		45	Spaces	\$7,500 /Space	338,000	
	Above-Grade Spaces		120	Spaces	\$20,000 /Space	2,400,000	
	Building Costs		80,250	Sf of GLA	\$190 /Sf of GLA	15,248,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		4,120,000	
	<b>Total Direct Costs</b>		80,250	Sf of GLA	\$308 /Sf of GLA		\$24,720,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting			8% Direct Costs		\$1,978,000	
	Public Permits & Fees	<sup>5</sup>	90	Units	\$43,890 /Unit	3,950,000	
	Taxes, Insurance, Legal & Accounting			2% Direct Costs		494,000	
	Marketing		90	Units	\$5,000 /Unit	450,000	
	Developer Fee			5% Direct Costs		1,236,000	
	Soft Cost Contingency Allowance			5% Other Indirect Costs		405,000	
	<b>Total Indirect Costs</b>						\$8,513,000
IV.	<b>Financing Costs</b>						
	Interest During Construction						
	Land	<sup>6</sup>	\$7,667,900	Cost	5.0% Avg Rate	\$575,000	
	Construction	<sup>7</sup>	\$35,813,000	Cost	5.0% Avg Rate	1,612,000	
	Loan Origination Fees			60% Loan to Cost	1.5 Points	393,000	
	<b>Total Financing Costs</b>						\$2,580,000
V.	<b>Total Construction Cost</b>		90	Units	\$398,000 /Unit		\$35,813,000
	<b>Total Development Cost</b>		90	Units	\$485,000 /Unit		\$43,654,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratios comport with the following Municipal Code requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; three-bedroom units at 2.0 spaces; and guest spaces at 0.50 spaces per unit.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on a 18 month construction period after receipt of entitlements and a 100% average outstanding loan balance. Includes a \$173,100 offset to reflect the carrying cost savings associated with the estimated property acquisition cost reduction.

<sup>7</sup> Based on a 18 month construction period and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX C - EXHIBIT III - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
 VERY LOW INCOME ALTERNATIVE  
 MALL PROPERTY APARTMENT PROTOTYPE  
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
 THOUSAND OAKS, CALIFORNIA

I. Gross Income

<b>A. Market Rate Units</b>	<sup>1</sup>			
One-Bedroom Units		32 Units @	\$2,740 /Unit/Month	\$1,052,000
Two-Bedroom Units		46 Units @	\$3,280 /Unit/Month	1,811,000
Three-Bedroom Units		5 Units @	\$3,990 /Unit/Month	239,000
<b>B. Very Low Income Units</b>	<sup>2</sup>			
One-Bedroom Units		3 Units @	\$1,102 /Unit/Month	40,000
Two-Bedroom Units		4 Units @	\$1,226 /Unit/Month	59,000
Three-Bedroom Units		0 Units @	\$1,354 /Unit/Month	0
<b>C. Laundry &amp; Miscellaneous Income</b>		90 Units @	\$25 /Unit/Month	27,000
<b>Total Gross Income</b>				\$3,228,000
Vacancy & Collection Allowance		5% Gross Income		(161,000)

II. **Effective Gross Income** \$3,067,000

III. Operating Expenses

General Operating Expenses		90 Units @	\$4,500 /Unit	\$405,000
Property Taxes	<sup>3</sup>	90 Units @	\$6,300 /Unit	564,000
Replacement Reserve Deposits		90 Units @	\$150 /Unit	14,000
<b>Total Operating Expenses</b>		90 Units @	\$10,922 /Unit	(\$983,000)

IV. **Stabilized Net Operating Income** \$2,084,000

<sup>1</sup> The weighted average monthly rent equates to \$3.48 per square foot of leasable area.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX C - EXHIBIT III - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
VERY LOW INCOME ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Supportable Investment</b>		
	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX C - EXHIBIT III -	\$2,084,000
	Threshold Return on Total Investment <sup>1</sup>		<u>5.0%</u>
	<b>Total Supportable Investment</b>		\$41,346,000
II.	<b>Total Development Cost</b>	See ATTACHMENT 3: APPENDIX C - EXHIBIT III - TABLE 1	<u>\$43,654,000</u>
III.	<b>Total Financial Impact</b>		(\$2,308,000)
	Stabilized Return on Total Investment	4.8%	
	% Rent Increase to Offset Impact	5.3% Market Rate Units	

<sup>1</sup> Based on the Developer Return estimated to be generated by the MARKET RATE ALTERNATIVE.



**ATTACHMENT 3: APPENDIX C - EXHIBIT IV**

**PRO FORMA ANALYSIS  
50% DENSITY BONUS ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX C - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
50% DENSITY BONUS ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	130,680	Sf of Land	\$60 /Sf of Land		\$7,841,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		130,680	Sf of Land	\$20 /Sf of Land	\$2,614,000	
	Above-Grade Spaces	<sup>3</sup>	176	Spaces	\$20,000 /Space	3,520,000	
	Building Costs		119,900	Sf of GLA	\$205 /Sf of GLA	24,580,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		6,143,000	
	<b>Total Direct Costs</b>		119,900	Sf of GLA	\$307 /Sf of GLA		\$36,857,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting		8%	Direct Costs		\$2,949,000	
	Public Permits & Fees	<sup>5</sup>	135	Units	\$43,890 /Unit	5,925,000	
	Taxes, Insurance, Legal & Accounting		2%	Direct Costs		737,000	
	Marketing		135	Units	\$5,000 /Unit	675,000	
	Developer Fee		5%	Direct Costs		1,843,000	
	Soft Cost Contingency Allowance		5%	Other Indirect Costs		606,000	
	<b>Total Indirect Costs</b>						\$12,735,000
IV.	<b>Financing Costs</b>						
	Interest During Construction						
	Land	<sup>6</sup>	\$7,803,800	Cost	5.0% Avg Rate	\$585,000	
	Construction	<sup>7</sup>	\$53,116,000	Cost	5.0% Avg Rate	2,390,000	
	Loan Origination Fees		60%	Loan to Cost	1.5 Points	549,000	
	<b>Total Financing Costs</b>						\$3,524,000
V.	<b>Total Construction Cost</b>		135	Units	\$393,000 /Unit		\$53,116,000
	<b>Total Development Cost</b>		135	Units	\$452,000 /Unit		\$60,957,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratio comport with the following Section 65915(p) density bonus requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; and three-bedroom units at 1.5 spaces per unit. No guest space requirement is applied.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on a 18 month construction period after receipt of entitlements and a 100% average outstanding loan balance. Includes a \$37,200 offset to reflect the carrying cost savings associated with the estimated property acquisition cost reduction.

<sup>7</sup> Based on a 18 month construction period and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX C - EXHIBIT IV - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
50% DENSITY BONUS ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. **Gross Income**

<b>A. Market Rate Units</b>	<sup>1</sup>			
One-Bedroom Units		49 Units @	\$2,740 /Unit/Month	\$1,611,000
Two-Bedroom Units		66 Units @	\$3,280 /Unit/Month	2,598,000
Three-Bedroom Units		6 Units @	\$3,990 /Unit/Month	287,000
<b>B. Very Low Income Units</b>	<sup>2</sup>			
One-Bedroom Units		5 Units @	\$1,102 /Unit/Month	66,000
Two-Bedroom Units		8 Units @	\$1,226 /Unit/Month	118,000
Three-Bedroom Units		1 Unit @	\$1,354 /Unit/Month	16,000
<b>C. Laundry &amp; Miscellaneous Income</b>		135 Units @	\$25 /Unit/Month	41,000
<b>Total Gross Income</b>				\$4,737,000
Vacancy & Collection Allowance		5% Gross Income		(237,000)

II. **Effective Gross Income** \$4,500,000

III. **Operating Expenses**

General Operating Expenses		135 Units @	\$4,500 /Unit	\$607,500
Property Taxes	<sup>3</sup>	135 Units @	\$6,100 /Unit	825,000
Replacement Reserve Deposits		135 Units @	\$150 /Unit	20,000
<b>Total Operating Expenses</b>		135 Units @	\$10,759 /Unit	(\$1,452,500)

IV. **Stabilized Net Operating Income** \$3,047,500

<sup>1</sup> The weighted average monthly rent equates to \$3.49 per square foot of leasable area.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX C - EXHIBIT IV - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
50% DENSITY BONUS ALTERNATIVE  
MALL PROPERTY APARTMENT PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Supportable Investment</b>		
	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX C - EXHIBIT IV -	\$3,047,500
	Threshold Return on Total Investment <sup>1</sup>		<u>5.0%</u>
	<b>Total Supportable Investment</b>		\$60,461,000
II.	<b>Total Development Cost</b>	See ATTACHMENT 3: APPENDIX C - EXHIBIT IV - TABLE 1	<u>\$60,957,000</u>
III.	<b>Total Financial Impact</b>		(\$496,000)
	Stabilized Return on Total Investment	5.0%	
	% Rent Increase to Offset Impact	0.8% Market Rate Units	

<sup>1</sup> Based on the Developer Return estimated to be generated by the MARKET RATE ALTERNATIVE.

**ATTACHMENT 3: APPENDIX D**

**PRO FORMA ANALYSES  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPES  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

**ATTACHMENT 3: APPENDIX D - EXHIBIT I**

**PRO FORMA ANALYSIS  
MARKET RATE ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX D - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
MARKET RATE ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	87,120	Sf of Land	\$60 /Sf of Land		\$5,227,000
II.	<u>Direct Costs</u>	<sup>2</sup>					
	On-Site Improvements/Landscaping		87,120	Sf of Land	\$20 /Sf of Land	\$1,742,000	
	Covered & Enclosed Spaces	<sup>3</sup>	76	Spaces	\$15,000 /Space	1,140,000	
	Building Costs		42,900	Sf of GLA	\$175 /Sf of GLA	7,508,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		2,078,000	
	<b>Total Direct Costs</b>		42,900	Sf of GLA	\$291 /Sf of GLA		\$12,468,000
III.	<u>Indirect Costs</u>						
	Architecture, Engineering & Consulting		8%	Direct Costs		\$997,000	
	Public Permits & Fees	<sup>5</sup>	40	Units	\$43,890 /Unit	1,756,000	
	Taxes, Insurance, Legal & Accounting		2%	Direct Costs		249,000	
	Marketing		40	Units	\$5,000 /Unit	200,000	
	Developer Fee		5.0%	Direct Costs		623,000	
	Soft Cost Contingency Allowance		5%	Other Indirect Costs		191,000	
	<b>Total Indirect Costs</b>						\$4,016,000
IV.	<u>Financing Costs</u>						
	Interest During Construction						
	Land	<sup>6</sup>	\$5,227,000	Cost	5.0% Avg Rate	\$392,000	
	Construction	<sup>7</sup>	\$17,889,000	Cost	5.0% Avg Rate	805,000	
	Loan Origination Fees		60%	Loan to Cost	1.5 Points	208,000	
	<b>Total Financing Costs</b>						\$1,405,000
V.	<b>Total Construction Cost</b>		40	Units	\$447,000 /Unit		\$17,889,000
	<b>Total Development Cost</b>		40	Units	\$578,000 /Unit		\$23,116,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratios comport with the following Municipal Code requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; three-bedroom units at 2.0 spaces; and guest spaces at 0.50 spaces per unit.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on an 18 month construction period, after receipt of entitlements, and a 100% average outstanding loan balance.

<sup>7</sup> Based on an 18 month construction period, after receipt of entitlements, and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX D - EXHIBIT I - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
MARKET RATE ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. Gross Income

A. Market Rate Units

<sup>1</sup>

One-Bedroom Units	14 Units @	\$3,110 /Unit/Month	\$522,000
Two-Bedroom Units	20 Units @	\$3,800 /Unit/Month	912,000
Three-Bedroom Units	6 Units @	\$4,190 /Unit/Month	302,000

B. Laundry & Miscellaneous Income

40 Units @	\$25 /Unit/Month	12,000
------------	------------------	--------

**Total Gross Income**

\$1,748,000

Vacancy & Collection Allowance

5% Gross Income

(87,000)

II. **Effective Gross Income**

\$1,661,000

III. Operating Expenses

General Operating Expenses	40 Units @	\$4,500 /Unit	\$180,000
Property Taxes	40 Units @	\$7,900 /Unit	314,000
Replacement Reserve Deposits	40 Units @	\$150 /Unit	6,000

<sup>2</sup>

**Total Operating Expenses**

(\$500,000)

IV. **Stabilized Net Operating Income**

\$1,161,000

<sup>1</sup> The weighted average monthly rent equates to \$3.37 per square foot of leasable area.

<sup>2</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.



ATTACHMENT 3: APPENDIX D - EXHIBIT I - TABLE 3

ESTIMATED DEVELOPER RETURN  
MARKET RATE ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX D - EXHIBIT I - TABLE 2	\$1,161,000
II.	Total Development Cost	See ATTACHMENT 3: APPENDIX D - EXHIBIT I - TABLE 1	<u>\$23,116,000</u>
III.	Stabilized Return on Total Investment		5.0%

**ATTACHMENT 3: APPENDIX D - EXHIBIT II**

**PRO FORMA ANALYSIS  
LOW INCOME ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX D - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
LOW INCOME ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	87,120	Sf of Land	\$60 /Sf of Land		\$5,227,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		87,120	Sf of Land	\$20 /Sf of Land	\$1,742,000	
	Covered & Enclosed Spaces	<sup>3</sup>	76	Spaces	\$15,000 /Space	1,140,000	
	Building Costs		42,900	Sf of GLA	\$175 /Sf of GLA	7,508,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		2,078,000	
	<b>Total Direct Costs</b>		42,900	Sf of GLA	\$291 /Sf of GLA		\$12,468,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting		8%	Direct Costs		\$997,000	
	Public Permits & Fees	<sup>5</sup>	40	Units	\$43,890 /Unit	1,756,000	
	Taxes, Insurance, Legal & Accounting		2%	Direct Costs		249,000	
	Marketing		40	Units	\$5,000 /Unit	200,000	
	Developer Fee		5%	Direct Costs		623,000	
	Soft Cost Contingency Allowance		5%	Other Indirect Costs		191,000	
	<b>Total Indirect Costs</b>						\$4,016,000
IV.	<b>Financing Costs</b>						
	Interest During Construction						
	Land	<sup>6</sup>	\$5,161,700	Cost	5.0% Avg Rate	\$387,000	
	Construction	<sup>7</sup>	\$17,884,000	Cost	5.0% Avg Rate	805,000	
	Loan Origination Fees		60%	Loan to Cost	1.5 Points	208,000	
	<b>Total Financing Costs</b>						\$1,400,000
V.	<b>Total Construction Cost</b>		40	Units	\$447,000 /Unit		\$17,884,000
	<b>Total Development Cost</b>		40	Units	\$578,000 /Unit		\$23,111,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratios comport with the following Municipal Code requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; three-bedroom units at 2.0 spaces; and guest spaces at 0.50 spaces per unit.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on a 18 month construction period after receipt of entitlements and a 100% average outstanding loan balance. Includes a \$65,300 offset to reflect the carrying cost savings associated with the estimated property acquisition cost reduction.

<sup>7</sup> Based on an 18 month construction period, after receipt of entitlements, and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX D - EXHIBIT II - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
LOW INCOME ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. **Gross Income**

<b>A. Market Rate Units</b>	<sup>1</sup>			
One-Bedroom Units	13 Units @	\$3,110 /Unit/Month	\$485,000	
Two-Bedroom Units	18 Units @	\$3,800 /Unit/Month	821,000	
Three-Bedroom Units	6 Units @	\$4,190 /Unit/Month	302,000	
<b>B. Low Income Units</b>	<sup>2</sup>			
One-Bedroom Units	1 Unit @	\$1,794 /Unit/Month	22,000	
Two-Bedroom Units	2 Units @	\$2,005 /Unit/Month	48,000	
Three-Bedroom Units	0 Units @	\$2,219 /Unit/Month	0	
<b>C. Laundry &amp; Miscellaneous Income</b>	40 Units @	\$25 /Unit/Month	12,000	
<b>Total Gross Income</b>			\$1,690,000	
Vacancy & Collection Allowance	5% Gross Income		(85,000)	

II. **Effective Gross Income** \$1,605,000

III. **Operating Expenses**

General Operating Expenses	40 Units @	\$4,500 /Unit	\$180,000	
Property Taxes	40 Units @	\$7,600 /Unit	302,000	
Replacement Reserve Deposits	40 Units @	\$150 /Unit	6,000	
<b>Total Operating Expenses</b>	40 Units @	\$12,200 /Unit	(\$488,000)	

IV. **Stabilized Net Operating Income** \$1,117,000

<sup>1</sup> The weighted average monthly rent equates to \$3.36 per square foot of leasable area.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX D - EXHIBIT II - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
LOW INCOME ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Supportable Investment</b>		
	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX D - EXHIBIT II -	\$1,117,000
	Threshold Return on Total Investment <sup>1</sup>		<u>5.0%</u>
	<b>Total Supportable Investment</b>		\$22,240,000
II.	<b>Total Development Cost</b>	See ATTACHMENT 3: APPENDIX D - EXHIBIT II - TABLE 1	<u>\$23,111,000</u>
III.	<b>Total Financial Impact</b>		(\$871,000)
	Stabilized Return on Total Investment	4.8%	
	% Rent Increase to Offset Impact	4.3% Market Rate Units	

<sup>1</sup> Based on the Developer Return estimated to be generated by the MARKET RATE ALTERNATIVE.

**ATTACHMENT 3: APPENDIX D - EXHIBIT III**

**PRO FORMA ANALYSIS  
VERY LOW INCOME ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX D - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
VERY LOW INCOME ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	87,120	Sf of Land	\$60 /Sf of Land		\$5,227,000
II.	<u>Direct Costs</u>	<sup>2</sup>					
	On-Site Improvements/Landscaping		87,120	Sf of Land	\$20 /Sf of Land	\$1,742,000	
	Covered & Enclosed Spaces	<sup>3</sup>	76	Spaces	\$15,000 /Space	1,140,000	
	Building Costs		42,900	Sf of GLA	\$175 /Sf of GLA	7,508,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		2,078,000	
	<b>Total Direct Costs</b>		42,900	Sf of GLA	\$291 /Sf of GLA		\$12,468,000
III.	<u>Indirect Costs</u>						
	Architecture, Engineering & Consulting		8%	Direct Costs		\$997,000	
	Public Permits & Fees	<sup>5</sup>	40	Units	\$43,890 /Unit	1,756,000	
	Taxes, Insurance, Legal & Accounting		2%	Direct Costs		249,000	
	Marketing		40	Units	\$5,000 /Unit	200,000	
	Developer Fee		5%	Direct Costs		623,000	
	Soft Cost Contingency Allowance		5%	Other Indirect Costs		191,000	
	<b>Total Indirect Costs</b>						\$4,016,000
IV.	<u>Financing Costs</u>						
	Interest During Construction						
	Land	<sup>6</sup>	\$5,164,700	Cost	5.0% Avg Rate	\$387,000	
	Construction	<sup>7</sup>	\$17,884,000	Cost	5.0% Avg Rate	805,000	
	Loan Origination Fees		60%	Loan to Cost	1.5 Points	208,000	
	<b>Total Financing Costs</b>						\$1,400,000
V.	<b>Total Construction Cost</b>		40	Units	\$447,000 /Unit		\$17,884,000
	<b>Total Development Cost</b>		40	Units	\$578,000 /Unit		\$23,111,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratios comport with the following Municipal Code requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; three-bedroom units at 2.0 spaces; and guest spaces at 0.50 spaces per unit.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on a 18 month construction period after receipt of entitlements and a 100% average outstanding loan balance. Includes a \$62,300 offset to reflect the carrying cost savings associated with the estimated property acquisition cost reduction.

<sup>7</sup> Based on an 18 month construction period, after receipt of entitlements, and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX D - EXHIBIT III - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
 VERY LOW INCOME ALTERNATIVE  
 NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
 THOUSAND OAKS, CALIFORNIA

I. **Gross Income**

<b>A. Market Rate Units</b>	<sup>1</sup>			
One-Bedroom Units		13 Units @	\$3,110 /Unit/Month	\$485,000
Two-Bedroom Units		19 Units @	\$3,800 /Unit/Month	866,000
Three-Bedroom Units		6 Units @	\$4,190 /Unit/Month	302,000
<b>B. Very Low Income Units</b>	<sup>2</sup>			
One-Bedroom Units		1 Unit @	\$1,102 /Unit/Month	13,000
Two-Bedroom Units		1 Unit @	\$1,226 /Unit/Month	15,000
Three-Bedroom Units		0 Units @	\$1,354 /Unit/Month	0
<b>C. Laundry &amp; Miscellaneous Income</b>		40 Units @	\$25 /Unit/Month	12,000
<b>Total Gross Income</b>				\$1,693,000
Vacancy & Collection Allowance		5% Gross Income		(85,000)

II. **Effective Gross Income** \$1,608,000

III. **Operating Expenses**

General Operating Expenses		40 Units @	\$4,500 /Unit	\$180,000
Property Taxes	<sup>3</sup>	40 Units @	\$7,600 /Unit	303,000
Replacement Reserve Deposits		40 Units @	\$150 /Unit	6,000
<b>Total Operating Expenses</b>		40 Units @	\$12,225 /Unit	(\$489,000)

IV. **Stabilized Net Operating Income** \$1,119,000

<sup>1</sup> The weighted average monthly rent equates to \$3.36 per square foot of leasable area.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.



ATTACHMENT 3: APPENDIX D - EXHIBIT III - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
VERY LOW INCOME ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Supportable Investment</b>		
	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX D - EXHIBIT III -	\$1,119,000
	Threshold Return on Total Investment <sup>1</sup>		<u>5.0%</u>
	<b>Total Supportable Investment</b>		\$22,280,000
II.	<b>Total Development Cost</b>	See ATTACHMENT 3: APPENDIX D - EXHIBIT III - TABLE 1	<u>\$23,111,000</u>
III.	<b>Total Financial Impact</b>		(\$831,000)
	Stabilized Return on Total Investment	4.8%	
	% Rent Increase to Offset Impact	4.0% Market Rate Units	

<sup>1</sup> Based on the Developer Return estimated to be generated by the MARKET RATE ALTERNATIVE.

**ATTACHMENT 3: APPENDIX D - EXHIBIT IV**

**PRO FORMA ANALYSIS  
50% DENSITY BONUS ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX D - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
50% DENSITY BONUS ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	87,120	Sf of Land	\$60 /Sf of Land		\$5,227,000
II.	<u>Direct Costs</u>	<sup>2</sup>					
	On-Site Improvements/Landscaping		87,120	Sf of Land	\$20 /Sf of Land	\$1,742,000	
	Covered & Enclosed Spaces	<sup>3</sup>	80	Spaces	\$15,000 /Space	1,200,000	
	Building Costs		64,350	Sf of GLA	\$190 /Sf of GLA	12,227,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		3,034,000	
	<b>Total Direct Costs</b>		64,350	Sf of GLA	\$283 /Sf of GLA		\$18,203,000
III.	<u>Indirect Costs</u>						
	Architecture, Engineering & Consulting		8%	Direct Costs		\$1,456,000	
	Public Permits & Fees	<sup>5</sup>	60	Units	\$43,890 /Unit	2,633,000	
	Taxes, Insurance, Legal & Accounting		2%	Direct Costs		364,000	
	Marketing		60	Units	\$5,000 /Unit	300,000	
	Developer Fee		5%	Direct Costs		910,000	
	Soft Cost Contingency Allowance		5%	Other Indirect Costs		283,000	
	<b>Total Indirect Costs</b>						\$5,946,000
IV.	<u>Financing Costs</u>						
	Interest During Construction						
	Land	<sup>6</sup>	\$5,227,000	Cost	5.0% Avg Rate	\$392,000	
	Construction	<sup>7</sup>	\$25,992,000	Cost	5.0% Avg Rate	1,170,000	
	Loan Origination Fees		60%	Loan to Cost	1.5 Points	281,000	
	<b>Total Financing Costs</b>						\$1,843,000
V.	<b>Total Construction Cost</b>		60	Units	\$433,000 /Unit		\$25,992,000
	<b>Total Development Cost</b>		60	Units	\$520,000 /Unit		\$31,219,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratio comport with the following Section 65915(p) density bonus requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; and three-bedroom units at 1.5 spaces per unit. No guest space requirement is applied.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on a 18 month construction period after receipt of entitlements and a 100% average outstanding loan balance. Includes a \$0 offset to reflect the carrying cost savings associated with the estimated property acquisition cost reduction.

<sup>7</sup> Based on a 18 month construction period and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX D - EXHIBIT IV - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
50% DENSITY BONUS ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. Gross Income

<b>A. Market Rate Units</b>	<sup>1</sup>			
One-Bedroom Units		19 Units @	\$3,110 /Unit/Month	\$709,000
Two-Bedroom Units		27 Units @	\$3,800 /Unit/Month	1,231,000
Three-Bedroom Units		8 Units @	\$4,190 /Unit/Month	402,000
<b>B. Very Low Income Units</b>	<sup>2</sup>			
One-Bedroom Units		2 Units @	\$1,102 /Unit/Month	26,000
Two-Bedroom Units		3 Units @	\$1,226 /Unit/Month	44,000
Three-Bedroom Units		1 Unit @	\$1,354 /Unit/Month	16,000
<b>C. Laundry &amp; Miscellaneous Income</b>		60 Units @	\$25 /Unit/Month	18,000
<b>Total Gross Income</b>				\$2,446,000
Vacancy & Collection Allowance		5% Gross Income		(122,000)

II. **Effective Gross Income** \$2,324,000

III. Operating Expenses

General Operating Expenses		60 Units @	\$4,500 /Unit	\$270,000
Property Taxes	<sup>3</sup>	60 Units @	\$7,300 /Unit	436,000
Replacement Reserve Deposits		60 Units @	\$150 /Unit	9,000
<b>Total Operating Expenses</b>		60 Units @	\$11,917 /Unit	(\$715,000)

IV. **Stabilized Net Operating Income** \$1,609,000

<sup>1</sup> The weighted average monthly rent equates to \$3.37 per square foot of leasable area.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX D - EXHIBIT IV - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
50% DENSITY BONUS ALTERNATIVE  
NEIGHBORHOOD MEDIUM HIGH PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Supportable Investment</b>		
	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX D - EXHIBIT IV -	\$1,609,000
	Threshold Return on Total Investment <sup>1</sup>		<u>5.0%</u>
	<b>Total Supportable Investment</b>		\$32,036,000
II.	<b>Total Development Cost</b>	See ATTACHMENT 3: APPENDIX D - EXHIBIT IV - TABLE 1	<u>\$31,219,000</u>
III.	<b>Total Financial Impact</b>		\$817,000
	Stabilized Return on Total Investment	5.2%	
	% Rent Increase to Offset Impact	0.0% Market Rate Units	

<sup>1</sup> Based on the Developer Return estimated to be generated by the MARKET RATE ALTERNATIVE.

**ATTACHMENT 3: APPENDIX E**

**PRO FORMA ANALYSES**  
**MIXED-USE PROTOTYPES**  
**INCLUSIONARY HOUSING: FINANCIAL EVALUATION**  
**THOUSAND OAKS, CALIFORNIA**

**ATTACHMENT 3: APPENDIX E - EXHIBIT I**

**PRO FORMA ANALYSIS  
MARKET RATE ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX E - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
MARKET RATE ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	435,600	Sf of Land	\$60 /Sf of Land		\$26,136,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		435,600	Sf of Land	\$20 /Sf of Land	\$8,712,000	
	Parking	<sup>3</sup>					
	At-Grade Spaces		150	Spaces	\$7,500 /Space	1,125,000	
	Semi-Subterranean Spaces		393	Spaces	\$30,000 /Space	11,790,000	
	Building Costs		312,600	Sf of GLA	\$190 /Sf of GLA	59,394,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		16,204,000	
	<b>Total Direct Costs</b>		312,600	Sf of GLA	\$311 /Sf of GLA		\$97,225,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting			8% Direct Costs		\$7,778,000	
	Public Permits & Fees	<sup>5</sup>	300	Units	\$43,890 /Unit	13,167,000	
	Taxes, Insurance, Legal & Accounting			2% Direct Costs		1,945,000	
	Marketing		300	Units	\$5,000 /Unit	1,500,000	
	Developer Fee			5.0% Direct Costs		4,861,000	
	Soft Cost Contingency Allowance			5% Other Indirect Costs		1,463,000	
	<b>Total Indirect Costs</b>						\$30,714,000
IV.	<b>Financing Costs</b>						
	Interest During Construction						
	Land	<sup>6</sup>	\$26,136,000	Cost	5.0% Avg Rate	\$1,960,000	
	Construction	<sup>7</sup>	\$137,562,000	Cost	5.0% Avg Rate	6,190,000	
	Loan Origination Fees			60% Loan to Cost	1.5 Points	1,473,000	
	<b>Total Financing Costs</b>						\$9,623,000
V.	<b>Total Construction Cost</b>		300	Units	\$459,000 /Unit		\$137,562,000
	<b>Total Development Cost</b>		300	Units	\$546,000 /Unit		\$163,698,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratios comport with the following Municipal Code requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; three-bedroom units at 2.0 spaces; and guest spaces at 0.50 spaces per unit.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on an 18 month construction period, after receipt of entitlements, and a 100% average outstanding loan balance.

<sup>7</sup> Based on an 18 month construction period, after receipt of entitlements, and a 60% average outstanding loan balance.



ATTACHMENT 3: APPENDIX E - EXHIBIT I - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
MARKET RATE ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. Gross Income

A. Market Rate Units

<sup>1</sup>

One-Bedroom Units	150 Units @	\$3,110 /Unit/Month	\$5,598,000
Two-Bedroom Units	114 Units @	\$3,970 /Unit/Month	5,431,000
Three-Bedroom Units	36 Units @	\$4,190 /Unit/Month	1,810,000

B. Laundry & Miscellaneous Income

300 Units @	\$25 /Unit/Month	90,000
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**Total Gross Income**

\$12,929,000

Vacancy & Collection Allowance

5% Gross Income

(646,000)

II. **Effective Gross Income**

\$12,283,000

III. Operating Expenses

General Operating Expenses	300 Units @	\$4,500 /Unit	\$1,350,000
Property Taxes	300 Units @	\$7,700 /Unit	2,319,000
Replacement Reserve Deposits	300 Units @	\$150 /Unit	45,000

<sup>2</sup>

**Total Operating Expenses**

(\$3,714,000)

IV. **Stabilized Net Operating Income**

\$8,569,000

<sup>1</sup> The weighted average monthly rent equates to \$3.42 per square foot of leasable area.

<sup>2</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX E - EXHIBIT I - TABLE 3

ESTIMATED DEVELOPER RETURN  
MARKET RATE ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

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I.	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX E - EXHIBIT I - TABLE 2	\$8,569,000
II.	Total Development Cost	See ATTACHMENT 3: APPENDIX E - EXHIBIT I - TABLE 1	<u>\$163,698,000</u>
III.	Stabilized Return on Total Investment		5.2%

**ATTACHMENT 3: APPENDIX E - EXHIBIT II**

**PRO FORMA ANALYSIS  
LOW INCOME ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX E - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
LOW INCOME ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	435,600	Sf of Land	\$60 /Sf of Land		\$26,136,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		435,600	Sf of Land	\$20 /Sf of Land	\$8,712,000	
	Parking	<sup>3</sup>					
	At-Grade Spaces		150	Spaces	\$7,500 /Space	1,125,000	
	Semi-Subterranean Spaces		393	Spaces	\$30,000 /Space	11,790,000	
	Building Costs		312,600	Sf of GLA	\$190 /Sf of GLA	59,394,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		16,204,000	
	<b>Total Direct Costs</b>		312,600	Sf of GLA	\$311 /Sf of GLA		\$97,225,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting			8% Direct Costs		\$7,778,000	
	Public Permits & Fees	<sup>5</sup>	300	Units	\$43,890 /Unit	13,167,000	
	Taxes, Insurance, Legal & Accounting			2% Direct Costs		1,945,000	
	Marketing		300	Units	\$5,000 /Unit	1,500,000	
	Developer Fee			5% Direct Costs		4,861,000	
	Soft Cost Contingency Allowance			5% Other Indirect Costs		1,463,000	
	<b>Total Indirect Costs</b>						\$30,714,000
IV.	<b>Financing Costs</b>						
	Interest During Construction						
	Land	<sup>6</sup>	\$25,574,800	Cost	5.0% Avg Rate	\$1,918,000	
	Construction	<sup>7</sup>	\$137,518,000	Cost	5.0% Avg Rate	6,188,000	
	Loan Origination Fees			60% Loan to Cost	1.5 Points	1,473,000	
	<b>Total Financing Costs</b>						\$9,579,000
V.	<b>Total Construction Cost</b>		300	Units	\$458,000 /Unit		\$137,518,000
	<b>Total Development Cost</b>		300	Units	\$546,000 /Unit		\$163,654,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratios comport with the following Municipal Code requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; three-bedroom units at 2.0 spaces; and guest spaces at 0.50 spaces per unit.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on a 18 month construction period after receipt of entitlements and a 100% average outstanding loan balance. Includes a \$561,200 offset to reflect the carrying cost savings associated with the estimated property acquisition cost reduction.

<sup>7</sup> Based on an 18 month construction period, after receipt of entitlements, and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX E - EXHIBIT II - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
LOW INCOME ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. Gross Income

<b>A. Market Rate Units</b>	<sup>1</sup>			
One-Bedroom Units		136 Units @	\$3,110 /Unit/Month	\$5,076,000
Two-Bedroom Units		104 Units @	\$3,970 /Unit/Month	4,955,000
Three-Bedroom Units		33 Units @	\$4,190 /Unit/Month	1,659,000
<b>B. Low Income Units</b>	<sup>2</sup>			
One-Bedroom Units		14 Units @	\$1,794 /Unit/Month	301,000
Two-Bedroom Units		10 Units @	\$2,005 /Unit/Month	241,000
Three-Bedroom Units		3 Units @	\$2,219 /Unit/Month	80,000
<b>C. Laundry &amp; Miscellaneous Income</b>		300 Units @	\$25 /Unit/Month	90,000
<b>Total Gross Income</b>				\$12,402,000
Vacancy & Collection Allowance		5% Gross Income		(620,000)

II. **Effective Gross Income** \$11,782,000

III. Operating Expenses

General Operating Expenses		300 Units @	\$4,500 /Unit	\$1,350,000
Property Taxes	<sup>3</sup>	300 Units @	\$7,400 /Unit	2,212,000
Replacement Reserve Deposits		300 Units @	\$150 /Unit	45,000
<b>Total Operating Expenses</b>		300 Units @	\$12,023 /Unit	(\$3,607,000)

IV. **Stabilized Net Operating Income** \$8,175,000

<sup>1</sup> The weighted average monthly rent equates to \$3.42 per square foot of leasable area.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX E - EXHIBIT II - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
LOW INCOME ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Supportable Investment</b>		
	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX E - EXHIBIT II - 1	\$8,175,000
	Threshold Return on Total Investment <sup>1</sup>		<u>5.2%</u>
	<b>Total Supportable Investment</b>		\$156,171,000
II.	<b>Total Development Cost</b>	See ATTACHMENT 3: APPENDIX E - EXHIBIT II - TABLE 1	<u>\$163,654,000</u>
III.	<b>Total Financial Impact</b>		(\$7,483,000)
	Stabilized Return on Total Investment	5.0%	
	% Rent Increase to Offset Impact	5.0% Market Rate Units	

<sup>1</sup> Based on the Developer Return estimated to be generated by the MARKET RATE ALTERNATIVE.

**ATTACHMENT 3: APPENDIX E - EXHIBIT III**

**PRO FORMA ANALYSIS  
VERY LOW INCOME ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX E - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
VERY LOW INCOME ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	435,600	Sf of Land	\$60 /Sf of Land		\$26,136,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		435,600	Sf of Land	\$20 /Sf of Land	\$8,712,000	
	Parking	<sup>3</sup>					
	At-Grade Spaces		150	Spaces	\$7,500 /Space	1,125,000	
	Semi-Subterranean Spaces		393	Spaces	\$30,000 /Space	11,790,000	
	Building Costs		312,600	Sf of GLA	\$190 /Sf of GLA	59,394,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		16,204,000	
	<b>Total Direct Costs</b>		312,600	Sf of GLA	\$311 /Sf of GLA		\$97,225,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting			8% Direct Costs		\$7,778,000	
	Public Permits & Fees	<sup>5</sup>	300	Units	\$43,890 /Unit	13,167,000	
	Taxes, Insurance, Legal & Accounting			2% Direct Costs		1,945,000	
	Marketing		300	Units	\$5,000 /Unit	1,500,000	
	Developer Fee			5% Direct Costs		4,861,000	
	Soft Cost Contingency Allowance			5% Other Indirect Costs		1,463,000	
	<b>Total Indirect Costs</b>						\$30,714,000
IV.	<b>Financing Costs</b>						
	Interest During Construction						
	Land	<sup>6</sup>	\$25,586,200	Cost	5.0% Avg Rate	\$1,919,000	
	Construction	<sup>7</sup>	\$137,519,000	Cost	5.0% Avg Rate	6,188,000	
	Loan Origination Fees			60% Loan to Cost	1.5 Points	1,473,000	
	<b>Total Financing Costs</b>						\$9,580,000
V.	<b>Total Construction Cost</b>		300	Units	\$458,000 /Unit		\$137,519,000
	<b>Total Development Cost</b>		300	Units	\$546,000 /Unit		\$163,655,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratios comport with the following Municipal Code requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; three-bedroom units at 2.0 spaces; and guest spaces at 0.50 spaces per unit.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on a 18 month construction period after receipt of entitlements and a 100% average outstanding loan balance. Includes a \$549,800 offset to reflect the carrying cost savings associated with the estimated property acquisition cost reduction.

<sup>7</sup> Based on an 18 month construction period, after receipt of entitlements, and a 60% average outstanding loan balance.



ATTACHMENT 3: APPENDIX E - EXHIBIT III - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
 VERY LOW INCOME ALTERNATIVE  
 MIXED-USE PROTOTYPE  
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
 THOUSAND OAKS, CALIFORNIA

I. **Gross Income**

<b>A. Market Rate Units</b>	<sup>1</sup>			
One-Bedroom Units		141 Units @	\$3,110 /Unit/Month	\$5,262,000
Two-Bedroom Units		107 Units @	\$3,970 /Unit/Month	5,097,000
Three-Bedroom Units		34 Units @	\$4,190 /Unit/Month	1,710,000
<b>B. Low Income Units</b>	<sup>2</sup>			
One-Bedroom Units		9 Units @	\$1,102 /Unit/Month	119,000
Two-Bedroom Units		7 Units @	\$1,226 /Unit/Month	103,000
Three-Bedroom Units		2 Units @	\$1,354 /Unit/Month	32,000
<b>C. Laundry &amp; Miscellaneous Income</b>		300 Units @	\$25 /Unit/Month	90,000
<b>Total Gross Income</b>				\$12,413,000
Vacancy & Collection Allowance		5% Gross Income		(621,000)

II. **Effective Gross Income** \$11,792,000

III. **Operating Expenses**

General Operating Expenses		300 Units @	\$4,500 /Unit	\$1,350,000
Property Taxes	<sup>3</sup>	300 Units @	\$7,400 /Unit	2,214,000
Replacement Reserve Deposits		300 Units @	\$150 /Unit	45,000
<b>Total Operating Expenses</b>		300 Units @	\$12,030 /Unit	(\$3,609,000)

IV. **Stabilized Net Operating Income** \$8,183,000

<sup>1</sup> The weighted average monthly rent equates to \$3.42 per square foot of leasable area.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX E - EXHIBIT III - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
VERY LOW INCOME ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Supportable Investment</b>		
	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX E - EXHIBIT III -	\$8,183,000
	Threshold Return on Total Investment <sup>1</sup>		<u>5.2%</u>
	<b>Total Supportable Investment</b>		\$156,324,000
II.	<b>Total Development Cost</b>	See ATTACHMENT 3: APPENDIX E - EXHIBIT III - TABLE 1	<u>\$163,655,000</u>
III.	<b>Total Financial Impact</b>		(\$7,331,000)
	Stabilized Return on Total Investment	5.0%	
	% Rent Increase to Offset Impact	4.7% Market Rate Units	

<sup>1</sup> Based on the Developer Return estimated to be generated by the MARKET RATE ALTERNATIVE.

**ATTACHMENT 3: APPENDIX E - EXHIBIT IV**

**PRO FORMA ANALYSIS  
30.0% DENSITY BONUS ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 3: APPENDIX E - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
30.0% DENSITY BONUS ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition Costs	<sup>1</sup>	435,600	Sf of Land	\$60 /Sf of Land		\$26,136,000
II.	<u>Direct Costs</u>	<sup>2</sup>					
	On-Site Improvements/Landscaping		435,600	Sf of Land	\$20 /Sf of Land	\$8,712,000	
	Semi-Subterranean Spaces	<sup>3</sup>	488	Spaces	\$30,000 /Space	14,640,000	
	Building Costs		406,450	Sf of GLA	\$200 /Sf of GLA	81,290,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		20,928,000	
	<b>Total Direct Costs</b>		406,450	Sf of GLA	\$309 /Sf of GLA		\$125,570,000
III.	<u>Indirect Costs</u>						
	Architecture, Engineering & Consulting		8%	Direct Costs		\$10,046,000	
	Public Permits & Fees	<sup>5</sup>	390	Units	\$43,890 /Unit	17,117,000	
	Taxes, Insurance, Legal & Accounting		2%	Direct Costs		2,511,000	
	Marketing		390	Units	\$5,000 /Unit	1,950,000	
	Developer Fee		5%	Direct Costs		6,279,000	
	Soft Cost Contingency Allowance		5%	Other Indirect Costs		1,895,000	
	<b>Total Indirect Costs</b>						\$39,798,000
IV.	<u>Financing Costs</u>						
	Interest During Construction						
	Land	<sup>6</sup>	\$25,670,100	Cost	5.0% Avg Rate	\$1,925,000	
	Construction	<sup>7</sup>	\$177,091,000	Cost	5.0% Avg Rate	7,969,000	
	Loan Origination Fees		60%	Loan to Cost	1.5 Points	1,829,000	
	<b>Total Financing Costs</b>						\$11,723,000
V.	<b>Total Construction Cost</b>		390	Units	\$454,000 /Unit		\$177,091,000
	<b>Total Development Cost</b>		390	Units	\$521,000 /Unit		\$203,227,000

<sup>1</sup> Estimated in part based on a sales survey of properties located in the Thousand Oaks market area.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> The parking ratio comport with the following Section 65915(p) density bonus requirements: one-bedroom units at 1.0 space; two-bedroom units at 1.5 spaces; and three-bedroom units at 1.5 spaces per unit. No guest space requirement is applied.

<sup>4</sup> Includes contractors' fees, general requirements, profit and builder's risk insurance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on a 0 month construction period after receipt of entitlements and a 100% average outstanding loan balance. Includes a \$465,900 offset to reflect the carrying cost savings associated with the estimated property acquisition cost reduction.

<sup>7</sup> Based on a 18 month construction period and a 60% average outstanding loan balance.

ATTACHMENT 3: APPENDIX E - EXHIBIT IV - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME  
30.0% DENSITY BONUS ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. **Gross Income**

<b>A. Market Rate Units</b>	<sup>1</sup>			
One-Bedroom Units		173 Units @	\$3,110 /Unit/Month	\$6,456,000
Two-Bedroom Units		131 Units @	\$3,970 /Unit/Month	6,241,000
Three-Bedroom Units		41 Units @	\$4,190 /Unit/Month	2,061,000
<b>B. Very Low Income Units</b>	<sup>2</sup>			
One-Bedroom Units		12 Units @	\$1,102 /Unit/Month	159,000
Two-Bedroom Units		9 Units @	\$1,226 /Unit/Month	132,000
Three-Bedroom Units		3 Units @	\$1,354 /Unit/Month	49,000
<b>C. Low Income Inclusionary Units</b>	<sup>2</sup>			
One-Bedroom Units		10 Units @	\$1,794 /Unit/Month	215,000
Two-Bedroom Units		8 Units @	\$2,005 /Unit/Month	192,000
Three-Bedroom Units		3 Units @	\$2,219 /Unit/Month	80,000
<b>D. Laundry &amp; Miscellaneous Income</b>		390 Units @	\$25 /Unit/Month	117,000
<b>Total Gross Income</b>				\$15,702,000
Vacancy & Collection Allowance		5% Gross Income		(785,000)

II. **Effective Gross Income** \$14,917,000

III. **Operating Expenses**

General Operating Expenses		390 Units @	\$4,500 /Unit	\$1,755,000
Property Taxes	<sup>3</sup>	390 Units @	\$7,200 /Unit	2,790,000
Replacement Reserve Deposits		390 Units @	\$150 /Unit	59,000
<b>Total Operating Expenses</b>		390 Units @	\$11,805 /Unit	(\$4,604,000)

IV. **Stabilized Net Operating Income** \$10,313,000

<sup>1</sup> The weighted average monthly rent equates to \$3.42 per square foot of leasable area.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> The assessed value is estimated based on a 4.3% capitalization rate. The property tax rate is set at 1.15%.

ATTACHMENT 3: APPENDIX E - EXHIBIT IV - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
30.0% DENSITY BONUS ALTERNATIVE  
MIXED-USE PROTOTYPE  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Supportable Investment</b>		
	Stabilized Net Operating Income	See ATTACHMENT 3: APPENDIX E - EXHIBIT IV -	\$10,313,000
	Threshold Return on Total Investment <sup>1</sup>		<u>5.2%</u>
	<b>Total Supportable Investment</b>		\$197,015,000
II.	<b>Total Development Cost</b>	See ATTACHMENT 3: APPENDIX E - EXHIBIT IV - TABLE 1	<u>\$203,227,000</u>
III.	<b>Total Financial Impact</b>		(\$6,212,000)
	Stabilized Return on Total Investment	5.1%	
	% Rent Increase to Offset Impact	3.3% Market Rate Units	

<sup>1</sup> Based on the Developer Return estimated to be generated by the MARKET RATE ALTERNATIVE.

## **ATTACHMENT 4**

### **OWNERSHIP HOUSING DEVELOPMENT INCLUSIONARY HOUSING: FINANCIAL EVALUATION THOUSAND OAKS, CALIFORNIA**

**ATTACHMENT 4: APPENDIX A**

**HOME SALES SURVEYS**

**OWNERSHIP HOUSING DEVELOPMENT**

**INCLUSIONARY HOUSING: FINANCIAL EVALUATION**

**THOUSAND OAKS, CALIFORNIA**



RESALE HOME SALES SURVEY <sup>1</sup>  
 OWNERSHIP HOUSING DEVELOPMENT  
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
 THOUSAND OAKS, CALIFORNIA

Address			Unit Size (SF)	Sales Price		Year Built
				Total	Per SF	
I. <u>Townhomes and Condominiums</u>						
Three-Bedroom Units						
64 Secret Hollow Ln	Thousand Oaks	91320	1,562	\$540,000	\$346	2015
2407 Chiquita Ln	Thousand Oaks	91362	1,703	\$585,000	\$344	2007
374 E Hilltop Way	Thousand Oaks	91362	1,762	\$600,000	\$341	2011
73 Jensen Ct	Thousand Oaks	91360	1,496	\$627,500	\$419	2017
1188 Vista Canyon Ln #14	Thousand Oaks	91320	1,384	\$643,500	\$465	2013
780 Tennis Club Ln	Thousand Oaks	91360	1,847	\$645,000	\$349	2011
1586 Silver Shadow Dr	Thousand Oaks	91320	1,562	\$645,000	\$413	2013
3236 Royal Oaks Dr #2	Thousand Oaks	91362	1,887	\$660,000	\$350	2019
43 Jensen Ct	Thousand Oaks	91360	1,496	\$683,000	\$457	2017
750 Tennis Club Ln	Thousand Oaks	91360	1,847	\$699,999	\$379	2011
3236 Royal Oaks Dr #5	Thousand Oaks	91362	1,806	\$700,000	\$388	2019
726 Tennis Club Ln	Thousand Oaks	91360	2,426	\$710,000	\$293	2011
3215 Royal Oaks Dr #7	Thousand Oaks	91362	1,553	\$710,000	\$457	2005
399 E Hilltop Way	Thousand Oaks	91362	1,762	\$715,000	\$406	2011
372 E Hilltop Way	Thousand Oaks	91362	1,762	\$715,000	\$406	2011
782 Tennis Club Ln	Thousand Oaks	91360	2,018	\$740,000	\$367	2011
363 E Hilltop Way	Thousand Oaks	91362	1,846	\$740,000	\$401	2011
83 Jensen Ct	Thousand Oaks	91360	1,496	\$742,000	\$496	2017
1572 Silver Shadow Dr	Thousand Oaks	91320	1,562	\$775,000	\$496	2009
916 Warwick Ave	Thousand Oaks	91360	2,171	\$799,500	\$368	2021
936 Warwick Ave	Thousand Oaks	91360	2,171	\$799,500	\$368	2021
946 Warwick Ave	Thousand Oaks	91360	2,171	\$810,000	\$373	2021
902 Warwick Ave	Thousand Oaks	91360	2,172	\$978,500	\$451	2021
Minimum			1,384	\$540,000	\$293	2005
Maximum			2,426	\$978,500	\$496	2021
Average			1,803	\$707,100	\$392	2014
Four-Bedroom Units						
914 Warwick Ave	Thousand Oaks	91360	2,127	\$759,500	\$357	2021
2367 Chiquita Ln	Thousand Oaks	91362	2,206	\$760,000	\$345	2006
942 Warwick Ave	Thousand Oaks	91360	2,127	\$765,500	\$360	2021
934 Warwick Ave	Thousand Oaks	91360	2,150	\$790,500	\$368	2021
918 Warwick Ave	Thousand Oaks	91360	2,199	\$809,500	\$368	2021
938 Warwick Ave	Thousand Oaks	91360	2,127	\$850,000	\$400	2021
655 Clearwater Creek Dr	Thousand Oaks	91320	2,703	\$860,000	\$318	2007
Minimum			2,127	\$759,500	\$318	2006
Maximum			2,703	\$860,000	\$400	2021
Average			2,234	\$799,300	\$358	2017

RESALE HOME SALES SURVEY <sup>1</sup>  
 OWNERSHIP HOUSING DEVELOPMENT  
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
 THOUSAND OAKS, CALIFORNIA

Address			Unit Size (SF)	Sales Price		Year Built
		Total		Per SF		
II. <u>Single Family Homes</u>						
Three-Bedroom Units						
341 Blake Ridge Ct	Thousand Oaks	91361	3,047	\$1,250,000	\$410	2005
107 Mayflower St	Thousand Oaks	91360	2,892	\$1,370,000	\$474	2016
66 Mayflower Ct	Thousand Oaks	91360	2,909	\$1,531,000	\$526	2016
90 Mayflower St	Thousand Oaks	91360	3,010	\$1,820,000	\$605	2015
Minimum			2,892	\$1,250,000	\$410	2005
Maximum			3,047	\$1,820,000	\$605	2016
Average			2,965	\$1,492,800	\$504	2013
Four-Bedroom Units						
530 Houston Dr	Thousand Oaks	91360	2,053	\$749,000	\$365	2007
526 Houston Dr	Thousand Oaks	91360	2,053	\$800,000	\$390	2007
642 Astera Ct	Thousand Oaks	91320	2,427	\$825,000	\$340	2007
162 Houston Dr	Thousand Oaks	91360	1,820	\$840,000	\$462	2018
1575 E Avenida De Las Flores	Thousand Oaks	91362	3,200	\$910,000	\$284	2007
1595 E Avenida De Las Flores	Thousand Oaks	91362	2,979	\$935,000	\$314	2007
3543 Whitman Ct	Thousand Oaks	91360	2,816	\$950,000	\$337	2005
42 W Avenida De Los Arboles	Thousand Oaks	91360	2,369	\$970,000	\$409	2013
229 Houston Dr	Thousand Oaks	91360	2,186	\$1,090,000	\$499	2022
217 Houston Dr	Thousand Oaks	91360	2,186	\$1,090,000	\$499	2022
221 Houston Dr	Thousand Oaks	91360	2,186	\$1,101,000	\$504	2021
237 Houston Dr	Thousand Oaks	91360	2,186	\$1,136,000	\$520	2022
786 Calle Contento	Thousand Oaks	91360	2,311	\$1,150,000	\$498	2009
309 Virgo Ct	Thousand Oaks	91360	3,545	\$1,215,000	\$343	2016
1408 Plymouth Cir	Thousand Oaks	91360	3,742	\$1,260,000	\$337	2020
305 Virgo Ct	Thousand Oaks	91360	3,545	\$1,320,000	\$372	2016
138 Mayflower St	Thousand Oaks	91360	4,147	\$1,375,000	\$332	2017
156 Mayflower St	Thousand Oaks	91360	4,108	\$1,380,000	\$336	2017
98 Mayflower St	Thousand Oaks	91360	4,154	\$1,410,000	\$339	2015
446 Rancho Rd	Thousand Oaks	91362	4,603	\$1,490,000	\$324	2008
857 Calle Laredo	Thousand Oaks	91360	4,572	\$2,200,000	\$481	2009
2195 Lonestar Way	Thousand Oaks	91362	3,842	\$2,325,000	\$605	2018
Minimum			1,820	\$749,000	\$284	2005
Maximum			4,603	\$2,325,000	\$605	2022
Average			3,047	\$1,205,500	\$396	2014

ATTACHMENT 4: APPENDIX A - EXHIBIT I

RESALE HOME SALES SURVEY<sup>1</sup>  
 OWNERSHIP HOUSING DEVELOPMENT  
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
 THOUSAND OAKS, CALIFORNIA

Address			Unit Size (SF)	Sales Price		Year Built
				Total	Per SF	
Five-Bedroom Units						
1116 Turtle Creek Ln	Thousand Oaks	91320	3,782	\$1,500,000	\$397	2005
1245 Calle Arroyo	Thousand Oaks	91360	5,374	\$2,035,000	\$379	2009
430 Conejo Bluff Ct	Thousand Oaks	91362	3,796	\$2,300,000	\$606	2016
738 Camino Durango	Thousand Oaks	91360	3,594	\$2,365,000	\$658	2016
1148 Arroyo View St	Thousand Oaks	91320	4,341	\$2,400,000	\$553	2017
1216 Arroyo View St	Thousand Oaks	91320	4,624	\$2,600,000	\$562	2016
1323 Arroyo View St	Thousand Oaks	91320	4,774	\$2,700,000	\$566	2016
896 Tamlei Ave	Thousand Oaks	91362	5,574	\$3,300,000	\$592	2018
Minimum			3,594	\$1,500,000	\$379	2005
Maximum			5,574	\$3,300,000	\$658	2018
Average			4,482	\$2,400,000	\$535	2014

<sup>1</sup> Based on a search of the Redfin data base for sales occurring between September 2020 and September 2022. Premium priced custom homes were excluded from the survey.

ATTACHMENT 4: APPENDIX A - EXHIBIT II

NEW HOME SALES SURVEY  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

1

I. Sycamore Grove / Acacia - Detached Homes

A. City Simi Valley  
B. Developer Lennar  
C. Total Number of Units 53  
D. Project Characteristics

Number of Bedrooms	Unit Size (SF)	Sales Price	
		Total	Per SF
3 Bedrooms / 3.5 Bathrooms	1,652	\$784,990	\$475
3 Bedrooms / 3.5 Bathrooms	1,831	\$789,990	\$431
4 Bedrooms / 3.5 Bathrooms	1,760	\$799,990	\$455
Average	1,748	\$791,657	\$454

II. Sycamore Grove / Cypress - Detached Homes

A. City Simi Valley  
B. Developer Lennar  
C. Total Number of Units 53  
D. Project Characteristics

Number of Bedrooms	Unit Size (SF)	Total	
		Total	Per SF
3 Bedrooms / 2.5 Bathrooms	1,830	\$889,990	\$486
3 Bedrooms / 2.5 Bathrooms	2,075	\$949,990	\$458
4 Bedrooms / 3.5 Bathrooms	2,271	\$974,990	\$429
Average	2,059	\$938,323	\$458

III. Sycamore Grove / Sorrell - Attached Homes

A. City Simi Valley  
B. Developer Lennar  
C. Total Number of Units 58  
D. Project Characteristics

Number of Bedrooms	Unit Size (SF)	Total	
		Total	Per SF
2 Bedrooms / 2.5 Bathrooms	1,362	\$707,990	\$520
3 Bedrooms / 2.5 Bathrooms	1,849	\$764,990	\$414
4 Bedrooms / 3.5 Bathrooms	1,819	\$764,990	\$421
4 Bedrooms / 3.5 Bathrooms	1,819	\$764,990	\$421
4 Bedrooms / 3.5 Bathrooms	1,819	\$769,990	\$423
Average	1,734	\$754,590	\$440

<sup>1</sup> Based on a Zonda report prepared by Meyers Research in Summer 2022.

**ATTACHMENT 4: APPENDIX B**

**AFFORDABLE SALES PRICE CALCULATIONS  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 4: APPENDIX B - EXHIBIT I

AFFORDABLE SALES PRICE CALCULATIONS  
TOWNHOME PROTOTYPE  
2022 INCOME STANDARDS  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

1

		Three-Bedroom Units	Four-Bedroom Units
<b>General Assumptions</b>			
Estimated Market Rate Sales Price	2	\$1,012,000	\$1,460,000
Area Median Income	3	\$115,400	\$124,650
Annual Utilities Allowance	4	\$3,180	\$3,636
HOA, Maintenance & Insurance	5	\$4,200	\$5,160
<b>I. Moderate Income Units</b>			
<b>A. Income Allotted to Housing Based on 110% AMI</b>			
Benchmark Annual Household Income		\$126,940	\$137,115
Income Allotted to Housing @ 35% of Income		\$44,430	\$47,990
<b>B. Property Taxes @ 1.15% of Affordable Sales Price</b>			
		\$5,770	\$6,110
<b>C. Income Available for Mortgage Debt Service</b>			
	6	\$31,280	\$33,084
<b>D. Affordable Sales Price</b>			
Supportable Mtg @ 5.16% Interest	7	\$477,000	\$504,500
Home Buyer Down Payment @ 5% of ASP		25,100	26,600
<b>Affordable Sales Price</b>		<b>\$502,100</b>	<b>\$531,100</b>
<b>II. Low Income Units</b>			
<b>A. Income Allotted to Housing Based on 70% AMI</b>			
Benchmark Annual Household Income		\$80,780	\$87,255
Income Allotted to Housing @ 30% of Income		\$24,230	\$26,180
<b>B. Property Taxes @ 1.15% of Affordable Sales Price</b>			
		\$2,630	\$2,710
<b>C. Income Available for Mortgage Debt Service</b>			
	6	\$14,220	\$14,674
<b>D. Affordable Sales Price</b>			
Supportable Mtg @ 5.16% Interest	7	\$216,900	\$223,800
Home Buyer Down Payment @ 5% of ASP		11,400	11,800
<b>Affordable Sales Price</b>		<b>\$228,300</b>	<b>\$235,600</b>

- 1 Based on 2022 Ventura County household incomes published by the California Department of Housing & Community Development (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.
- 2 Based in part on the results of the home sales survey.
- 3 Under the California Health & Safety Code Section 50052.5 calculation methodology, the benchmark household size is set at the number of bedrooms in the unit plus one. This benchmark is used solely for the purposes of calculating the Affordable Sales Price. It is neither an occupancy cap nor a floor.
- 4 Utilities allowances are based on the Area Housing Authority of the County of Ventura utility allowance schedule for detached homes effective as of 6/1/22. Assumes: Gas Heating, Gas Cooking, Gas Water Heater, Basic Electric, Water, Sewer, and Trash.
- 5 Based in part on the HOA dues identified in the home sales survey.
- 6 Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.15% of Affordable Sales Price.
- 7 Based on a 100 basis points premium applied to the Freddie Mac monthly average, between September 2021 and August 2022, for a fixed-interest rate loan with a 30-year amortization period.

ATTACHMENT 4: APPENDIX B - EXHIBIT II

AFFORDABLE SALES PRICE CALCULATIONS  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
2022 INCOME STANDARDS  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

1

		Three-Bedroom Units	Four-Bedroom Units	Five-Bedroom Units
<b>General Assumptions</b>				
Estimated Market Rate Sales Price	2	\$0	\$765,000	\$840,000
Area Median Income	3	\$115,400	\$124,650	\$133,850
Annual Utilities Allowance	4	\$3,180	\$3,636	\$4,068
Maintenance & Insurance	5	\$4,800	\$5,400	\$6,000

<b>I. Moderate Income Units</b>				
<b>A. Income Allotted to Housing Based on 110% AMI</b>				
Benchmark Annual Household Income		\$126,940	\$137,115	\$147,235
Income Allotted to Housing @ 35% of Income		\$44,430	\$47,990	\$51,530
<b>B. Property Taxes @ 1.15% of Affordable Sales Price</b>				
		\$5,680	\$6,070	\$6,460
<b>C. Income Available for Mortgage Debt Service</b>				
	6	\$30,770	\$32,884	\$35,002
<b>D. Affordable Sales Price</b>				
Supportable Mtg @ 5.16% Interest	7	\$469,300	\$501,500	\$533,800
Home Buyer Down Payment @ 5% of ASP		24,700	26,400	28,100
<b>Affordable Sales Price</b>		<b>\$494,000</b>	<b>\$527,900</b>	<b>\$561,900</b>

<b>II. Low Income Units</b>				
<b>A. Income Allotted to Housing Based on 70% AMI</b>				
Benchmark Annual Household Income		\$80,780	\$87,255	\$93,695
Income Allotted to Housing @ 30% of Income		\$24,230	\$26,180	\$28,110
<b>B. Property Taxes @ 1.15% of Affordable Sales Price</b>				
		\$2,530	\$2,670	\$2,810
<b>C. Income Available for Mortgage Debt Service</b>				
	6	\$13,720	\$14,474	\$15,232
<b>D. Affordable Sales Price</b>				
Supportable Mtg @ 5.16% Interest	7	\$209,200	\$220,700	\$232,300
Home Buyer Down Payment @ 5% of ASP		11,000	11,600	12,200
<b>Affordable Sales Price</b>		<b>\$220,200</b>	<b>\$232,300</b>	<b>\$244,500</b>

- 1 Based on 2022 Ventura County household incomes published by the California Department of Housing & Community Development (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.
- 2 Based in part on the results of the home sales survey.
- 3 Under the California Health & Safety Code Section 50052.5 calculation methodology, the benchmark household size is set at the number of bedrooms in the unit plus one. This benchmark is used solely for the purposes of calculating the Affordable Sales Price. It is neither an occupancy cap nor a floor.
- 4 Utilities allowances are based on the Area Housing Authority of the County of Ventura utility allowance schedule for detached homes effective as of 6/1/22. Assumes: Gas Heating, Gas Cooking, Gas Water Heater, Basic Electric, Water, Sewer, and Trash.
- 5 Based in part on the HOA dues identified in the home sales survey.
- 6 Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.15% of Affordable Sales Price.
- 7 Based on a 100 basis points premium applied to the Freddie Mac monthly average, between September 2021 and August 2022, for a fixed-interest rate loan with a 30-year amortization period.

**ATTACHMENT 4: APPENDIX C**

**PRO FORMA ANALYSES**

**TOWNHOME PROTOTYPE**

**OWNERSHIP HOUSING DEVELOPMENT**

**INCLUSIONARY HOUSING: FINANCIAL EVALUATION**

**THOUSAND OAKS, CALIFORNIA**



**ATTACHMENT 4: APPENDIX C - EXHIBIT I**

**PRO FORMA ANALYSIS  
MARKET RATE ALTERNATIVE  
TOWNHOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 4: APPENDIX C - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
MARKET RATE ALTERNATIVE  
TOWNHOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition & Infrastructure Costs	<sup>1</sup>	43,560	Sf of Land	\$60 /Sf of Land		\$2,614,000
II.	<u>Direct Costs</u>	<sup>2</sup>					
	On-Site Improvements/Landscaping		43,560	Sf of Land	\$20 /Sf of Land	\$871,000	
	Parking	<sup>3</sup>	40	Spaces	\$0 /Space	0	
	Building Costs		37,500	Sf of GBA	\$155 /Sf of GBA	5,813,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		1,337,000	
	<b>Total Direct Costs</b>						\$8,021,000
III.	<u>Indirect Costs</u>						
	Architecture, Engineering & Consulting		6.0%	Direct Costs		\$481,000	
	Public Permits & Fees	<sup>5</sup>	20	Units	\$57,150 /Unit	1,143,000	
	Taxes, Insurance, Legal & Accounting		1.5%	Direct Costs		120,000	
	Marketing		20	Units	\$2,500 /Unit	50,000	
	Developer Fee		3.0%	Gross Sales Revenue		470,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs		113,000	
	<b>Total Indirect Costs</b>						\$2,377,000
IV.	<u>Financing Costs</u>						
	Interest During Construction	<sup>6</sup>				\$465,000	
	Loan Origination Fees		60.0%	Loan to Cost	1.5 Points	117,000	
	<b>Total Financing Costs</b>						\$582,000
V.	<b>Total Construction Cost</b>		20	Units	\$549,000 /Unit		\$10,980,000
	<b>Total Development Cost</b>		20	Units	\$680,000 /Unit		\$13,594,000

<sup>1</sup> Estimated in part based on a survey of residential land sales in Thousand Oaks, Simi Valley, Moorpark and Camarillo. The sales survey was undertaken by KMA in September 2022.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Assumes a 5.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 4 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

ATTACHMENT 4: APPENDIX C - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE  
MARKET RATE ALTERNATIVE  
TOWNHOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

<b>I. <u>Gross Sales Revenue</u></b>		<sup>1</sup>		
Three-Bedroom Units	15 Units @	\$765,000 /Unit	\$11,475,000	
Four-Bedroom Units	5 Units @	\$840,000 /Unit	4,200,000	
<b>Total Gross Sales Revenue</b>				\$15,675,000
<b>II. <u>Cost of Sales</u></b>				
Commissions	3.0% Gross Sales Revenue		\$470,000	
Closing	2.0% Gross Sales Revenue		314,000	
Warranty	0.5% Gross Sales Revenue		78,000	
<b>Total Cost of Sales</b>				(\$862,000)
<b>III. <u>Net Revenue</u></b>				<b>\$14,813,000</b>

<sup>1</sup> Based in part on a survey of home resales in Thousand Oaks and new home sales in Simi Valley. The sales survey was undertaken by KMA in September 2022. See ATTACHMENT 4: APPENDIX A. The weighted average sales price equates to \$418 per square foot of saleable area.

ATTACHMENT 4: APPENDIX C - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT  
MARKET RATE ALTERNATIVE  
TOWNHOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Net Revenue	See ATTACHMENT 4: APPENDIX C - EXHIBIT I - TABLE 2	\$14,813,000
II.	Total Development Cost	See ATTACHMENT 4: APPENDIX C - EXHIBIT I - TABLE 1	<u>\$13,594,000</u>
III.	Developer Profit	9.0% Total Development Cost	<u>\$1,219,000</u>

**ATTACHMENT 4: APPENDIX C - EXHIBIT II**

**PRO FORMA ANALYSIS  
MODERATE INCOME ALTERNATIVE  
TOWNHOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
TOWNHOME PROTOTYPE  
MODERATE INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Land Acquisition &amp; Infrastructure Costs</b>	<sup>1</sup>	43,560 Sf of Land	\$60 /Sf of Land		\$2,614,000
II.	<b>Direct Costs</b>	<sup>2</sup>				
	On-Site Improvements/Landscaping		43,560 Sf of Land	\$20 /Sf of Land	\$871,000	
	Parking	<sup>3</sup>	40 Spaces	\$0 /Space	0	
	Building Costs		37,500 Sf of GBA	\$155 /Sf of GBA	5,813,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20% Other Direct Costs		1,337,000	
	<b>Total Direct Costs</b>					\$8,021,000
III.	<b>Indirect Costs</b>					
	Architecture, Engineering & Consulting		6.0% Direct Costs		\$481,000	
	Public Permits & Fees	<sup>5</sup>	20 Units	\$57,150 /Unit	1,143,000	
	Taxes, Insurance, Legal & Accounting		1.5% Direct Costs		120,000	
	Marketing		20 Units	\$2,500 /Unit	50,000	
	Developer Fee	<sup>6</sup>	20 Units	\$23,500 /Unit	470,000	
	Soft Cost Contingency Allowance		5.0% Other Indirect Costs		113,000	
	<b>Total Indirect Costs</b>					\$2,377,000
IV.	<b>Financing Costs</b>					
	Interest During Construction	<sup>7</sup>			\$437,000	
	Loan Origination Fees		60.0% Loan to Cost	1.5 Points	113,000	
	<b>Total Financing Costs</b>					\$550,000
V.	<b>Total Construction Cost</b>		20 Units	\$547,000 /Unit		\$10,948,000
	<b>Total Development Cost</b>		20 Units	\$678,000 /Unit		\$13,562,000

<sup>1</sup> Estimated in part based on a survey of residential land sales in Thousand Oaks, Simi Valley, Moorpark and Camarillo. The sales survey was undertaken by KMA in September 2022.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE ALTERNATIVE

<sup>7</sup> Assumes a 5.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 4 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE  
TOWNHOME PROTOTYPE  
MODERATE INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. **Gross Sales Revenue**

Market Rate Units	<sup>1</sup>			
Three-Bedroom Units		14 Units @	\$765,000 /Unit	\$10,710,000
Four-Bedroom Units		4 Units @	\$840,000 /Unit	3,360,000
Moderate Income Units	<sup>2</sup>			
Three-Bedroom Units		1 Unit @	\$502,100 /Unit	502,000
Four-Bedroom Units		1 Unit @	\$531,100 /Unit	531,000
<b>Total Gross Sales Revenue</b>				\$15,103,000

II. **Cost of Sales**

Commissions	3.0% Gross Sales Revenue	\$453,000
Closing	2.0% Gross Sales Revenue	302,000
Warranty	0.5% Gross Sales Revenue	76,000
<b>Total Cost of Sales</b>		(\$831,000)

III. <b>Net Revenue</b>	\$14,272,000
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<sup>1</sup> Based in part on a survey of home resales in Thousand Oaks and new home sales in Simi Valley. The sales survey was undertaken by KMA in September 2022. See ATTACHMENT 4: APPENDIX A. The weighted average sales price equates to \$419 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT 4: APPENDIX B.

ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
TOWNHOME PROTOTYPE  
MODERATE INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. <b>Funds Available for Development Costs</b>			
Net Revenue	See ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 2	\$14,272,000	
(Less) Threshold Developer Profit	<sup>1</sup> 9.0% Total Development Cost	(\$1,216,000)	
<b>Total Funds Available for Development Costs</b>			\$13,056,000
II. <b>Total Development Cost</b>	See ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 1		\$13,562,000
III. <b>Total Financial Impact</b>			(\$506,000)
Developer Profit	5.2% Total Development Cost		
% Price Increase to Offset Impact	3.6% Market Rate Units		

<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE ALTERNATIVE.



**ATTACHMENT 4: APPENDIX C - EXHIBIT II**

**PRO FORMA ANALYSIS  
LOW INCOME ALTERNATIVE  
TOWNHOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
TOWNHOME PROTOTYPE  
LOW INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Land Acquisition & Infrastructure Costs	<sup>1</sup>	43,560	Sf of Land	\$60 /Sf of Land		\$2,614,000
II.	<u>Direct Costs</u>	<sup>2</sup>					
	On-Site Improvements/Landscaping		43,560	Sf of Land	\$20 /Sf of Land	\$871,000	
	Parking	<sup>3</sup>	40	Spaces	\$0 /Space	0	
	Building Costs		37,500	Sf of GBA	\$155 /Sf of GBA	5,813,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		1,337,000	
	<b>Total Direct Costs</b>						\$8,021,000
III.	<u>Indirect Costs</u>						
	Architecture, Engineering & Consulting		6.0%	Direct Costs		\$481,000	
	Public Permits & Fees	<sup>5</sup>	20	Units	\$57,150 /Unit	1,143,000	
	Taxes, Insurance, Legal & Accounting		1.5%	Direct Costs		120,000	
	Marketing		20	Units	\$2,500 /Unit	50,000	
	Developer Fee	<sup>6</sup>	20	Units	\$23,500 /Unit	470,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs		113,000	
	<b>Total Indirect Costs</b>						\$2,377,000
IV.	<u>Financing Costs</u>						
	Interest During Construction	<sup>7</sup>				\$438,000	
	Loan Origination Fees		60.0%	Loan to Cost	1.5 Points	113,000	
	<b>Total Financing Costs</b>						\$551,000
V.	<b>Total Construction Cost</b>		20	Units	\$547,000 /Unit		\$10,949,000
	<b>Total Development Cost</b>		20	Units	\$678,000 /Unit		\$13,563,000

<sup>1</sup> Estimated in part based on a survey of residential land sales in Thousand Oaks, Simi Valley, Moorpark and Camarillo. The sales survey was undertaken by KMA in September 2022.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE ALTERNATIVE

<sup>7</sup> Assumes a 5.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 4 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE  
TOWNHOME PROTOTYPE  
LOW INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. **Gross Sales Revenue**

Market Rate Units	<sup>1</sup>			
Three-Bedroom Units		14 Units @	\$765,000 /Unit	\$10,710,000
Four-Bedroom Units		5 Units @	\$840,000 /Unit	4,200,000
Low Income Units	<sup>2</sup>			
Three-Bedroom Units		1 Unit @	\$228,300 /Unit	228,000
Four-Bedroom Units		0 Units @	\$235,600 /Unit	0
<b>Total Gross Sales Revenue</b>				\$15,138,000

II. **Cost of Sales**

Commissions	3.0% Gross Sales Revenue	\$454,000
Closing	2.0% Gross Sales Revenue	303,000
Warranty	0.5% Gross Sales Revenue	76,000
<b>Total Cost of Sales</b>		(\$833,000)

III. <b>Net Revenue</b>	\$14,305,000
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<sup>1</sup> Based in part on a survey of home resales in Thousand Oaks and new home sales in Simi Valley. The sales survey was undertaken by KMA in September 2022. See ATTACHMENT 4: APPENDIX A. The weighted average sales price equates to \$418 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT 4: APPENDIX B.

ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
TOWNHOME PROTOTYPE  
LOW INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. <b>Funds Available for Development Costs</b>			
Net Revenue	See ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 2	\$14,305,000	
(Less) Threshold Developer Profit	<sup>1</sup> 9.0% Total Development Cost	(\$1,216,000)	
<b>Total Funds Available for Development Costs</b>			\$13,089,000
II. <b>Total Development Cost</b>	See ATTACHMENT 4: APPENDIX C - EXHIBIT II - TABLE 1		\$13,563,000
III. <b>Total Financial Impact</b>			(\$474,000)
Developer Profit	5.5% Total Development Cost		
% Price Increase to Offset Impact	3.2% Market Rate Units		

<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE ALTERNATIVE.

**ATTACHMENT 4: APPENDIX D**

**PRO FORMA ANALYSES  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

**ATTACHMENT 4: APPENDIX D - EXHIBIT I**

**PRO FORMA ANALYSIS  
MARKET RATE ALTERNATIVE  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 4: APPENDIX D - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
MARKET RATE ALTERNATIVE  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Land Acquisition &amp; Infrastructure Costs</b>	<sup>1</sup>	435,600	Sf of Land	\$50 /Sf of Land		\$21,780,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		435,600	Sf of Land	\$30 /Sf of Land	\$13,068,000	
	Parking	<sup>3</sup>	120	Spaces	\$0 /Space	0	
	Building Costs		188,850	Sf of GBA	\$145 /Sf of GBA	27,383,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		8,090,000	
	<b>Total Direct Costs</b>						\$48,541,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting		6.0%	Direct Costs		\$2,912,000	
	Public Permits & Fees	<sup>5</sup>	60	Units	\$64,240 /Unit	3,854,000	
	Taxes, Insurance, Legal & Accounting		1.5%	Direct Costs		728,000	
	Marketing		60	Units	\$5,000 /Unit	300,000	
	Developer Fee		3.0%	Gross Sales Revenue		2,862,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs		533,000	
	<b>Total Indirect Costs</b>						\$11,189,000
IV.	<b>Financing Costs</b>						
	Interest During Construction	<sup>6</sup>				\$3,484,000	
	Loan Origination Fees		60.0%	Loan to Cost	1.5 Points	734,000	
	<b>Total Financing Costs</b>						\$4,218,000
V.	<b>Total Construction Cost</b>		60	Units	\$1,066,000 /Unit		\$63,948,000
	<b>Total Development Cost</b>		60	Units	\$1,429,000 /Unit		\$85,728,000

<sup>1</sup> Estimated in part based on a survey of residential land sales in Thousand Oaks, Simi Valley, Moorpark and Camarillo. The sales survey was undertaken by KMA in September 2022.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Assumes a 5.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 8 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

ATTACHMENT 4: APPENDIX D - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE  
MARKET RATE ALTERNATIVE  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<u>Gross Sales Revenue</u>	1			
	Three-Bedroom Units	6	Units @	\$1,012,000 /Unit	\$6,072,000
	Four-Bedroom Units	39	Units @	\$1,460,000 /Unit	56,940,000
	Five-Bedroom Units	15	Units @	\$2,160,000 /Unit	32,400,000
	<b>Total Gross Sales Revenue</b>				<b>\$95,412,000</b>
II.	<u>Cost of Sales</u>				
	Commissions	3.0%	Gross Sales Revenue		\$2,862,000
	Closing	2.0%	Gross Sales Revenue		1,908,000
	Warranty	0.5%	Gross Sales Revenue		477,000
	<b>Total Cost of Sales</b>				<b>(\$5,247,000)</b>
III.	<b>Net Revenue</b>				<b>\$90,165,000</b>

<sup>1</sup> Based in part on a survey of home resales in Thousand Oaks and new home sales in Simi Valley. The sales survey was undertaken by KMA in September 2022. See ATTACHMENT 4: APPENDIX A. The weighted average sales price equates to \$505 per square foot of saleable area.



ATTACHMENT 4: APPENDIX D - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT  
MARKET RATE ALTERNATIVE  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	Net Revenue	See ATTACHMENT 4: APPENDIX D - EXHIBIT I - TABLE 2	\$90,165,000
II.	Total Development Cost	See ATTACHMENT 4: APPENDIX D - EXHIBIT I - TABLE 1	<u>\$85,728,000</u>
III.	Developer Profit	5.2% Total Development Cost	<u>\$4,437,000</u>

**ATTACHMENT 4: APPENDIX D - EXHIBIT II**

**PRO FORMA ANALYSIS  
MODERATE INCOME ALTERNATIVE  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 4: APPENDIX D - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
MODERATE INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Land Acquisition &amp; Infrastructure Costs</b>	<sup>1</sup>	435,600	Sf of Land	\$50 /Sf of Land		\$21,780,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		435,600	Sf of Land	\$30 /Sf of Land	\$13,068,000	
	Parking	<sup>3</sup>	120	Spaces	\$0 /Space	0	
	Building Costs		188,850	Sf of GBA	\$145 /Sf of GBA	27,383,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		8,090,000	
	<b>Total Direct Costs</b>						\$48,541,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting		6.0%	Direct Costs		\$2,912,000	
	Public Permits & Fees	<sup>5</sup>	60	Units	\$64,240 /Unit	3,854,000	
	Taxes, Insurance, Legal & Accounting		1.5%	Direct Costs		728,000	
	Marketing		60	Units	\$5,000 /Unit	300,000	
	Developer Fee	<sup>6</sup>	60	Units	\$47,700 /Unit	2,862,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs		533,000	
	<b>Total Indirect Costs</b>						\$11,189,000
IV.	<b>Financing Costs</b>						
	Interest During Construction	<sup>7</sup>				\$3,331,000	
	Loan Origination Fees		60.0%	Loan to Cost	1.5 Points	714,000	
	<b>Total Financing Costs</b>						\$4,045,000
V.	<b>Total Construction Cost</b>		60	Units	\$1,063,000 /Unit		\$63,775,000
	<b>Total Development Cost</b>		60	Units	\$1,426,000 /Unit		\$85,555,000

<sup>1</sup> Estimated in part based on a survey of residential land sales in Thousand Oaks, Simi Valley, Moorpark and Camarillo. The sales survey was undertaken by KMA in September 2022.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE ALTERNATIVE

<sup>7</sup> Assumes a 5.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 8 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

ATTACHMENT 4: APPENDIX D - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
MODERATE INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. **Gross Sales Revenue**

Market Rate Units	<sup>1</sup>			
Three-Bedroom Units		5 Units @	\$1,012,000 /Unit	\$5,060,000
Four-Bedroom Units		37 Units @	\$1,460,000 /Unit	54,020,000
Five-Bedroom Units		15 Units @	\$2,160,000 /Unit	32,400,000
Moderate Income Units	<sup>2</sup>			
Three-Bedroom Units		1 Unit @	\$494,000 /Unit	494,000
Four-Bedroom Units		2 Units @	\$527,900 /Unit	1,056,000
Five-Bedroom Units		0 Units @	\$561,900 /Unit	0
<b>Total Gross Sales Revenue</b>				<b>\$93,030,000</b>

II. **Cost of Sales**

Commissions	3.0% Gross Sales Revenue	\$2,791,000
Closing	2.0% Gross Sales Revenue	1,861,000
Warranty	0.5% Gross Sales Revenue	465,000
<b>Total Cost of Sales</b>		<b>(\$5,117,000)</b>

III. <b>Net Revenue</b>	<b>\$87,913,000</b>
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<sup>1</sup> Based in part on a survey of home resales in Thousand Oaks and new home sales in Simi Valley. The sales survey was undertaken by KMA in September 2022. See ATTACHMENT 4: APPENDIX A. The weighted average sales price equates to \$506 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT 4: APPENDIX B.

ATTACHMENT 4: APPENDIX D - EXHIBIT II - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
MODERATE INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. <b>Funds Available for Development Costs</b>			
Net Revenue	See ATTACHMENT 4: APPENDIX D - EXHIBIT II - TABLE 2	\$87,913,000	
(Less) Threshold Developer Profit	<sup>1</sup> 5.2% Total Development Cost	(\$4,428,000)	
<b>Total Funds Available for Development Costs</b>			\$83,485,000
II. <b>Total Development Cost</b>	See ATTACHMENT 4: APPENDIX D - EXHIBIT II - TABLE 1		\$85,555,000
III. <b>Total Financial Impact</b>			(\$2,070,000)
Developer Profit	2.8% Total Development Cost		
% Price Increase to Offset Impact	2.3% Market Rate Units		

<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE ALTERNATIVE.

**ATTACHMENT 4: APPENDIX D - EXHIBIT III**

**PRO FORMA ANALYSIS  
LOW INCOME ALTERNATIVE  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 4: APPENDIX D - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
LOW INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I.	<b>Land Acquisition &amp; Infrastructure Costs</b>	<sup>1</sup>	435,600	Sf of Land	\$50 /Sf of Land		\$21,780,000
II.	<b>Direct Costs</b>	<sup>2</sup>					
	On-Site Improvements/Landscaping		435,600	Sf of Land	\$30 /Sf of Land	\$13,068,000	
	Parking	<sup>3</sup>	120	Spaces	\$0 /Space	0	
	Building Costs		188,850	Sf of GBA	\$145 /Sf of GBA	27,383,000	
	Contractor/DC Contingency Allow	<sup>4</sup>	20%	Other Direct Costs		8,090,000	
	<b>Total Direct Costs</b>						\$48,541,000
III.	<b>Indirect Costs</b>						
	Architecture, Engineering & Consulting		6.0%	Direct Costs		\$2,912,000	
	Public Permits & Fees	<sup>5</sup>	60	Units	\$64,240 /Unit	3,854,000	
	Taxes, Insurance, Legal & Accounting		1.5%	Direct Costs		728,000	
	Marketing		60	Units	\$5,000 /Unit	300,000	
	Developer Fee	<sup>6</sup>	60	Units	\$47,700 /Unit	2,862,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs		533,000	
	<b>Total Indirect Costs</b>						\$11,189,000
IV.	<b>Financing Costs</b>						
	Interest During Construction	<sup>7</sup>				\$3,378,000	
	Loan Origination Fees		60.0%	Loan to Cost	1.5 Points	718,000	
	<b>Total Financing Costs</b>						\$4,096,000
V.	<b>Total Construction Cost</b>		60	Units	\$1,064,000 /Unit		\$63,826,000
	<b>Total Development Cost</b>		60	Units	\$1,427,000 /Unit		\$85,606,000

<sup>1</sup> Estimated in part based on a survey of residential land sales in Thousand Oaks, Simi Valley, Moorpark and Camarillo. The sales survey was undertaken by KMA in September 2022.

<sup>2</sup> Direct costs assume that prevailing wage requirements will NOT be imposed on the Project.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates presented in the January 2022 draft Housing Element.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE ALTERNATIVE

<sup>7</sup> Assumes a 5.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 8 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

ATTACHMENT 4: APPENDIX D - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
LOW INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

<b>I. <u>Gross Sales Revenue</u></b>				
Market Rate Units	1			
Three-Bedroom Units	5 Units @	\$1,012,000 /Unit		\$5,060,000
Four-Bedroom Units	38 Units @	\$1,460,000 /Unit		55,480,000
Five-Bedroom Units	15 Units @	\$2,160,000 /Unit		32,400,000
Low Income Units	2			
Three-Bedroom Units	1 Unit @	\$220,200 /Unit		220,000
Four-Bedroom Units	1 Unit @	\$232,300 /Unit		232,000
Five-Bedroom Units	0 Units @	\$244,500 /Unit		0
<b>Total Gross Sales Revenue</b>				<b>\$93,392,000</b>
<b>II. <u>Cost of Sales</u></b>				
Commissions	3.0% Gross Sales Revenue			\$2,802,000
Closing	2.0% Gross Sales Revenue			1,868,000
Warranty	0.5% Gross Sales Revenue			467,000
<b>Total Cost of Sales</b>				<b>(\$5,137,000)</b>
<b>III. <u>Net Revenue</u></b>				<b>\$88,255,000</b>

<sup>1</sup> Based in part on a survey of home resales in Thousand Oaks and new home sales in Simi Valley. The sales survey was undertaken by KMA in September 2022. See ATTACHMENT 4: APPENDIX A. The weighted average sales price equates to \$506 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT 4: APPENDIX B.



ATTACHMENT 4: APPENDIX D - EXHIBIT III - TABLE 3

FINANCIAL IMPACTS: INCLUSIONARY HOUSING REQUIREMENTS  
DETACHED SINGLE FAMILY HOME PROTOTYPE  
LOW INCOME ALTERNATIVE  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

I. <b>Funds Available for Development Costs</b>			
Net Revenue	See ATTACHMENT 4: APPENDIX D - EXHIBIT III - TABLE 2	\$88,255,000	
(Less) Threshold Developer Profit	<sup>1</sup> 5.2% Total Development Cost	(\$4,431,000)	
<b>Total Funds Available for Development Costs</b>			\$83,824,000
II. <b>Total Development Cost</b>	See ATTACHMENT 4: APPENDIX D - EXHIBIT III - TABLE 1		\$85,606,000
III. <b>Total Financial Impact</b>			(\$1,782,000)
Developer Profit	3.1% Based on Estimated Current Property Acquisition Costs		
% Price Increase to Offset Impact	1.9% Market Rate Units		

<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE ALTERNATIVE.

## **ATTACHMENT 5**

### **IN-LIEU FEE CALCULATIONS INCLUSIONARY HOUSING: FINANCIAL EVALUATION THOUSAND OAKS, CALIFORNIA**

**ATTACHMENT 5: APPENDIX A**

**IN-LIEU FEE CALCULATIONS (10% LOW INCOME STANDARD)  
APARTMENT DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 5: APPENDIX A

IN-LIEU FEE CALCULATIONS (10% LOW INCOME STANDARD)  
 APARTMENT DEVELOPMENT  
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
 THOUSAND OAKS, CALIFORNIA

		Base Zoning Alternative: Mall Property Apartment Prototype	Base Zoning Alternative: Neighborhood Medium High Prototype	Base Zoning Alternative: Mixed-Use Prototype
<b>I. Rent Difference</b>				
<b>A. One-Bedroom Units</b>				
Market Rents	<sup>1</sup>	\$2,740	\$3,110	\$3,110
Affordable Rent	<sup>2</sup>	1,794	1,794	1,794
<b>Difference</b>		\$946	\$1,316	\$1,316
<b>B. Two-Bedroom Units</b>				
Market Rents	<sup>1</sup>	\$3,280	\$3,800	\$3,970
Affordable Rent	<sup>2</sup>	2,005	2,005	2,005
<b>Difference</b>		\$1,275	\$1,795	\$1,965
<b>C. Three-Bedroom Units</b>				
Market Rents	<sup>1</sup>	\$3,990	\$4,190	\$4,190
Affordable Rent	<sup>2</sup>	2,219	2,219	2,219
<b>Difference</b>		\$1,771	\$1,971	\$1,971
<b>II. Distribution of Total Units</b>	<sup>3</sup>			
One-Bedroom Units		40%	35%	50%
Two-Bedroom Units		55%	50%	38%
Three-Bedroom Units		5%	15%	12%
<b>III. Annual Rent Difference Per Inclusionary Unit</b>		\$14,018	\$19,845	\$19,695
<b>Less: Property Tax Difference</b>	<sup>4</sup>	(3,790)	(5,370)	(5,330)
<b>Net Annual Rent Difference Per Inclusionary Unit</b>		\$10,228	\$14,475	\$14,365
<b>IV. Assumptions</b>				
Total Units		90	40	300
Total Leasable Area		80,250	42,900	312,600
Weighted Avg Unit Size (Sf)		892	1,073	1,042
Inclusionary Housing Percentage		10%	10%	10%
Inclusionary Units		9	4	30
Affordability Gap Per Inclusionary Unit <sup>5</sup>		\$203,000	\$288,000	\$274,000
<b>V. In-Lieu Fee</b>				
Total In-Lieu Fee		\$1,827,000	\$1,152,000	\$8,220,000
Per Total Unit in the Project		\$20,300	\$28,800	\$27,400
Per Square Foot of Total Leasable Area		\$22.80	\$26.90	\$26.30

<sup>1</sup> The market rents are drawn from the pro forma analyses.

<sup>2</sup> See ATTACHMENT 3: APPENDIX B.

<sup>3</sup> Based on the unit mix distribution applied in the pro forma analysis.

<sup>4</sup> Based on the rent differential capitalized at a 4.3% rate to establish the value, and a 1.15% property tax rate.

<sup>5</sup> Based on the Annual Affordability Gap Per Inclusionary Unit capitalized at the Threshold Return on Total Investment generated by each prototype.

**ATTACHMENT 5: APPENDIX B**

**IN-LIEU FEE CALCULATIONS  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA**

ATTACHMENT 5: APPENDIX B

IN-LIEU FEE CALCULATIONS (10% STANDARD)  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING: FINANCIAL EVALUATION  
THOUSAND OAKS, CALIFORNIA

			<u>Townhome Prototype</u>	<u>Detached Single Family Home Prototype</u>
<b>I.</b>	<b><u>Sales Price Difference</u></b>			
	<b>A. Three-Bedroom Units</b>			
	Market Rate Sales Price	<sup>1</sup>	\$765,000	\$1,012,000
	Affordable Sales Price	<sup>2</sup>	<u>502,100</u>	<u>494,000</u>
	<b>Difference</b>		\$262,900	\$518,000
	<b>B. Four-Bedroom Units</b>			
	Market Rate Sales Price	<sup>1</sup>	\$840,000	\$1,460,000
	Affordable Sales Price	<sup>2</sup>	<u>531,100</u>	<u>527,900</u>
	<b>Difference</b>		\$308,900	\$932,100
	<b>C. Five-Bedroom Units</b>			
	Market Rate Sales Price	<sup>1</sup>		\$2,160,000
	Affordable Sales Price	<sup>2</sup>		<u>561,900</u>
	<b>Difference</b>			\$1,598,100
<b>II.</b>	<b><u>Distribution of Total Units</u></b>	<sup>3</sup>		
	Three-Bedroom Units		75%	10%
	Four-Bedroom Units		25%	65%
	Five-Bedroom Units			25%
<b>III.</b>	<b><u>Assumptions</u></b>			
	Total Units		20	60
	Total Saleable Area		37,500	188,850
	Weighted Avg Unit Size (Sf)		1,880	3,150
	Inclusionary Housing Percentage		10%	5%
	Inclusionary Units		2	3
	Affordability Gap Per Inclusionary Unit <sup>4</sup>		\$274,400	\$1,057,200
<b>IV.</b>	<b><u>In-Lieu Fee</u></b>			
	Total In-Lieu Fee		\$548,800	\$3,171,600
	Per Total Unit in the Project		\$27,440	\$52,860
	Per Sf of Total Saleable Area		\$14.60	\$16.80

<sup>1</sup> The market rate sales prices are drawn from the pro forma analyses.

<sup>2</sup> See ATTACHMENT 5: APPENDIX B.

<sup>3</sup> Based on the unit mix distribution applied in the pro forma analyses.

<sup>4</sup> Based on the weighted average difference between the Market Rate Sales Price and the Affordable Sales Price.