



KEYSER MARSTON ASSOCIATES™

**INCLUSIONARY HOUSING:  
IN-LIEU FEE ANALYSIS**

**Prepared for:  
City of San Buenaventura**

**Prepared by:  
Keyser Marston Associates, Inc.**

**December 13, 2021**

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In May 2018 the City of San Buenaventura (City) enacted the Interim Inclusionary Housing Program (Interim Program). The requirements imposed by the Interim Program are codified in Division 25, Chapters 25.200 and 25.300 of the City’s Code of Ordinances. The City Council recently directed the City staff to prepare studies related to the Inclusionary Housing requirements with the goal of adopting permanent program regulations. Specific issues that the City Council requested input on are:

1. Modifications to make the Inclusionary Housing program more efficient to implement; and
2. The alternatives to the on-site production of affordable housing units that will be allowed.

Keyser Marston Associates, Inc. (KMA) was engaged by the City to assist in creating a permanent Inclusionary Housing Program. The work scope to be performed by KMA consists of the following two separate components:

1. The City wishes to evaluate the option of allowing developers to pay a fee in lieu of producing Inclusionary Housing units. KMA was tasked with preparing the financial analyses that will be used to assist the City in creating in-lieu fee payment schedules.
2. The City wishes to standardize the Inclusionary Housing program requirements on a citywide basis. In a separate report KMA will provide policy recommendations to assist the City in achieving that goal.

The following report describes the methodology and assumptions that KMA used in preparing the in-lieu fee analysis.

## I. EXECUTIVE SUMMARY

The KMA in-lieu analysis is premised on the assumption that the following Inclusionary Housing requirements will be applied:

Ownership Housing Development:

A moderate income requirement will be imposed against 15% of the units developed in a market rate project.

Apartment Development:

A low income requirement will be imposed against 15% of the units developed in a market rate project.

The results of the KMA financial analysis are summarized in the following tables:

Ownership Housing Development 15% Moderate Income Requirement Supportable In-Lieu Fee Payments Per Square Foot of Saleable Area	
Single Family Homes	\$28.50
Townhomes	\$18.90
Stacked Flats Condominiums	\$22.60

Apartment Development 15% Low Income Requirement Supportable In-Lieu Fee Payments Per Square Foot of Leasable Area	
Coastal Location	\$59.20
Inland Location	\$35.50
Specific Plan Location	\$38.40

KMA also prepared an analysis of a prototype 100% affordable housing project that receives outside leveraging assistance. Specifically, the prototype project is assumed to be financed with Tax-Exempt Multifamily Bonds and the 4% Low Income Housing Tax Credits (Bonds/Tax Credits) that are awarded without competition to projects that receive a bond allocation from the California Debt Limit Allocation Committee (CDLAC).

The Bonds/Tax Credits Prototype analysis is used as a tool to assess the local public assistance that would be needed to fill the financial gap associated with the development of very low and low income rental units. The financial gap derived from this analysis is estimated at \$198,400 per affordable unit.

Funding gaps of this magnitude can potentially be filled with in-lieu fee revenues that are generated by the Inclusionary Housing program. This can be an advantageous strategy for the following reasons:

1. The funds can be provided to developers that 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.
3. In-lieu fee revenues can be used as a leveraging source to make affordable housing projects more competitive for the receipt of outside funding sources.
4. Leveraged projects represent a cost-efficient way to achieve deeper affordability than can be supported by an Inclusionary Housing requirement.

**OWNERSHIP HOUSING DEVELOPMENT SUMMARY  
 INCLUSIONARY HOUSING IN-LIEU FEE EVALUATION  
 SAN BUENAVENTURA, CALIFORNIA**

	Single Family Home Prototype	Townhome Prototype	Specific Plan Condominium Prototype
<b>I. <u>Project Description</u></b>			
<b>A. Site Area (Sf)</b>	304,920	65,340	34,848
<b>B. Density (Units/Acre)</b>	7	15	50
<b>C. <u>Unit Mix</u></b>			
One-Bedroom Units			12
Two-Bedroom Units			24
Three-Bedroom Units	22	16	4
Four-Bedroom Units	20	7	
Five-Bedroom Units	7		
<b>Total Units</b>	49	23	40
<b>D. <u>Total Saleable Area</u></b>			
Square Feet	138,300	44,230	44,800
Per Unit	2,822	1,923	1,120
<b>E. Parking Spaces Per Unit</b>	2.0	2.0	1.7
<b>II. <u>Development Costs</u></b>			
Total	\$42,856,000	\$14,498,000	\$20,928,000
Per Unit	\$875,000	\$630,000	\$523,000
Per Sf of Total Saleable Area	\$310	\$328	\$467
<b>III. <u>Market Rate Sales Price Per Unit</u></b>			
One-Bedroom Units			\$449,000
Two-Bedroom Units			\$578,000
Three-Bedroom Units	\$959,000	\$700,000	\$605,000
Four-Bedroom Units	\$1,044,000	\$855,000	
Five-Bedroom Units	\$1,175,000		
<b>IV. Net Revenue</b>	\$47,442,000	\$16,239,000	\$20,488,000
<b>V. <u>Developer Profit</u></b>			
Total	\$4,586,000	\$1,741,000	(\$440,000)
As a % of Total Development Cost	10.7%	12.0%	-2.1%
<b>VI. Inclusionary Housing Percentage</b>	15%	15%	15%
<b>VII. Affordability Gap Per Inclusionary Unit</b>	\$563,900	\$278,400	\$168,700
<b>VIII. In-Lieu Fee Per Sf of Total Saleable Area</b>	\$28.50	\$18.90	\$22.60

**APARTMENT DEVELOPMENT SUMMARY  
INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS  
SAN BUENAVENTURA, CALIFORNIA**

	Unleveraged Coastal Apartment Prototype	Unleveraged Inland Apartment Prototype	Unleveraged Specific Plan Apartment Prototype
<b>I. <u>Project Description</u></b>			
<b>A. Site Area (Sf)</b>	217,800	130,680	34,848
<b>B. Density (Units/Acre)</b>	20	40	50
<b>C. <u>Unit Mix</u></b>			
One-Bedroom Units	60	36	12
Two-Bedroom Units	40	84	24
Three-Bedroom Units			4
<b>Total Units</b>	100	120	40
<b>D. <u>Total Leasable Area</u></b>			
Square Feet	89,000	121,200	44,800
Per Unit	890	1,010	1,120
<b>E. Parking Spaces Per Unit</b>	1.7	2.0	1.7
<b>II. <u>Development Costs</u></b>			
Total	\$52,914,000	\$48,212,000	\$17,689,000
Per Unit	\$529,000	\$402,000	\$442,000
Per Square Foot of Leasable Area	\$595	\$398	\$395
<b>III. <u>Market Rate Rents Per Unit</u></b>			
One-Bedroom Units	\$3,210	\$2,830	\$3,180
Two-Bedroom Units	\$3,750	\$3,190	\$3,480
Three-Bedroom Units			\$3,770
<b>IV. Stabilized Net Operating Income</b>	\$2,763,000	\$2,941,000	\$1,102,000
<b>V. Return on Total Investment</b>	5.2%	6.1%	6.2%
<b>VI. Inclusionary Housing Percentage</b>	15%	15%	15%
<b>VII. Affordability Gap Per Inclusionary Unit</b>	\$351,000	\$239,000	\$287,000
<b>VIII. In-Lieu Fee Per Square Foot of Leasable Area</b>	\$59.20	\$35.50	\$38.40
<b>IX. Unfunded Financial Gap Per Unit: Tax Exempt Multifamily Bonds + 4% Low Income Housing Tax Credits</b>			\$198,400



## II. BACKGROUND

The Interim Program is codified in Division 25, Chapters 25.200 and 25.300 of the City’s Code of Ordinances:

1. Chapter 25.200 describes the requirements being imposed on a citywide basis, excluding the Merged Downtown Redevelopment Area.
2. Chapter 25.300 describes the requirements being imposed within the Merged Downtown Redevelopment Project Area.

A key goal is to create a unified program that will be implemented citywide. In addition, it is anticipated that the permanent Inclusionary Housing program will add the following components that were not included in the Interim Program:

1. Inclusionary Housing obligations will be imposed on apartment developments; and
2. Options for fulfilling the Inclusionary Housing requirements will be provided.

The sole purpose of this analysis is to evaluate the in-lieu fee payment option. In a subsequent analysis KMA will evaluate other Inclusionary Housing fulfillment options such as the off-site provision of affordable housing units; the acquisition and rehabilitation of existing apartment units; and the dedication of land that is suitable for the development of affordable housing units.

## III. APPROACH

The purpose of this analysis is to estimate the in-lieu fee amounts that can be supported by ownership housing and apartment developments. The KMA analysis is based on the affordable housing requirements being considered, and on current market and financial conditions.

### A. Methodology

The foundational premise of this analysis is that an in-lieu fee should correlate to the “Affordability Gap” associated with producing the affordable units required by the Inclusionary Housing program. The Affordability Gap can generally be defined as the difference between the achievable market rate sales prices or rents and the allowable sales prices or rents for the designated affordable housing units.

The KMA in-lieu fee analysis is based on the evaluation of prototype developments that are tailored to reflect the specific characteristics of the Ventura real estate market. KMA created multiple ownership housing and apartment development prototypes for use in this analysis.

## **B. 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 draft Sixth Cycle Housing Element that was prepared in July 2021;
2. Recently proposed and developed residential projects; and
3. The ownership housing and apartment projects identified in KMA's market surveys.

It is important to understand that the prototypes used in this analysis do not represent actual projects. Instead, the prototypes represent composites of projects that have recently been developed or proposed for development in Ventura.

### **OWNERSHIP HOUSING DEVELOPMENT**

The prototype ownership housing developments can be described as follows:

#### ***Single Family Home Prototype***

1. The development site area is set at seven acres.
2. The density is set at seven units per acre.
3. The prototype includes 49 homes in the following unit mix:
  - a. 45% three-bedroom units;
  - b. 40% four-bedroom units; and
  - c. 15% five-bedroom units.
4. The weighted average unit size is set at 2,820 square feet of saleable area.
5. The prototype is based on the assumption that the parking is provided in attached garages.

### ***Townhome Prototype***

1. The development site area is set at 1.5 acres.
2. The density is set at 15 units per acre.
3. The prototype includes 23 homes in the following unit mix:
  - a. 70% three-bedroom units; and
  - b. 30% four-bedroom units.
4. The weighted average unit size is set at 1,920 square feet of saleable area.
5. The prototype is based on the assumption that the parking is provided in attached garages.

### ***Stacked Flats Condominium Prototype***

The development site for the stacked flats condominium prototype is assumed to be located in the Downtown Specific Plan area. The development projects that KMA reviewed were all being considered for stacked flats condominium or apartment development. For the purposes of this analysis KMA analyzed the Specific Plan prototype as both a stacked flats condominium and an apartment project.

1. The development site area is set at .8 acres.
2. The density is set at 50 units per acre.
3. The prototype includes 40 stacked flats condominiums in the following unit mix:
  - a. 30% one-bedroom units;
  - b. 60% two-bedroom units; and
  - c. 10% three-bedroom units.
4. The weighted average unit size is set at 1,120 square feet of saleable area.
5. The parking for the prototype is based on the following assumptions:

- a. The parking code standard applied to the Downtown Specific Plan area is set at one space per 1,500 square feet of building area. However, for marketability reasons KMA set the parking at 1.7 spaces per unit.
- b. The 68 parking spaces are provided in a semi-subterranean parking garage.

## APARTMENT DEVELOPMENT

The apartment development prototypes represent product types being developed in different areas within Ventura. These prototypes embody the following characteristics:

### ***Coastal Apartment Prototype***

1. The development site area is set at five acres.
2. The density is set at 20 units per acre.
3. The prototype includes 100 units in the following unit mix:
  - a. 60% one-bedroom units; and
  - b. 40% two-bedroom units.
4. The weighted average unit size is set at 890 square feet of leasable area.
5. The parking for this prototype is based on the following assumptions:
  - a. 165 spaces are provided, which comports with the City's parking code.<sup>1</sup>
  - b. The 165 parking spaces included in the prototype are provided in attached garages, carports and surface spaces.

### ***Inland Apartment Prototype***

1. The development site area is set at three acres.
2. The density is set at 40 units per acre.

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<sup>1</sup> For areas that are not subject to Specific Plans, the parking code requires one space for one-bedroom units, two spaces for two- and three-bedroom units, and .25 spaces for guest parking.

3. The prototype includes 120 units in the following unit mix:
  - a. 30% one-bedroom units; and
  - b. 70% two-bedroom units.
4. The weighted average unit size is set at 1,010 square feet of leasable area.
5. The parking for this prototype is based on the following assumptions:
  - a. 234 spaces are provided, which is consistent with the City's parking code.
  - b. The parking spaces are provided in the following mix:
    - i. The 204 residential parking spaces are provided in an above-ground garage.
    - ii. The 30 guest spaces are provided in surface parking spaces.

***Specific Plan Prototype***

As discussed previously, KMA used the same development scope for both stacked flats condominiums and apartment development in the Downtown Specific Plan area. The project includes 40 units at a density of 50 units per acre. The 68 parking spaces are provided in a semi-subterranean garage.

**IV. ANALYSIS ORGANIZATION**

The KMA analysis is supported by the Appendices:

Appendix A: Ownership Housing Development

- Table 1: Home Sales Survey
- Table 2: Affordable Sales Price Calculations
- Table 3: Pro Forma Summary
- Table 4: In-Lieu Fee Calculations

## Appendix B: Apartment Development

Table 1:	Rent Survey
Table 2:	Affordable Rent Calculations
Table 3:	Pro Forma Summary
Table 4:	In-Lieu Fee Calculations

## Appendix C: Bond/Tax Credits Development

Table 1:	Estimated Development Costs
Table 2:	Stabilized Net Operating Income
Table 3:	Unfunded Financial Gap

## V. OWNERSHIP HOUSING DEVELOPMENT ANALYSIS

To assist in evaluating the financial characteristics of ownership housing development, KMA compiled information pertaining to the development scopes and sales prices for projects that were recently proposed or constructed in Ventura. Based on this information, KMA prepared an Affordability Gap analyses to estimate the in-lieu fee amounts that are equivalent to the financial impact associated with allocating 15% of the units in a market rate ownership housing project to moderate income households.

### A. Sales Price Estimates

#### MARKET RATE SALES PRICES

To assist in projecting the achievable market rate sales prices for the prototype projects being analyzed, KMA surveyed single family homes, townhomes and condominium units located in Ventura that were sold between October 2020 and September 2021 (Appendix A – Table 1). Based in part on the survey, the KMA market rate sales price projections are presented in the following table.

Projected Market Rate Sales Prices			
Number of Bedrooms	Single Family Homes	Townhomes	Stacked Flats Condominiums
1			\$449,000
2			\$578,000
3	\$959,000	\$700,000	\$605,000
4	\$1,044,000	\$855,000	
5	\$1,175,000		
Weighted Average Price Per Square Foot of Saleable Area	\$363	\$389	\$484

## AFFORDABLE SALES PRICE CALCULATIONS

The “Affordable Sales Price” estimates are based on the calculation methodology defined in California Health and Safety Code (H&SC) Section 50052.5. In this analysis, the household incomes are based on 2021 information produced by the California Department of Housing and Community Development (HCD) for Ventura County as a whole. HCD publishes this information annually.

The Affordable Sales Price calculations are presented in Appendix A – Tables 2A, 2B and 2C. The elements included in the calculations are described in the following sections of this report.

### **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.<sup>2</sup> H&SC Section 50052.5 refers to this as “the family size appropriate for the unit.” This is not an occupancy cap; it is a benchmark that creates a consistent Affordable Sales Price calculation methodology.

### **Household Income**

For moderate income households, H&SC Section 50052.5 calculates the Affordable Sales Prices based on 110% of area median income (AMI) for a household size equal to the number of bedrooms in the

<sup>2</sup> For example, the imputed household size for a three-bedroom unit is four persons.

home plus one. This measurement is only used for setting the Affordable Sales Prices. Households with incomes of up to 120% AMI would qualify to reside in moderate income units.

**Income Allocated to Housing-Related Expenses**

For moderate income households H&SC Section 50052.5 allocates 35% of the benchmark household income to the payment of housing-related expenses.

**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		
Number of Bedrooms	Monthly Utilities Allowances <sup>3</sup>	Monthly HOA, Insurance & Maintenance
1	\$174	\$375
2	\$216	\$400
3	\$262	\$100, \$150 & \$425 <sup>4</sup>
4	\$308	\$125 & \$200 <sup>5</sup>
5	\$354	\$150

The property tax expense estimate is based on 1.15% of the home’s estimated market value. This assumes that the City will structure the covenants to allow for resales at the market rate price. Under this structure, the City would be entitled to receive a payment from the seller equal to the amount of the original Affordability Gap plus a share of the equity appreciation achieved upon the resale of the home.

<sup>3</sup>Utilities allowances are based on costs comprised of gas heating, cooking and water heating; basic electric services; air conditioning; and water, sewer, and trash services. The allowances are based on the Housing Authority of the City of San Buenaventura (HACSB) schedule for single family homes effective as of July 1, 2021.

<sup>4</sup> The order is single family homes, townhomes and condominiums.

<sup>5</sup> The order is single family homes and townhomes.



### **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 analysis were based on a 30-year fully amortizing loan at a 3.87% 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.

### **Affordable Sales Prices**

The Affordable Sales Price estimates for moderate income households are presented in the following table.

Estimated Affordable Sales Prices Moderate Income Households Ownership Housing Development			
Number of Bedrooms	Single Family Homes	Townhomes	Stacked Flats Condominiums
1			\$348,700
2			\$376,800
3	\$443,600	\$467,500	\$426,200
4	\$471,300	\$469,500	
5	\$489,300		

## **B. Estimated Affordability Gaps – Ownership Housing Development**

The Affordability Gaps that were derived from the KMA analysis of a prototype ownership housing developments are presented in the following table.

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<sup>6</sup> Based on a 50 basis points premium applied to the Bankrate site average APR as of October 1, 2021 for a fixed interest rate loan with a 30-year amortization period.

Estimated Affordability Gaps Per Inclusionary Unit			
Ownership Housing Development			
Number of Bedrooms	Market Rate Price	Moderate Income Price	Affordability Gap
Single Family Homes			
3	\$959,000	\$443,600	\$515,400
4	\$1,044,000	\$471,300	\$572,700
5	\$1,175,000	\$489,300	\$685,700
Townhomes			
3	\$700,000	\$467,500	\$232,500
4	\$855,000	\$469,500	\$385,500
Stacked Flats Condominiums			
1	\$449,000	\$348,700	\$100,300
2	\$578,000	\$376,800	\$201,200
3	\$605,000	\$426,200	\$178,800

### C. In-Lieu Fee Calculations – Ownership Housing Development

The weighted average Affordability Gaps are translated into the in-lieu fee payment that would be required to fulfill the affordable housing requirements on site within a proposed market rate ownership housing development. These calculations are presented in Appendix A – Table 3, and the results are summarized in the following table.

Supportable In-Lieu Fee Payments Per Square Foot of Saleable Area		
Ownership Housing Development		
Prototype	Weighted Average Affordability Gap	In-Lieu Fee Payment Per Square Foot of Saleable Area
Single Family Homes	\$563,900	\$28.50
Townhomes	\$278,400	\$18.90
Stacked Flats Condominiums	\$168,700	\$22.60

It should be noted that the pro forma analysis of the market rate Specific Plan Stacked Flats Condominium Prototype indicated that this ownership housing product type is not currently supported from a financial perspective.<sup>7</sup>

## VI. APARTMENT DEVELOPMENT ANALYSIS

To assist in evaluating the financial characteristics of apartment development, KMA compiled information pertaining to the development scopes and rents for projects that were recently proposed or constructed in Ventura. Based on this information, KMA prepared an Affordability Gap analyses to estimate the in-lieu fee amounts that are equivalent to the financial impact associated with allocating 15% of the units in a market rate apartment project to low income households.

### A. Apartment Rent Estimates

#### MARKET RATE RENTS

In the October 2021, KMA surveyed apartment projects that received three or four stars in the CoStar quality ranking system (Appendix B – Table 1). The purpose of this survey was to assist in estimating the currently achievable market rents for the apartment prototypes being analyzed. Based in part on this survey, the projected market rate apartment rent are presented in the following table.

<sup>7</sup> The same scope of development was analyzed as an apartment project. As discussed in the following section, the pro forma analysis indicated that an apartment use is supported from a financial perspective.

Projected Market Rate Apartment Rents			
Number of Bedrooms	Coastal Location	Inland Location	Downtown Specific Plan
1	\$3,210	\$2,830	\$3,180
2	\$3,750	\$3,190	\$3,480
3			\$3,770
Weighted Average Rent Per Square Foot of Leasable Area	\$3.85	\$3.05	\$3.05

### AFFORDABLE RENT CALCULATIONS

The “Affordable Rent” estimates are based on the calculation methodology defined in H&SC Section 50053. In this analysis, the household incomes are based on the 2021 Ventura County information that was published by HCD.

The Affordable Rent calculations are presented in Appendix B – Table 2. The assumptions applied in the calculations can be summarized as follows:

1. The household size appropriate for the unit is based on the H&SC Section 50052.5 standard of the number of bedrooms in the home plus one. As discussed previously, this is a benchmark for Affordable Rent calculation purposes only. It is neither an occupancy minimum nor a maximum.
2. For the purposes of setting the Affordable Rents for low income households, the benchmark household income is set at 60% AMI. This percentage is only used for setting the Affordable Rents. Households with incomes of up to 80% AMI would qualify to reside in low income units
3. Thirty percent (30%) of defined household income is allocated to housing-related expenses.
4. KMA’s calculations are based on the assumption that the tenants will be required to pay for gas heating, cooking and water heating; basic electric services; and air conditioning. The HACSB utilities allowances for energy efficient apartments that went into effect on July 1, 2021 were applied to this analysis.

The resulting Affordable Rents are summarized in the following table.

Estimated Affordable Rents Low Income Households Apartment Development			
	One Bedroom	Two Bedrooms	Three Bedrooms
Maximum Monthly Housing Cost	\$1,186	\$1,334	\$1,482
(Less) Monthly Utility Allowance	(\$76)	(\$100)	(\$128)
Maximum Low Income Rent	\$1,110	\$1,234	\$1,354

## B. Estimated Affordability Gaps – Apartment Development

KMA estimated the Affordability Gaps associated with the prototype apartment projects using the following calculation methodology:

1. The differences between the estimated achievable market rate rents and the defined Affordable Rents were calculated for one-, two, and three-bedroom apartment units.
2. KMA assumed that the property taxes for projects that include designated affordable housing units would be based on a lower assessed value 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 estimated “Net Annual Rent Difference Per Inclusionary Unit” represents the annual rent difference minus the estimated property tax savings.
4. The “Affordability Gap Per Inclusionary Unit” is estimated by capitalizing the Net Annual Difference Per Inclusionary Unit at the threshold return derived from a pro forma analysis of the prototype apartment development at unrestricted market rate rents.

The Affordability Gap calculations are provided in Appendix B – Table 3, and the results are as follows:

Estimated Affordability Gaps Per Inclusionary Unit Apartment Development	
Coastal Location	\$351,000
Inland Location	\$239,000
Specific Plan Location	\$287,000

### C. In-Lieu Fee Calculations – Apartment Development

The Affordability Gaps Per Inclusionary Unit were converted into the in-lieu fee payment that would be required to fulfill the affordable housing requirements on site within a proposed market rate apartment development. The conversion calculations are presented in Appendix B – Table 3, and the resulting supportable in-lieu fee payment amounts are summarized in the following table.

Supportable In-Lieu Fee Payments Per Square Foot of Leasable Area Apartment Development	
Coastal Location	\$59.20
Inland Location	\$35.50
Specific Plan Location	\$38.40

## VII. BOND / TAX CREDITS APARTMENT ANALYSIS

A key advantage associated with providing an in-lieu fee payment option 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 public funding sources that provide a more cost-efficient way to achieve deeper affordability than can be supported by an Inclusionary Housing requirement.

To provide context for this concept, KMA prepared a pro forma analysis for a prototype Bonds/Tax Credits project in which 100% of the units are subject to income and affordability restrictions. The pro forma analysis is presented in Appendix C, and the salient assumptions and findings are summarized in the following sections of this report.

## A. Development Scope

The scope of development for the Bond/Tax Credits Prototype can be described as follows:

1. The development site area is set at two acres.
2. The density is set at 25 units per acre.
3. The prototype includes 50 units in the following unit mix:
  - a. 10% studio units;
  - b. 40% one-bedroom units;
  - c. 40% two-bedroom units; and
  - d. 10% three-bedroom units.
4. The weighted average unit size is set at 800 square feet of leasable area.
5. The parking for this prototype is based on the following assumptions:
  - a. The prototype project qualifies for the use of the Government Code Sections 65915 (p) parking standards.
  - b. The parking included in the prototype adheres to the City's parking code standards with the exception that no guest parking spaces are included in the development scope.
  - c. The 75 parking spaces included in the prototype are provided in an above-ground garage.

## B. Economic Characteristics

The pro forma analysis is based on the following financial assumptions:

1. The development costs are estimated at \$23.9 million. This equates to approximately \$478,800 per unit, or \$598 per square foot of leasable area.
2. The stabilized net operating income is estimated at \$434,600, which is based on the following assumptions:
  - a. The prototype development includes 10 very low income units and 40 low income units. The rents for these units are based on the following:
    - i. The 2021 rent schedule for Ventura County that was published by the California Tax Credit Allocation Committee (TCAC); and
    - ii. The HACSB utilities allowances for energy efficient apartments that went into effect on July 1, 2021.<sup>8</sup>
  - b. The operating expenses are estimated at \$6,440 per unit. This estimate includes the assumption that the project will be entitled to the property tax abatement that is accorded to nonprofit organizations that own and operate rental units that are restricted to household that earn less than 80% AMI.
3. The funding sources available to the project are estimated at approximately \$14 million, which are comprised of the following:
  - a. \$6.8 million in Bond financing; and
  - b. \$7.2 million in Tax Credit equity.

The difference between the estimated development costs and the funding sources that are available to the project can be defined as the unfunded financial gap. The unfunded financial gap represents the additional assistance the project would need to obtain in order to achieve financial feasibility.

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<sup>8</sup> The allowances are based on the assumption that the tenants will be required to pay for gas heating, cooking and water heating; basic electric services; and air conditioning.



The calculation of the estimated unfunded financial gap is presented in the following table.

Unfunded Financial Gap Bond/Tax Credits Prototype	
Estimated Development Costs	\$23,940,000
Estimated Funding Sources	\$14,021,000
Unfunded Financial Gap	\$9,919,000
Per Affordable Unit	\$198,400

## VIII. SUMMARY

### A. Prototypes Analysis

The following sections of this report summarize the assumptions of finding of the ownership housing and apartment development prototypes analyses.

#### DEVELOPMENT PROTOTYPES

The development scopes for the residential development prototypes that were analyzed in this in-lieu financial analysis are presented in the following tables.

Ownership Housing Development Prototypes			
	Single Family Homes	Townhomes	Stacked Flats Condominiums
Site Area (Acres)	7.0	1.5	.8
Total Number of Units	49	23	40
Density (Units Per Acre)	7	15	50
Average Unit Size (Sf)	2,820	1,920	1,120
Parking	Attached Garages	Attached Garages	Semi- Subterranean Garage

Apartment Development Prototypes			
	Coastal Location	Inland Location	Specific Plan Location
Site Area (Acres)	5.0	3.0	.8
Total Number of Units	100	120	40
Density (Units Per Acre)	20	40	50
Average Unit Size (Sf)	890	1,010	1,120
Parking	Garages, Carports, Surface Spaces	Above-Ground Garage	Semi-Subterranean Garage

### PROJECTED MARKET RATE SALES PRICES AND RENTS

The market rate ownership housing sales price and apartment rent estimates applied in this analysis are provided in the following tables.

Projected Market Rate Sales Prices			
Number of Bedrooms	Single Family Homes	Townhomes	Stacked Flats Condominiums
1			\$449,000
2			\$578,000
3	\$959,000	\$700,000	\$605,000
4	\$1,044,000	\$855,000	
5	\$1,175,000		
Weighted Average Price Per Square Foot of Saleable Area	\$363	\$389	\$484

Projected Market Rate Apartment Rents			
Number of Bedrooms	Coastal Location	Inland Location	Downtown Specific Plan
1	\$3,210	\$2,830	\$3,180
2	\$3,750	\$3,190	\$3,480
3			\$3,770
Weighted Average Rent Per Square Foot of Leasable Area	\$3.85	\$3.05	\$3.05

### AFFORDABLE SALES PRICES AND RENTS

The moderate income sales prices and the low income rents applied in the prototypes analyses are presented in the following tables:

Estimated Affordable Sales Prices Moderate Income Households Ownership Housing Development			
Number of Bedrooms	Single Family Homes	Townhomes	Stacked Flats Condominiums
1			\$348,700
2			\$376,800
3	\$443,600	\$467,500	\$426,200
4	\$471,300	\$469,500	
5	\$489,300		

Estimated Affordable Rents Low Income Households Apartment Development			
	One Bedroom	Two Bedrooms	Three Bedrooms
Maximum Monthly Housing Cost	\$1,186	\$1,334	\$1,482
(Less) Monthly Utility Allowance	(\$76)	(\$100)	(\$128)
Maximum Low Income Rent	\$1,110	\$1,234	\$1,354

### AFFORDABILITY GAPS

The affordability gaps associated with the prototype ownership housing and apartment developments can be summarized as follows:

Estimated Affordability Gaps Per Inclusionary Unit	
Prototypes	Weighted Average Affordability Gaps
Ownership Housing Prototypes	
Single Family Homes	\$563,900
Townhomes	\$278,400
Stacked Flats Condominiums	\$168,700
Apartment Prototypes	
Coastal Location	\$351,000
Inland Location	\$239,000
Specific Plan Location	\$287,000

## SUPPORTABLE IN-LIEU FEES

Based on the results of the preceding analysis it is KMA’s conclusion that the following in-lieu fee amounts can be supported by ownership housing and apartment development.

Ownership Housing Development 15% Moderate Income Requirement Supportable In-Lieu Fee Payments Per Square Foot of Saleable Area	
Single Family Homes	\$28.50
Townhomes	\$18.90
Stacked Flats Condominiums	\$22.60

Apartment Development 15% Low Income Requirement Supportable In-Lieu Fee Payments Per Square Foot of Leasable Area	
Coastal Location	\$59.20
Inland Location	\$35.50
Specific Plan Location	\$38.40

### B. Bond/Tax Credits Analysis

The Bonds/Tax Credits Prototype analysis was undertaken to estimate the amount of local public assistance that would be needed to fill the financial gap associated with the development of very low and low income rental units. It is assumed that in-lieu fees generated by the Inclusionary Housing program can potentially be used to assist projects of this type.

The Bonds/Tax Credits Prototype is based on the assumption that 20% of the units are set aside for very low income households and that 80% of the units are set aside for low income households. Based on the results of the KMA pro forma analysis, the financial gap that would need to be filled with local public assistance is presented in the following table.

Unfunded Financial Gap Bond/Tax Credits Prototype	
Estimated Development Costs	\$23,940,000
Estimated Funding Sources	\$14,021,000
Unfunded Financial Gap	\$9,919,000
Per Affordable Unit	\$198,400

**IX. CONCLUSIONS**

In-lieu fees can be used to fund a wide variety of affordable housing activities including contributions to homeless shelters, home buyer assistance programs, and rehabilitation loan programs. From an affordable housing production standpoint, in-lieu fee revenues can be used as a leveraging source for dedicated affordable housing projects that can make use of state and federal funding sources. This is both financially efficient, and it allows for projects to be owned and operated by experienced affordable housing developers

## **APPENDIX A**

# **OWNERSHIP HOUSING DEVELOPMENT INCLUSIONARY HOUSING IN-LIEU FEE EVALUATION SAN BUENAVENTURA, CALIFORNIA**

TABLE 1

HOME SALES SURVEY  
OWNERSHIP HOUSING DEVELOPMENT  
INCLUSIONARY HOUSING IN-LIEU FEE EVALUATION  
SAN BUENAVENTURA, CALIFORNIA

1

Address	Unit Size (SF)	Sales Price		Year Built		
		Total	Per SF			
<b>I. Condominium &amp; Townhome Units</b>						
One-Bedroom Units						
285 N Ventura Ave #15	Ventura	93001	640	\$405,000	\$633	2006
130 N Garden St #1208	Ventura	93001	893	\$492,000	\$551	2015
130 N Garden St #1302	Ventura	93001	934	\$470,000	\$503	2015
285 Ventura Ave N #16	Ventura	93001	945	\$410,000	\$434	2006
285 N Ventura Ave #8	Ventura	93001	945	\$416,000	\$440	2006
285 N Ventura Ave #4	Ventura	93001	945	\$435,000	\$460	2006
285 N Ventura Ave #9	Ventura	93001	1,033	\$449,000	\$435	2006
836 J E Thompson Blvd Unit J	Ventura	93001	1,110	\$639,000	\$576	2007
Minimum			640	\$405,000	\$434	2006
Maximum			1,110	\$639,000	\$633	2015
Average			931	\$464,500	\$499	2008
Two-Bedroom Units						
285 N Ventura Ave #27	Ventura	93001	951	\$433,000	\$455	2006
285 N Ventura Ave #26	Ventura	93001	951	\$502,000	\$528	2006
5355 Basie St	Ventura	93003	991	\$489,000	\$493	2006
836 E Thompson Blvd Unit L	Ventura	93001	1,006	\$597,000	\$593	2007
5519 Northwind Ct	Ventura	93003	1,010	\$450,000	\$446	2005
130 N Garden St #3248	Ventura	93001	1,036	\$549,000	\$530	2015
130 N Garden St #2230	Ventura	93001	1,036	\$550,000	\$531	2015
130 N Garden St #2223	Ventura	93001	1,036	\$599,000	\$578	2015
5674 Dorsey St	Ventura	93003	1,052	\$465,000	\$442	2005
5522 Dorsey St	Ventura	93003	1,052	\$500,000	\$475	2005
5517 Northwind Ct	Ventura	93003	1,052	\$502,000	\$477	2005
5651 Dorsey St	Ventura	93003	1,052	\$445,000	\$423	2006
956 Fitzgerald Ave	Ventura	93003	1,052	\$489,000	\$465	2006
5519 Coltrane St	Ventura	93003	1,052	\$450,000	\$428	
130 N Garden #2221	Ventura	93001	1,082	\$569,000	\$526	2015
10702 Delphinium Dr	Ventura	93004	1,097	\$388,500	\$354	2017
1740 Tanager St Unit 2-102	Ventura	93003	1,154	\$525,000	\$455	2006
1740 Tanager St #102	Ventura	93003	1,154	\$525,000	\$455	2006
1690 Tanager St Unit 8-302	Ventura	93003	1,154	\$520,000	\$451	2007
6287 102 Turnstone St #102	Ventura	93003	1,154	\$565,000	\$490	2007
11190 Snapdragon St St	Ventura	93004	1,269	\$433,000	\$341	2011
67 S Ash St #2	Ventura	93001	1,279	\$725,000	\$567	2006
67 S Ash St	Ventura	93001	1,279	\$725,000	\$567	2006
793 E Santa Clara St #10	Ventura	93001	1,362	\$728,000	\$535	2006
796 Amethyst Ave	Ventura	93004	1,366	\$505,000	\$370	2007
8207 Sunstone St #176	Ventura	93004	1,366	\$528,000	\$387	2007
6287 Turnstone St #207	Ventura	93003	1,574	\$489,000	\$311	2006
1740 Tanager St #304	Ventura	93003	1,574	\$519,000	\$330	2006
Minimum			951	\$388,500	\$311	2005
Maximum			1,574	\$728,000	\$593	2017
Average			1,150	\$527,300	\$459	2008



TABLE 1

HOME SALES SURVEY  
 OWNERSHIP HOUSING DEVELOPMENT  
 INCLUSIONARY HOUSING IN-LIEU FEE EVALUATION  
 SAN BUENAVENTURA, CALIFORNIA

1

Address			Unit Size (SF)	Sales Price		Year Built
				Total	Per SF	
Three-Bedroom Units						
11133 Snapdragon St #105	Ventura	93004	1,336	\$490,000	\$367	2015
1008 Los Angeles Ave #102	Ventura	93004	1,336	\$485,000	\$363	2016
1008 Los Angeles Ave #105	Ventura	93004	1,336	\$505,000	\$378	2016
992 Los Angeles Ave #102	Ventura	93004	1,416	\$524,000	\$370	2016
8218 Silver Cir	Ventura	93004	1,526	\$702,500	\$460	2007
5520 Brubeck St	Ventura	93003	1,544	\$540,000	\$350	2006
11139 Snapdragon St #106	Ventura	93004	1,548	\$530,000	\$342	2015
11139 Snapdragon St #103	Ventura	93004	1,653	\$530,000	\$321	2015
166 Chickasaw St	Ventura	93001	1,658	\$598,000	\$361	2017
2695 Karok St	Ventura	93001	1,658	\$665,000	\$401	2018
8228 Silver Cir	Ventura	93004	1,668	\$713,000	\$427	2007
5616 Northwind Ct	Ventura	93003	1,681	\$625,000	\$372	2006
253 Los Altos Walk	Ventura	93004	1,744	\$650,000	\$373	2018
10548 Sausalito Rd	Ventura	93004	1,744	\$665,000	\$381	2018
8174 Quartz St	Ventura	93004	1,759	\$609,900	\$347	2007
5656 Dorsey St	Ventura	93003	1,963	\$537,000	\$274	2005
5606 Brubeck St	Ventura	93003	1,963	\$590,000	\$301	2006
5565 Dorsey St	Ventura	93003	1,963	\$658,000	\$335	2006
10559 San Jose St	Ventura	93004	2,287	\$745,000	\$326	2018
Minimum			1,336	\$485,000	\$274	2005
Maximum			2,287	\$745,000	\$460	2018
Average			1,673	\$598,000	\$357	2012

II. Single Family Homes

Three-Bedroom Units						
10734 N Bank Dr	Ventura	93004	1,637	\$617,000	\$377	2016
318 Plumas Ave	Ventura	93004	1,698	\$720,000	\$424	2013
10644 North Bank Dr	Ventura	93004	1,794	\$680,000	\$379	2016
10769 Delphinium Dr	Ventura	93004	1,794	\$635,000	\$354	2018
8151 Sunstone St	Ventura	93004	2,018	\$850,000	\$421	2007
8251 Medford St	Ventura	93004	2,143	\$786,000	\$367	2007
8146 Platinum St	Ventura	93004	2,143	\$789,000	\$368	2007
8234 Platinum St	Ventura	93004	2,143	\$700,000	\$327	2008
2754 Cameron Walk	Ventura	93001	2,165	\$865,000	\$400	2017
6295 Canary St	Ventura	93003	2,424	\$900,000	\$371	2006
1923 S Hill Rd	Ventura	93003	2,573	\$807,000	\$314	2006
2642 Kiowa St	Ventura	93001	2,603	\$849,000	\$326	2018
607 Chesapeake Pl	Ventura	93004	2,672	\$860,000	\$322	2005
Minimum			1,637	\$617,000	\$314	2005
Maximum			2,672	\$900,000	\$424	2018
Average			2,139	\$773,700	\$362	2011

TABLE 1

HOME SALES SURVEY  
 OWNERSHIP HOUSING DEVELOPMENT  
 INCLUSIONARY HOUSING IN-LIEU FEE EVALUATION  
 SAN BUENAVENTURA, CALIFORNIA

1

Address	Unit Size (SF)	Sales Price		Year Built		
		Total	Per SF			
Four-Bedroom Units						
11384 Beechnut St	Ventura	93004	1,958	\$782,500	\$400	2015
10650 N Bank Dr	Ventura	93004	2,187	\$789,000	\$361	2018
1807 Daffodil Ave	Ventura	93004	2,189	\$755,000	\$345	2017
1762 Impatiens Pl	Ventura	93004	2,189	\$726,000	\$332	2018
1781 Daffodil Ave	Ventura	93004	2,189	\$800,000	\$365	2018
10524 Telegraph Rd	Ventura	93004	2,223	\$820,000	\$369	2019
10534 Santa Monica St	Ventura	93004	2,251	\$851,000	\$378	2018
395 Silktree Ave	Ventura	93004	2,264	\$750,000	\$331	2015
11263 Darling Rd	Ventura	93004	2,272	\$670,000	\$295	2012
10549 San Jose St	Ventura	93004	2,287	\$729,900	\$319	2018
244 Alabama St	Ventura	93001	2,365	\$770,000	\$326	2017
2660 Cedar St	Ventura	93001	2,365	\$780,000	\$330	2018
1907 Tanager St	Ventura	93003	2,424	\$805,000	\$332	2006
672 Aquamarine Ave	Ventura	93004	2,448	\$850,000	\$347	2007
8134 Medford St	Ventura	93004	2,448	\$975,000	\$398	2007
290 S Saticoy Ave	Ventura	93004	2,564	\$1,025,000	\$400	2018
2672 Cedar St	Ventura	93001	2,604	\$775,000	\$298	2018
244 Los Altos St	Ventura	93004	2,677	\$940,000	\$351	2018
76 Los Altos St	Ventura	93004	2,677	\$969,000	\$362	2018
11245 Tiger Lily St	Ventura	93004	2,752	\$775,000	\$282	2013
216 Los Altos St	Ventura	93004	2,753	\$850,000	\$309	2018
104 Los Altos St	Ventura	93004	2,753	\$865,000	\$314	2018
122 S Saticoy Ave	Ventura	93004	2,781	\$915,000	\$329	2018
1016 Scenic Way Dr	Ventura	93003	2,926	\$1,370,000	\$468	2020
6250 Goldeneye St	Ventura	93003	2,950	\$965,000	\$327	2006
636 Aquamarine Ave	Ventura	93004	3,054	\$1,010,000	\$331	2007
576 Andorra Ln	Ventura	93003	3,060	\$1,286,000	\$420	2016
615 Charleston Pl	Ventura	93004	3,181	\$825,500	\$260	2005
516 Andorra Ln	Ventura	93003	3,574	\$1,300,000	\$364	2016
Minimum			1,958	\$670,000	\$260	2005
Maximum			3,574	\$1,370,000	\$468	2020
Average			2,564	\$887,000	\$346	2015
Five-Bedroom Units						
10576 San Leandro St	Ventura	93004	2,702	\$865,000	\$320	2018
953 Colina	Ventura	93003	2,884	\$1,430,000	\$496	2020
6351 Goldeneye St	Ventura	93003	2,950	\$980,000	\$332	2006
10765 Darling Rd	Ventura	93004	3,151	\$875,000	\$278	2006
276 S Saticoy Ave	Ventura	93004	3,343	\$1,225,000	\$366	2018
458 S Saticoy Ave	Ventura	93004	3,363	\$1,170,000	\$348	2018
Minimum			2,702	\$865,000	\$278	2006
Maximum			3,363	\$1,430,000	\$496	2020
Average			3,066	\$1,090,800	\$356	2014

<sup>1</sup> Based on a search of home sales occurring between September 2020 and September 2021. Premium priced custom built homes were excluded from the survey and were evaluated separately.

TABLE 2A

**AFFORDABLE SALES PRICE CALCULATIONS** <sup>1</sup>  
**SINGLE FAMILY HOME PROTOTYPE**  
**2021 INCOME STANDARDS**  
**OWNERSHIP HOUSING DEVELOPMENT**  
**INCLUSIONARY HOUSING IN-LIEU FEE EVALUATION**  
**SAN BUENAVENTURA, CALIFORNIA**

		Three-Bedroom Units	Four-Bedroom Units	Five-Bedroom Units
<b>General Assumptions</b>				
Estimated Market Rate Sales Price	2	\$959,000	\$1,044,000	\$1,175,000
Area Median Income	3	\$98,800	\$106,700	\$114,600
Annual Utilities Allowance	4	\$3,144	\$3,696	\$4,248
HOA, Maintenance & Insurance	5	\$100	\$125	\$150
<b>I. Moderate Income Units</b>				
<b>A. Affordable Sales Price Based on 110% AMI</b>				
Benchmark Annual Household Income		\$108,680	\$117,370	\$126,060
Income Allotted to Housing @ 35% of Income		\$38,040	\$41,080	\$44,120
<b>B. Property Taxes @ 1.15% of Market Rate Sales Price</b>				
		\$11,030	\$12,010	\$13,510
<b>C. Income Available for Mortgage</b>				
	6	\$23,766	\$25,249	\$26,212
<b>D. Affordable Sales Price</b>				
Supportable Mtg @ 3.87% Interest	7	\$421,400	\$447,700	\$464,800
Home Buyer Down Payment @ 5% of ASP		22,200	23,600	24,500
<b>Affordable Sales Price</b>		<b>\$443,600</b>	<b>\$471,300</b>	<b>\$489,300</b>
<b>II. Low Income Units</b>				
<b>A. Affordable Sales Price Based on 70% AMI</b>				
Benchmark Annual Household Income		\$69,160	\$74,690	\$80,220
Income Allotted to Housing @ 30% of Income		\$20,750	\$22,410	\$24,070
<b>B. Property Taxes @ 1.15% of Market Rate Sales Price</b>				
		\$11,030	\$12,010	\$13,510
<b>C. Income Available for Mortgage</b>				
	6	\$6,476	\$6,579	\$6,162
<b>D. Affordable Sales Price</b>				
Supportable Mtg @ 3.87% Interest	7	\$114,800	\$116,700	\$109,300
Home Buyer Down Payment @ 5% of ASP		6,000	6,100	5,800
<b>Affordable Sales Price</b>		<b>\$120,800</b>	<b>\$122,800</b>	<b>\$115,100</b>

<sup>1</sup> Based on 2021 Ventura County household incomes published by the California Housing & Community Development Department (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.

<sup>2</sup> Based in part on the results of the home sales survey.

<sup>3</sup> 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.

<sup>4</sup> Utilities allowances are based on the HACSB Single Family Home utility allowance schedule effective as of 7/1/21. Assumes: Gas Heating, Gas Cooking, Gas Water Heater, Basic Electric, Air Conditioning, Water, Sewer, and Trash.

<sup>5</sup> Based in part on the HOA dues identified in the home sales survey.

<sup>6</sup> Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.15% of Market Rate Sales Price.

<sup>7</sup> Based on a 50 basis points premium applied to the Bankrate site average as of October 1, 2021 for a fixed-interest rate loan with a 30-year amortization period.

TABLE 2B

**AFFORDABLE SALES PRICE CALCULATIONS** 1  
**TOWNHOME PROTOTYPE**  
**2021 INCOME STANDARDS**  
**OWNERSHIP HOUSING DEVELOPMENT**  
**INCLUSIONARY HOUSING IN-LIEU FEE EVALUATION**  
**SAN BUENAVENTURA, CALIFORNIA**

		Three-Bedroom Units	Four-Bedroom Units
<b>General Assumptions</b>			
Estimated Market Rate Sales Price	2	\$700,000	\$855,000
Area Median Income	3	\$98,800	\$106,700
Annual Utilities Allowance	4	\$3,144	\$3,696
HOA, Maintenance & Insurance	5	\$1,800	\$2,400
<b>I. Moderate Income Units</b>			
<b>A. Affordable Sales Price Based on 110% AMI</b>			
Benchmark Annual Household Income		\$108,680	\$117,370
Income Allotted to Housing @ 35% of Income		\$38,040	\$41,080
<b>B. Property Taxes @ 1.15% of Market Rate Sales Price</b>			
		\$8,050	\$9,830
<b>C. Income Available for Mortgage</b>			
	6	\$25,046	\$25,154
<b>D. Affordable Sales Price</b>			
Supportable Mtg @ 3.87% Interest	7	\$444,100	\$446,000
Home Buyer Down Payment @ 5% of ASP		23,400	23,500
<b>Affordable Sales Price</b>		<b>\$467,500</b>	<b>\$469,500</b>
<b>II. Low Income Units</b>			
<b>A. Affordable Sales Price Based on 70% AMI</b>			
Benchmark Annual Household Income		\$69,160	\$74,690
Income Allotted to Housing @ 30% of Income		\$20,750	\$22,410
<b>B. Property Taxes @ 1.15% of Market Rate Sales Price</b>			
		\$8,050	\$9,830
<b>C. Income Available for Mortgage</b>			
	6	\$7,756	\$6,484
<b>D. Affordable Sales Price</b>			
Supportable Mtg @ 3.87% Interest	7	\$137,500	\$115,000
Home Buyer Down Payment @ 5% of ASP		7,200	6,100
<b>Affordable Sales Price</b>		<b>\$144,700</b>	<b>\$121,100</b>

<sup>1</sup> Based on 2021 Ventura County household incomes published by the California Housing & Community Development Department (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.

<sup>2</sup> Based in part on the results of the home sales survey.

<sup>3</sup> 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.

<sup>4</sup> Utilities allowances are based on the HACSB Single Family Home utility allowance schedule effective as of 7/1/21. Assumes: Gas Heating, Gas Cooking, Gas Water Heater, Basic Electric, Air Conditioning, Water, Sewer, and Trash.

<sup>5</sup> Based in part on the HOA dues identified in the home sales survey.

<sup>6</sup> Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.15% of Market Rate Sales Price.

<sup>7</sup> Based on a 50 basis points premium applied to the Bankrate site average as of October 1, 2021 for a fixed-interest rate loan with a 30-year amortization period.

TABLE 2C

**AFFORDABLE SALES PRICE CALCULATIONS  
 SPECIFIC PLAN CONDOMINIUM PROTOTYPE  
 2021 INCOME STANDARDS  
 OWNERSHIP HOUSING DEVELOPMENT  
 INCLUSIONARY HOUSING IN-LIEU FEE EVALUATION  
 SAN BUENAVENTURA, CALIFORNIA**

		One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units
<b>General Assumptions</b>				
Estimated Market Rate Sales Price	2	\$449,000	\$578,000	\$605,000
Area Median Income	3	\$79,050	\$88,900	\$98,800
Annual Utilities Allowance	4	\$2,088	\$2,592	\$3,144
HOA, Maintenance & Insurance	5	\$4,500	\$4,800	\$5,100
<b>I. Moderate Income Units</b>				
<b>A. Affordable Sales Price Based on 110% AMI</b>				
Benchmark Annual Household Income		\$86,955	\$97,790	\$108,680
Income Allotted to Housing @ 35% of Income		\$30,430	\$34,230	\$38,040
<b>B. Property Taxes @ 1.15% of Market Rate Sales Price</b>				
		\$5,160	\$6,650	\$6,960
<b>C. Income Available for Mortgage</b>				
	6	\$18,682	\$20,188	\$22,836
<b>D. Affordable Sales Price</b>				
Supportable Mtg @ 3.87% Interest	7	\$331,300	\$358,000	\$404,900
Home Buyer Down Payment @ 5% of ASP		17,400	18,800	21,300
<b>Affordable Sales Price</b>		<b>\$348,700</b>	<b>\$376,800</b>	<b>\$426,200</b>
<b>II. Low Income Units</b>				
<b>A. Affordable Sales Price Based on 70% AMI</b>				
Benchmark Annual Household Income		\$55,335	\$62,230	\$69,160
Income Allotted to Housing @ 30% of Income		\$16,600	\$18,670	\$20,750
<b>B. Property Taxes @ 1.15% of Market Rate Sales Price</b>				
		\$5,160	\$6,650	\$6,960
<b>C. Income Available for Mortgage</b>				
	6	\$4,852	\$4,628	\$5,546
<b>D. Affordable Sales Price</b>				
Supportable Mtg @ 3.87% Interest	7	\$86,000	\$82,100	\$98,300
Home Buyer Down Payment @ 5% of ASP		4,500	4,300	5,200
<b>Affordable Sales Price</b>		<b>\$90,500</b>	<b>\$86,400</b>	<b>\$103,500</b>

<sup>1</sup> Based on 2021 Ventura County household incomes published by the California Housing & Community Development Department (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.

<sup>2</sup> Based in part on the results of the home sales survey.

<sup>3</sup> 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.

<sup>4</sup> Utilities allowances are based on the HACSB Single Family Home utility allowance schedule effective as of 7/1/21. Assumes: Gas Heating, Gas Cooking, Gas Water Heater, Basic Electric, Air Conditioning, Water, Sewer, and Trash.

<sup>5</sup> Based in part on the HOA dues identified in the home sales survey.

<sup>6</sup> Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.15% of Market Rate Sales Price.

<sup>7</sup> Based on a 50 basis points premium applied to the Bankrate site average as of October 1, 2021 for a fixed-interest rate loan with a 30-year amortization period.

TABLE 3

IN-LIEU FEE CALCULATIONS  
 OWNERSHIP HOUSING DEVELOPMENT  
 INCLUSIONARY HOUSING IN-LIEU FEE EVALUATION  
 SAN BUENAVENTURA, CALIFORNIA

		Single Family Home Prototype	Townhome Prototype	Specific Plan Condominium Prototype
<b>I.</b>	<b><u>Sales Price Difference</u></b>			
	<b>A. One-Bedroom Units</b>			
	Market Rate Sales Price			\$449,000
	Affordable Sales Price			348,700
	<b>Difference</b>			\$100,300
	<b>B. Two-Bedroom Units</b>			
	Market Rate Sales Price			\$578,000
	Affordable Sales Price			376,800
	<b>Difference</b>			\$201,200
	<b>C. Three-Bedroom Units</b>			
	Market Rate Sales Price	\$959,000	\$700,000	\$605,000
	Affordable Sales Price	443,600	467,500	426,200
	<b>Difference</b>	\$515,400	\$232,500	\$178,800
	<b>D. Four-Bedroom Units</b>			
	Market Rate Sales Price	\$1,044,000	\$855,000	
	Affordable Sales Price	471,300	469,500	
	<b>Difference</b>	\$572,700	\$385,500	
	<b>E. Five-Bedroom Units</b>			
	Market Rate Sales Price	\$1,175,000		
	Affordable Sales Price	489,300		
	<b>Difference</b>	\$685,700		
<b>II.</b>	<b><u>Distribution of Total Units</u></b>			
	One-Bedroom Units			30%
	Two-Bedroom Units			60%
	Three-Bedroom Units	45%	70%	10%
	Four-Bedroom Units	40%	30%	
	Five-Bedroom Units	15%		
<b>III.</b>	<b><u>Assumptions</u></b>			
	Total Units	49	23	40
	Total Saleable Area	138,300	44,230	44,800
	Weighted Avg Unit Size (Sf)	2,820	1,920	1,120
	Inclusionary Housing Percentage	15%	15%	15%
	Inclusionary Units	7	3	6
	Affordability Gap Per Inclusionary Unit <sup>4</sup>	\$563,900	\$278,400	\$168,700
<b>IV.</b>	<b><u>In-Lieu Fee</u></b>			
	Total In-Lieu Fee	\$3,947,300	\$835,200	\$1,012,200
	Per Total Unit in the Project	\$80,560	\$36,310	\$25,310
	Per Sf of Total Saleable Area	\$28.50	\$18.90	\$22.60

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

<sup>2</sup> See TABLE 2A, TABLE 2B, and TABLE 2C.

<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 prices and the Affordable Sales Prices.

**APPENDIX B**

**APARTMENT DEVELOPMENT  
INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS  
SAN BUENAVENTURA, CALIFORNIA**

**TABLE 1**

**RENT SURVEY 3 & 4 STAR PROPERTIES  
 APARTMENT DEVELOPMENT  
 INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS  
 SAN BUENAVENTURA, CALIFORNIA**

Name	Address	City	# of Units	Unit Size (SF)	Average Effective Rent		Year Built
					Total	Per SF	
<b>One-Bedroom Units</b>							
Citron Apartment Homes	11111 Citrus Drive	Ventura	34	601	\$1,925	\$3.20	2014
Ralston Courtyards	5525 Ralston Street	Ventura	84	711	\$2,236	\$3.14	2010
Vanoni Ranch	10676 Veronica Lane	Ventura	134	728	\$2,525	\$3.47	2005
Coastline Ventura	997 Vista Del Mar Place	Ventura	137	733	\$3,136	\$4.28	2020
Island View Apartments	6160 Promontory Lane	Ventura	70	776	\$2,408	\$3.10	2018
Parklands Apartments	10896 Telegraph Road	Ventura	50	810	\$2,839	\$3.50	2019
Santa Clara Courts	72 W Santa Clara Street	Ventura	6	835	\$2,205	\$2.64	2016
YOLO West Apartments	11114 Darling Road	Ventura	10	846	\$2,038	\$2.41	2019
	Minimum			601	\$1,925	\$2.41	
	Maximum			846	\$3,136	\$4.28	
	Weighted Average			736	\$2,601	\$3.54	
<b>Two-Bedroom Units</b>							
Ralston Courtyards	5525 Ralston Street	Ventura	24	891	\$2,841	\$3.19	2010
Vanoni Ranch	10676 Veronica Lane	Ventura	144	1,023	\$3,151	\$3.08	2005
Parklands Apartments	10896 Telegraph Road	Ventura	109	1,038	\$2,754	\$2.65	2019
Citron Apartment Homes	11111 Citrus Drive	Ventura	16	1,059	\$2,387	\$2.25	2014
Island View Apartments	6160 Promontory Lane	Ventura	84	1,085	\$3,112	\$2.87	2018
Coastline Ventura	997 Vista Del Mar Place	Ventura	91	1,087	\$3,701	\$3.40	2020
Santa Clara Courts	72 W Santa Clara Street	Ventura	13	1,170	\$2,778	\$2.37	2016
YOLO West Apartments	11114 Darling Road	Ventura	35	1,202	\$2,315	\$1.93	2019
	Minimum			891	\$2,315	\$1.93	
	Maximum			1,202	\$3,701	\$3.40	
	Weighted Average			1,058	\$3,054	\$2.90	



**TABLE 1**

**RENT SURVEY 3 & 4 STAR PROPERTIES  
 APARTMENT DEVELOPMENT  
 INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS  
 SAN BUENAVENTURA, CALIFORNIA**

Name	Address	City	# of Units	Unit Size (SF)	Average Effective Rent		Year Built
					Total	Per SF	
Three-Bedroom Units							
Citron Apartment Homes	11111 Citrus Drive	Ventura	4	1,249	\$2,767	\$2.22	2014
Vanoni Ranch	10676 Veronica Lane	Ventura	38	1,280	\$3,938	\$3.08	2005
Parklands Apartments	10896 Telegraph Road	Ventura	14	1,282	\$3,627	\$2.83	2019
Santa Clara Courts	72 W Santa Clara Street	Ventura	2	1,607	\$3,041	\$1.89	2016
Coastline Ventura	997 Vista Del Mar Place	Ventura	3	1,625	\$4,218	\$2.60	2020
	Minimum			1,249	\$2,767	\$1.89	
	Maximum			1,625	\$4,218	\$3.08	
	Weighted Average			1,306	\$3,774	\$2.90	

Source: CoStar, October 2021

TABLE 2

**AFFORDABLE RENT CALCULATIONS**  
**LOW INCOME UNITS**  
**2021 INCOME STANDARDS**  
**APARTMENT DEVELOPMENT**  
**INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS**  
**SAN BUENAVENTURA, CALIFORNIA**

1

		One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units
<b>I.</b>	<b><u>Household Income Assumptions</u></b>			
	Area Median Income (AMI)	\$79,050	\$88,900	\$98,800
	Percentage of AMI Used for Rent Setting Purposes	60%	60%	60%
	Benchmark Annual Household Income	\$47,430	\$53,340	\$59,280
<b>II.</b>	<b>Percentage of Income Allotted to Housing Expenses</b>	30%	30%	30%
<b>III.</b>	<b><u>Gross Affordable Rent</u></b>			
	Annual	\$14,229	\$16,002	\$17,784
	Monthly	\$1,186	\$1,334	\$1,482
<b>IV.</b>	<b>(Less) Monthly Utilities Allowance</b>	(\$76)	(\$100)	(\$128)
<b>V.</b>	<b>Net Affordable Rent</b>	\$1,110	\$1,234	\$1,354

<sup>1</sup> Based on Ventura County household incomes published by the California Housing & Community Development Department (HCD). The Affordable rent calculations are based on the California Health and Safety Code Section 50053 methodology.

<sup>2</sup> Under the California Health & Safety Code Section 50053 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 Rent. It is neither an occupancy cap nor a floor.

<sup>3</sup> Households earning up to 80% of AMI, based on the household's actual size, are qualified to rent a Low Income unit. The 60% of AMI factor is used solely for calculating the Affordable Rent.

<sup>4</sup> Utilities allowances are based on the HACSB energy efficient apartment utility allowance schedule effective as of 7/1/21. Assumes: Gas Heating, Gas Cooking, and Gas Water Heater; Basic Electric; and Air Conditioning.

TABLE 3

**IN-LIEU FEE CALCULATIONS  
APARTMENT DEVELOPMENT  
INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS  
SAN BUENAVENTURA, CALIFORNIA**

		Unleveraged Coastal Apartment Prototype	Unleveraged Inland Apartment Prototype	Unleveraged Specific Plan Apartment Prototype
<b>I. Rent Difference</b>				
<b>A. One-Bedroom Units</b>				
Market Rents	1	\$3,210	\$2,830	\$3,180
Affordable Rent	2	1,110	1,110	1,110
<b>Difference</b>		\$2,100	\$1,720	\$2,070
<b>B. Two-Bedroom Units</b>				
Market Rents	1	\$3,210	\$2,830	\$3,180
Affordable Rent	2	1,234	1,234	1,234
<b>Difference</b>		\$1,977	\$1,597	\$1,947
<b>C. Three-Bedroom Units</b>				
Market Rents	1			\$3,480
Affordable Rent	2			1,354
<b>Difference</b>				\$2,126
<b>II. Distribution of Total Units</b>	3			
One-Bedroom Units		60%	30%	30%
Two-Bedroom Units		40%	70%	60%
Three-Bedroom Units		0%	0%	10%
<b>III. Annual Rent Difference Per Inclusionary Unit</b>		\$24,609	\$19,604	\$24,019
<b>Less: Property Tax Difference</b>	4	(6,290)	(5,010)	(6,140)
<b>Net Annual Rent Difference Per Inclusionary Unit</b>		\$18,319	\$14,594	\$17,879
<b>IV. Assumptions</b>				
Total Units		100	120	40
Total Leasable Area		89,000	121,200	44,800
Weighted Avg Unit Size (Sf)		890	1,010	1,120
Inclusionary Housing Percentage		15%	15%	15%
Inclusionary Units		15	18	6
Affordability Gap Per Inclusionary Unit	5	\$351,000	\$239,000	\$287,000
<b>V. In-Lieu Fee</b>				
Total In-Lieu Fee		\$5,265,000	\$4,302,000	\$1,722,000
Per Total Unit in the Project		\$52,650	\$35,850	\$43,050
Per Square Foot of Total Leasable Area		\$59.20	\$35.50	\$38.40

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

<sup>2</sup> See TABLE 2.

<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 4.5% 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.

**APPENDIX C**

**PRO FORMA ANALYSES**

**TAX EXEMPT MULTIFAMILY BONDS + 4% LOW INCOME HOUSING TAX CREDITS**

**APARTMENT DEVELOPMENT**

**INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS**

**SAN BUENAVENTURA, CALIFORNIA**

APPENDIX C - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 TAX EXEMPT MULTIFAMILY BONDS + 4% LOW INCOME HOUSING TAX CREDITS  
 APARTMENT DEVELOPMENT  
 INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS  
 SAN BUENAVENTURA, CALIFORNIA

<b>I. Land Acquisition &amp; Infrastructure Costs</b>	1	87,120 Sf Land	\$35 /Sf Land	\$3,049,000
<b>II. Direct Costs</b>	2			
On-Site Improvements		87,120 Sf Land	\$30 /Sf Land	\$2,614,000
Above-Ground Parking	3	75 Spaces	\$20,000 /Space	1,500,000
Building Costs		40,000 SF GLA	\$150 /Sf GLA	6,000,000
Contractor Costs	4	16.0% Construction Costs		1,618,000
Direct Cost Contingency Allowance		5.0% Other Direct Costs		587,000
<b>Total Direct Costs</b>		50 Units	\$246,400 /Unit	\$12,319,000
<b>III. Indirect Costs</b>				
Architecture, Engineering & Consulting		8% Direct Costs		\$986,000
Public Permits & Fees	5	50 Units	\$61,890 /Unit	3,095,000
Taxes, Insurance, Legal & Accounting		2.0% Direct Costs		246,000
Marketing/Leasing		50 Units	\$1,000 /Unit	50,000
Developer Fee	6	14.3% Eligible Costs		2,500,000
Soft Cost Contingency		5.0% Other Indirect Costs		344,000
<b>Total Indirect Costs</b>				\$7,221,000
<b>IV. Financing Costs</b>				
Interest During Construction				
Series A Bond	7	\$6,817,000 Financed	4.0% Interest	\$291,000
Series B Bond	8	\$11,530,500 Financed	4.0% Interest	492,000
Bond Origination Fees				
Series A Bond		\$6,817,000 Financed	2.00 Points	136,000
Series B Bond		\$11,530,500 Financed	2.00 Points	231,000
Operating Reserve		3 Months Operating Expenses/Debt Service.		171,000
Tax Credit Costs	9			30,000
<b>Total Financing Costs</b>				\$1,351,000
<b>V. Total Construction Cost</b>		50 Units	\$417,800 /Unit	\$20,891,000
<b>Total Development Cost</b>		50 Units	\$478,800 /Unit	\$23,940,000

1 Estimated in part based on a sales survey of properties located in Ventura.

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

3 The parking estimate is based on the assumption that one space per unit will be provided for studio and one-bedroom units, two spaces per unit will be provided for two- and three-bedroom units, and no guest spaces will be provided. This is reduction in parking standards is allowed by the Government Code Section 65915 p density bonus.

4 Includes contractors' fees, general requirements, profit and builder's risk insurance.

5 Based on estimates presented in the July 2021 draft Housing Element.

6 Equal to the lesser of \$2.50 million or 15% of eligible costs.

7 Based on the total amount of permanent debt supported by the Project. Assumes 18 months of construction, after receipt of entitlements, with a 60% average outstanding balance, and 2 months of lease up with a 100% average outstanding balance.

8 Based on the unfunded costs during the construction period minus the Series A Bond. Assumes 18 months of construction, after receipt of entitlements, with a 60% average outstanding balance, and 2 months of lease up with a 100% average outstanding balance.

9 Includes a \$2,000 application fee; a \$410 per unit monitoring fee; and 1% of the gross Tax Credit proceeds for one year.

APPENDIX C - TABLE 2

**STABILIZED NET OPERATING INCOME  
TAX EXEMPT MULTIFAMILY BONDS + 4% LOW INCOME HOUSING TAX CREDITS  
APARTMENT DEVELOPMENT  
INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS  
SAN BUENAVENTURA, CALIFORNIA**

<b>I. Gross Income</b>	<sup>1</sup>		
<b>A. 60% Tax Credit AMI</b>			
Studio Units	4 Units	\$1,138 /Unit/Month	\$54,600
One-Bedroom Units	16 Units	\$1,216 /Unit/Month	233,500
Two-Bedroom Units	16 Units	\$1,454 /Unit/Month	279,200
Three-Bedroom Units	4 Units	\$1,676 /Unit/Month	80,400
<b>B. 50% Tax Credit AMI</b>			
Studio Units	1 Unit	\$942 /Unit/Month	11,300
One-Bedroom Units	4 Units	\$1,006 /Unit/Month	48,300
Two-Bedroom Units	4 Units	\$1,202 /Unit/Month	57,700
Three-Bedroom Units	1 Unit	\$1,384 /Unit/Month	16,600
<b>C. Laundry &amp; Miscellaneous Income</b>	50 Units	\$25 /Unit/Month	15,000
<b>Gross Income</b>			\$796,600
(Less) Vacancy & Collection Allowance	5.0% Gross Income		(39,800)
<b>Effective Gross Income</b>			\$756,800
<b>II. Operating Expenses</b>			
General Operating Expenses	50 Units	\$5,000 /Unit	\$250,000
Management Fee	6.0% Effective Gross Income		45,400
Property Taxes	<sup>2</sup> 50 Units	\$236 /Unit	11,800
Capital Reserve	<sup>3</sup> 50 Units	\$300 /Unit	15,000
<b>Total Operating Expenses</b>	50 Units	\$6,440 /Unit	\$322,200
<b>III. Stabilized Net Operating Income</b>			\$434,600

<sup>1</sup> Gross rents are based on the applicable 2021 rents published by TCAC. The net rent includes a deduction for utilities allowances that are based on the amounts published by HACSB on 7/1/21. The allowances are based on Gas Heating; Gas Cooking; Gas Water Heater; Basic Electric; and Air Conditioning..

<sup>2</sup> Assumes that the project will receive the property tax abatement that is accorded to nonprofit organizations that own and operate rental units that are restricted to households that earn less than 80% of the AMI.

<sup>3</sup> Based on the minimum contribution required by TCAC.

APPENDIX C - TABLE 3

UNFUNDED FINANCIAL GAP  
 TAX EXEMPT MULTIFAMILY BONDS + 4% LOW INCOME HOUSING TAX CREDITS  
 APARTMENT DEVELOPMENT  
 INCLUSIONARY HOUSING: IN-LIEU FEE ANALYSIS  
 SAN BUENAVENTURA, CALIFORNIA

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I. Available Funding Sources

A. Supportable Tax-Exempt Multifamily Bond

Stabilized Net Operating Income	<sup>1</sup>	\$434,600	
Income Available for Mortgage		120% DSCR	\$362,200 Debt Service
		4.0% Interest Rate	5.31% Mtg Constant

Supportable Tax-Exempt Multifamily Bond \$6,817,000

B. Net Federal Tax Credit Value <sup>2</sup> \$7,204,000

Total Available Funding Sources \$14,021,000

II. Total Development Cost See APPENDIX C - TABLE 1 (\$23,940,000)

III. **Unfunded Financial Gap** 50 Units **(\$198,400) /Unit** **(\$9,919,000)**

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<sup>1</sup> See APPENDIX C - TABLE 2.

<sup>2</sup> Assumes a \$20.01 million Adjusted Eligible Basis, which includes a 0% difficult-to-develop premium; a 4.0% Tax Credit rate; and an applicable fraction of 100%. The Syndication Value is set at \$0.90/dollar.