

RESIDENTIAL SECTOR FEASIBILITY STUDY

Prepared for:

City of Escondido

Prepared by:

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I. INTRODUCTION

A. Objective

The City of Escondido (City) engaged Keyser Marston Associates, Inc. (KMA) to prepare this Residential Sector Feasibility Study (Study) to address the feasibility of different residential product types and densities as part of the City's Housing Element update for the 2021-2029 planning cycle.

As background, in recent years, the City has experienced a high level of developer interest in in-fill housing. Development of hundreds of multi-family rental and condominium units are currently under construction or planned for the City's downtown area. The City is largely built out and has a limited supply of vacant land for additional housing. The City seeks to evaluate the various regulatory and non-regulatory factors that constrain market-rate and affordable housing development on the remaining available parcels and underutilized properties.

This Study presents the economic analysis prepared by KMA to evaluate: (1) the financial feasibility of various new construction residential product types and densities; and (2) the cost for developers to comply with an on-site affordable housing obligation should the City decide to pursue the adoption of an inclusionary housing program.

B. Methodology

KMA performed the following key work tasks in completing this analysis.

1. Conducted a review of regional and local market trends for residential development.
2. Collected and reviewed third-party residential market data related to inventory, rental rates, and property values.
3. Prepared long-term residential demand projections.
4. Formulated project descriptions for residential development prototypes in coordination with City planning staff.
5. Prepared financial pro forma models to estimate the residual land value generated by each residential prototype under three scenarios: (a) at 100% market-rate; (b) mixed-income; and (c) 100% affordable.

C. Organization of Report

This Study is organized into the following key sections:

- Following this introduction, Section II presents the KMA key findings.
- Section III presents an overview of current residential market trends and factors affecting new residential development in the City.
- Section IV presents the financial feasibility analysis assuming the residential development prototypes at 100% market-rate.
- Section V presents the financial feasibility analysis assuming that the residential development prototypes incorporate a range of potential inclusionary housing requirements on-site.
- Section VI presents the financial feasibility analysis assuming the residential development prototypes are developed as an affordable housing development financed with Low Income Housing Tax Credits (Tax Credits).
- Section VII presents limiting conditions pertaining to this Study.
- Our detailed technical analyses are presented in the Appendices.

II. KEY FINDINGS

A. Financial Feasibility Analysis - 100% Market-Rate

Residential Development Prototypes

The KMA 100% market-rate financial feasibility analysis evaluates the financial feasibility of various new construction residential product types and densities. The KMA feasibility analyses identified a range of residential development prototypes currently planned, reasonably anticipated, under development, or recently completed in the City. The development prototypes are described in Table II-1 below.

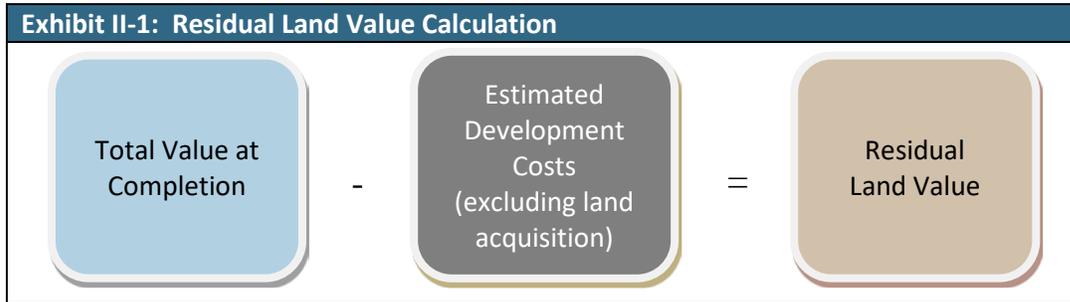
Table II-1: Residential Prototypes					
		Acres	Units/Acre	Units	Average Unit Size
FOR-SALE					
A	Townhomes	3.0	20	60	1,365 SF
B	Stacked Flats with Tuck-Under Parking	1.0	45	45	900 SF
C	Stacked Flats over Podium/Subterranean Parking	1.0	100	100	875 SF
RENTAL					
D	Garden Apartments	5.0	30	150	890 SF
E	Stacked Flats with Tuck-Under Parking	1.0	45	45	820 SF
F	Stacked Flats with Wrap Parking	4.0	65	260	1,040 SF
G	Stacked Flats over Podium/Subterranean Parking	1.0	100	100	775 SF

Residual Land Value vs. Typical Land Costs

For each of the residential prototypes described above, KMA prepared financial pro forma models comparing: (a) the residual land value for 100% market-rate development and (b) typical land acquisition costs for each development prototype.

- *Residual Land Value* - Residual land value is defined as the maximum land value supported by a proposed development. It is calculated by estimating the total value upon completion and subtracting the estimated total development costs (other than land acquisition costs) required to develop the project. All pro forma inputs used in the KMA analysis – development costs, market prices and rents, and market value upon completion for the rental prototypes -- are based on

current market conditions. The residual land value for each residential prototype is derived from the following calculation:



- *Typical Land Costs* – KMA surveyed comparable land acquisition costs for multi-family residential development in Escondido, Inland North County, and Countywide. Based on these surveys, KMA estimated typical acquisition costs for each of the prototype residential developments. Typically, sellers (existing landowners) have an expectation of property value based on the maximum number of residential units allowed under the applicable zoning, while buyers (developers) value land based on the number of residential units that they determine will be feasible to build. In some cases, the maximum density allowed by the underlying zoning is physically and financially feasible. In other cases, the zoning allowance may exceed the number of units that are feasible within specific construction types under near-term market conditions. For this reason, it is often useful to evaluate sales prices for comparable residential properties sold relative to the project type and unit count proposed by the respective buyers, rather than the maximum unit count allowed under the zoning.

Financial feasibility was measured by comparing the residual land value for the 100% market-rate development vs. typical acquisition costs for the respective development prototype. KMA estimated typical acquisition costs for each of the prototype residential developments, based on surveys of the prevailing land prices paid by developers of multi-family projects throughout the County over the last five years. (Higher value areas such as coastal communities and Downtown San Diego have been excluded from these estimates.) If the residual land values fall within the range of typical land acquisition costs, then the prototype is generally determined to be feasible. If the residual land value is less than the typical cost to acquire the site, then the prototype is determined to be infeasible and will need to address economic challenges.

Table II-2 provides a summary of the outcome of the 100% market-rate financial feasibility analyses.

Table II-2: Financial Feasibility of Development Prototypes					
FOR-SALE			RENTAL		
For-Sale Development Prototypes		Prototype Financial Feasibility	Rental Development Prototypes		Prototype Financial Feasibility
A	Townhomes	Yes	D	Garden Apartments	Yes
B	Stacked Flats with Tuck-Under Parking	No	E	Stacked Flats with Tuck-Under Parking	Yes
C	Stacked Flats over Podium/ Subterranean Parking	No	F	Stacked Flats with Wrap Parking	Yes
	---	---	G	Stacked Flats over Podium/ Subterranean Parking	No

As shown above, townhomes were the only for-sale residential prototype found to be financially feasible under current market conditions. Project feasibility for the rental prototypes was found to be stronger, with all but one of the prototypes demonstrating financial feasibility under current market conditions. Residual land value models are necessarily subject to fluctuation as market and financial parameters evolve. Over the long term, if market prices and rents escalate more rapidly than construction costs, some of the higher-density development prototypes that were determined to be infeasible in the current market would likely become feasible. Conversely, if construction costs escalate more rapidly than market prices and rents, some of the prototypes that were determined to be feasible may become infeasible.

B. Financial Feasibility Analysis – Mixed-Income

Economic Impact of On-Site Inclusionary Compliance

To test the viability of potential inclusionary housing requirements, KMA prepared financial pro forma models for each of the residential development prototypes with varying levels of affordable housing set-aside for Very Low Income (earning up to 50% Area Median Income [AMI]) and Low Income (earning up to 80% AMI) households.

The economic impact of the potential inclusionary requirements was measured by comparing: (a) the residual land value for a 100% market-rate development, with (b) the residual land value assuming that a range of targeted affordability levels are imposed. The difference in residual land value represents the impact of the potential inclusionary requirement on a landowner.

Table II-3 provides a summary of the outcome of the mixed-income feasibility analysis for the three (3) for-sale and four (4) for-rent residential development prototypes evaluated in this Study. The figures below reflect the residual land value for a 100% market-rate development and the residual land value when a 10% inclusionary requirement is imposed at various income levels.

Table II-3: Economic Impact of Incorporating Affordable Housing On-Site					
Residual Land Value (\$/SF Land)		Base Case 100% Market-Rate	Inclusionary Requirement Evaluated		
			10% Low	5% Very Low 5% Low	10% Very Low
FOR-SALE					
A	Townhomes % Change	\$35/SF ---	\$23/SF -35%	---	---
B	Stacked Flats with Tuck-Under Parking % Change	(\$4)/SF ---	(\$26)/SF N/A	---	---
C	Stacked Flats over Podium/Subterranean Parking % Change	(\$42)/SF ---	(\$103)/SF N/A	---	---
RENTAL					
D	Garden Apartments % Change	\$31/SF ---	\$17/SF -46%	\$16/SF -50%	\$14/SF -54%
E	Stacked Flats with Tuck-Under Parking % Change	\$40/SF ---	\$12/SF -71%	\$10/SF -76%	\$8/SF -80%
F	Stacked Flats with Wrap Parking % Change	\$63/SF ---	\$3/SF -95%	\$0/SF -99%	(\$2)/SF N/A
G	Stacked Flats over Podium/Subterranean Parking % Change	\$34/SF ---	(\$36)/SF N/A	(\$41)/SF N/A	(\$44)/SF N/A

As shown above, imposing a 10% affordable housing inclusionary requirement would result in the following economic impacts.

- A 10% Low Income inclusionary requirement for for-sale townhome development decreased residual land value by \$35 to \$23 per SF. A \$23 per SF residual land value is within the typical acquisition cost range for townhome developments, indicating that this level of inclusionary requirement is potentially feasible. As for the for-sale stacked flats with tuck-under parking and stacked flats over podium/subterranean parking, a 10% Low Income inclusionary requirement resulted in *negative* residual land values. A *negative* residual land value would not support a feasible project.
- The 10% inclusionary requirements evaluated for the rental development prototypes decreased residual land values by -46% to -99%. The resulting residual land values would not support a feasible project.

According to CoStar, a real estate data research firm between 1990-2020, land values in San Diego County increased by approximately 3% per year. On this basis, it appears that the significant impacts on residual land value identified above would likely not be absorbed by the marketplace in the near term.

For any new affordable housing inclusionary requirement, a period of adjustment may be needed for the development marketplace to adjust to new set-aside requirement. Specifically, developers and landowners will need to consider how to incorporate a mixed-income development into their financial pro formas and/or evaluate alternative means of compliance with an inclusionary requirement.

Change in Price/Rent Needed to Offset Inclusionary Requirement

As an alternative means of comparison, KMA estimated the degree to which market-rate sales prices and rents would need to increase in order to achieve the same residual land values for any of the inclusionary housing scenarios when compared to the corresponding base case scenario. (KMA conducted this exercise only for those prototypes where the base case scenario was found to be feasible.) The outcome of this analysis is detailed in Section V of this Study and summarized as follows:

- To offset the economic impact of a 10% Low Income inclusionary requirement, the townhome development prototype would need to achieve increased sales prices by \$34,000 per unit.
- To offset the economic impact of a 10% Low Income inclusionary requirement, the rental development prototypes would need to achieve increased monthly rents by \$136 to \$258.
- To offset the economic impact of a 5% Low Income and 5% Very Low inclusionary requirement, the rental development prototypes would need to achieve increased monthly rents by \$149 to \$271.
- To offset the economic impact of a 10% Very Low Income inclusionary requirement, the rental development prototypes would need to achieve increased monthly rents by \$160 to \$282.

This measure of impact is not a conclusion that developers can or should increase market rents or prices to offset the economic impact of an inclusionary requirement. Rather, this measure is meant to provide an order-of-magnitude estimate of the increase in market price/rent that would be sufficient to offset the economic impact of an inclusionary requirement.

C. Financial Feasibility Analysis – 100% Affordable

KMA also prepared a financial feasibility analysis assuming that the rental residential prototypes are developed in a standalone project with all units restricted as affordable. For the purposes of this Study, KMA assumed all units would be restricted to households at 30% of AMI to 60% of AMI, with an average level of affordability at 45% of AMI (Very Low). This assumed affordability mix is reflective of the most likely scenario needed to competitively apply for a tax-exempt bond financing allocation and 4% Low Income Housing Tax Credits, the Federal Home Loan Bank's Affordable Housing Program (AHP), and/or

other State funding sources such as the Multi-Family Housing Program (MHP), the Infill infrastructure Grant Program (IIG), and the Affordable Housing Sustainable Communities Program (AHSC). The purpose of the 100% affordable financial feasibility analysis is to estimate the economic impact of providing affordable rental housing in an off-site location rather than including it on-site as part of a mixed-income development. The outcome of this analysis reflects the financing gap associated with an off-site affordable housing development and represents the financial impact on a market-rate developer who would meet their affordable housing inclusionary obligation through the development of off-site affordable rental housing. The outcome of the 100% affordable financial feasibility analysis is detailed in Section VI of this Study and summarized in Table II-4.

Table II-4: Estimate of Financing Gap per Affordable Unit: Off-Site 100% Affordable Housing Development					
RENTAL					
	H	I	J	K	Average
	Garden Apartments	Stacked Flats with Tuck-Under Parking	Stacked Flats with Wrap Parking	Stacked Flats over Podium/ Subterranean Parking	
Financing Gap per Affordable Unit	(\$88,000)	(\$168,000)	(\$201,000)	(\$133,000)	(\$148,000)

As shown above, KMA estimates that 100% affordable housing developments have an estimated average financing gap of \$148,000 per unit. In other words, for a market-rate developer to facilitate creation of off-site affordable housing, it would need to contribute \$148,000 per affordable rental unit.

This financing gap can also be expressed on a per market-rate unit basis. For example, if the City were to require a 10% inclusionary set-aside, a developer would need to contribute an average \$14,800 per market-rate unit (10% of \$148,000). Assuming an average unit size of 848 SF for the rental development prototypes, this financial contribution equates to an average \$17 per net SF of living area for the market-rate rental development prototypes.

III. OVERVIEW OF RESIDENTIAL MARKET TRENDS

This section presents an overview of current market conditions and key issues affecting demand and potential development opportunities with respect to residential uses in the City.

A. Regional Trends

At the beginning of 2020, the San Diego County housing market was predicted to be the strongest market in the State. San Diego home prices are nearly three times the national average. Historically low interest rates and a limited supply of for-sale homes have increased buyer demand. According to the San Diego Association of Realtors (SDAR), the median sales price for single-family home resales in the County in March 2021 was \$810,000, an increase of 20.7% from the prior year. During the first quarter 2021, the number of single-family resales increased slightly from 4,821 homes sold during the first quarter 2020, compared to 5,092 homes sold during the same period in 2021. The median sales price of attached home resales experienced a year-over-year increase of 14.4% to \$515,000 in March 2021. The number of attached homes resales also increased from 2,616 homes sold during the first quarter 2020, compared to 3,081 homes during the first quarter 2021.

There are currently more multi-family housing units under construction in the County than single-family units. COVID-19-related job losses in 2020 resulted in a slight 0.3% decrease in rents from the previous year, for the first time since the Great Recession between 2007-2009. The decrease in rental rates is primarily associated with luxury rental complexes, as landlords are willing to provide free rent to new tenants as an incentive to occupy units. It is projected that 9,200 units are currently under construction, and an additional 28,000 units are in the planning and permitting stages, in the County. This indicates that despite the economic impacts of COVID-19, multi-family development continues to be steady as State and local officials implement policy changes (i.e., moratorium on residential evictions), safety guidelines on construction sites, and digital permitting processes for developers.

Moreover, CBRE, a full service commercial real estate firm, forecasts a return to pre-COVID vacancy levels and a 6.0% increase in net effective rents, with a full recovery of the multi-family market occurring in 2022. The economic recovery, primarily through expanded employment opportunities, is expected to increase demand for multi-family apartments. According to CBRE, demand levels in 2021 are likely to fall short of pre-COVID peaks in 2018 and 2019, but should rise significantly from 2020. Indications of a rebounding rental market has begun to show. CoStar reports a steady increase in rental rates over the last five months with the average rent in San Diego increasing by 5.8% since last year.

B. City of Escondido

The City currently contains approximately 49,000 existing housing units, of which 51% are single-family detached. According to the SDAR, the median sales price for single-family for-sale homes in the City in

March 2021 was \$740,000¹, a 17.8% increase from the prior year. The median sales price in the City is 9.5% lower than the County median. As of March 2021, the median sales price for an attached home in the City was \$377,000¹, a 20.8% increase from the prior year. In March 2021, sales prices for attached homes sold in the City were 26.8% lower than the County median. Median prices for attached homes in the City have historically been lower than the County, as most attached housing stock in the City is older. Similar to County trends, the number of closed sales in the City were higher during the first quarter 2021 than for the same period last year.

County development trends indicate that production of new multi-family housing will continue at a steady rate. In recent years, the City has experienced an influx of housing development applications, many of which consist of multi-family rental and for-sale developments.

C. Comparison of Income Distribution

KMA also reviewed the household incomes in the City compared to the County. As shown in Table III-1, the City’s per capita and household income levels are lower when compared to the County.

Table III-1: Household and Per Capita Income			
	Median Household Income	Average Household Income	Per Capita Income
Escondido	\$62,973	\$87,918	\$27,390
County of San Diego	\$80,917	\$110,695	\$39,060
Sources: U.S. Census Bureau, Census 2020 Summary, Esri Business Analyst Online			

KMA also reviewed income distribution in the City vs. the County. As shown in Table III-2, approximately 43% of the City’s households earn incomes higher than \$75,000; comparatively, 54% of the households in the County exceed this threshold.

Table III-2: Household Income Distribution					
	< \$25,000	\$25,000- \$74,999	\$75,000 - \$99,999	\$100,000 - \$149,000	\$150,000 +
Escondido	16.8%	40.1%	12.3%	15.9%	14.9%
County of San Diego	13.6%	32.7%	12.6%	18.6%	22.5%
Sources: U.S. Census Bureau, Census 2020 Summary, Esri Business Analyst Online					

¹ Reflects weighted average of median sales prices for zip codes 92025, 92026, 92027, and 92029.

D. Key Issues Affecting Residential Development

Based on a review of regional and local residential trends, KMA identified the following key issues likely to affect residential development within the City.

- The State, County, and City are not producing an adequate supply of housing units. According to the California Department of Housing and Community Development’s Final Statewide Housing Assessment, the State will need to add approximately 1.8 million additional housing units from 2018 to 2025. Moreover, by 2029, the County must plan for the addition of an estimated 171,685 units.
- According to the 6th Regional Housing Needs Assessment Plan (RHNA), the City of Escondido needs to update their planning documents and zoning codes to accommodate the production of 9,607 units by 2029.
- The San Diego region is experiencing a paradigm shift – as remaining greenfield sites are built out – from auto-oriented, single-family detached subdivisions to medium- to high-density multi-family development. Studies have shown that housing developed in mixed-use districts -- with walkable environments, diverse land uses, a variety of goods and services, and access to public transit -- command higher economic values over auto-oriented, single-family detached subdivisions.
- From 2020 to 2029, the vast majority of anticipated population growth in the County can be attributed to an aging population. As shown In Table III-3, by 2029, population age 60 and over is projected to increase by approximately 138,000, accounting for 94% of the total absolute change. This age group is also expected to be the fastest growing during this time period, experiencing an average annual growth rate of 2.0%. By contrast, the prime working age groups of 20- to 39-year-olds and 40- to 59-year-olds are projected to grow at annual rates of only 0.1% and 0.4%, respectively.

Table III-3: Population Growth by Age Group, County of San Diego							
Age Group	2020		2029		Absolute Change	% of Total Change	Average Annual Change
	Total	% of Total	Total	% of Total			
0 – 19	869,131	26%	846,632	24%	(22,499)	-15%	-0.3%
20 – 39	1,015,635	30%	1,020,663	29%	5,028	3%	0.1%
40 -59	796,975	24%	822,600	23%	25,625	18%	0.4%
60+	688,977	20%	826,470	24%	137,793	94%	2.0%
Total	3,370,418	100%	3,516,365	100%	145,947	100%	0.5%
Source: State of California, Department of Finance, P-2, County Population Projections, (2010-2060)							

- There is continued development pressure throughout the County to redevelop/rezone non-residential land to residential and mixed-use development.
- There continues to be significant unmet demand for housing both regionally and Statewide. The City is well-positioned to attract new housing development given its access to transit and both the I-15 and SR-78 corridors, proximity to major employment centers, and presence of older non-residential properties suitable for reinvestment and/or re-use.

E. Projected Residential Market Demand

KMA prepared a Citywide residential demand projection through 2050. The KMA analysis was based on the anticipated growth of housing units in the County and applying capture rates to estimate the number of housing units that can be supported in the City.

Table III-4 presents historical capture rates of new housing development for the City in comparison with the County. In 2000, the City contained 4.3% of the total housing units in the County. By 2020, this share had dropped slightly to 4.0%. This trend reflects the gradual build-out of the City’s residentially zoned land, while other areas of the County still have remaining greenfield sites for development. Over the past 20 years, the City added an average of approximately 200 units per year, accounting for 2.2% of the County’s average annual housing production.

Table III-4: Historical Housing Inventory Trends, Escondido vs. County of San Diego				
Housing Units ⁽¹⁾	2000	2010	2020	Average Annual Change
Escondido	45,092	48,044	49,211	206
County of San Diego	1,040,149	1,164,028	1,226,879	9,337
City as % of County	4.3%	4.1%	4.0%	2.2%
(1) Includes mobile homes. Source: California Department of Finance				

Table III-5 shows that based on the City’s historical capture rate of Countywide residential growth, KMA estimates that the City has the potential to capture between 4.0% and 6.0% of the County’s new units. This KMA forecast takes into account the City’s location with respect to regional employment concentrations, commuting patterns, existing and anticipated transit services, and the paradigm shift in recent years towards in-fill and higher density development. The City is well positioned within the region to capture this type of growth, particularly in its Downtown area. On this basis, KMA estimates that the City can support a total of 20,000 to 30,500 new units through 2050.

Table III-5: Summary of Residential Demand, 2020-2050		
County of San Diego, Additional Housing Units through 2050 ⁽¹⁾	509,000 total units 16,967 units/year	
Potential Capture - City	4.0%	6.0%
Projected Units Per Year – City (Rounded)	700 Units/Year	1,020 Units/Year
Total Housing Unit Growth - City	20,000 Units	30,500 Units
(1) Based on May 2018 SANDAG estimates. It is estimated that approximately 509,000 housing units will be needed by 2050.		

IV. FINANCIAL FEASIBILITY ANALYSIS – 100% MARKET-RATE

A. Residential Development Prototypes

To evaluate the financial feasibility of various new construction residential product types and densities, KMA identified residential development prototypes reflective of the types of development projects occurring, and reasonably anticipated to occur, throughout the City. Table IV-1 provides a summary of the three (3) new construction for-sale residential prototypes identified based on discussions with City staff.

Table IV-1: Project Descriptions for Development Prototypes – For-Sale			
FOR-SALE			
	A	B	C
	Townhomes	Stacked Flats with Tuck-Under Parking	Stacked Flats over Podium/Subterranean Parking
Site Area	3.0 Acres	1.0 Acre	1.0 Acre
Density (Units/Acre)	20	45	100
Number of Units	60 Units	45 Units	100 Units
Unit Mix	2 and 3 Bedrooms	1 and 2 Bedrooms	1 and 2 Bedrooms
Stories	3 Stories	4 Stories	6 Stories
Average Unit Size	1,365 SF	900 SF	875 SF

Table IV-2 provides a summary of the four (4) new construction rental residential prototypes identified based on discussions with City staff.

Table IV-2: Project Descriptions for Development Prototypes – Rental				
RENTAL				
	D	E	F	G
	Garden Apartments	Stacked Flats with Tuck-Under Parking	Stacked Flats with Wrap Parking	Stacked Flats over Podium/Subterranean Parking
Site Area	5.0 Acres	1.0 Acre	4.0 Acres	1.0 Acre
Density (Units/Acre)	30	45	65	100
Number of Units	150 Units	45 Units	260 Units	100 Units
Unit Mix	1, 2, and 3 Bedrooms	1 and 2 Bedrooms	1, 2, and 3 Bedrooms	Studio, 1, and 2 Bedrooms
Stories	3 Stories	4 Stories	5 Stories	6 Stories
Average Unit Size	890 SF	820 SF	1,040 SF	775 SF

These conceptual prototypes for both for-sale and rental developments are useful for this type of feasibility analysis. However, it should be noted that the actual circumstances for individual projects – physical, planning, market, financial, and other factors – will likely vary from the findings presented in this Study.

B. Typical Acquisition Costs

The financial pro forma models prepared for the 100% market-rate feasibility analysis estimates the residual land value for each development prototype. The residual land value is then compared to typical acquisition costs for each of the development prototypes to determine project feasibility.

The KMA estimates of acquisition costs were based on a survey of comparable land sales for multi-family residential development. Table IV-3 provides a comparison of land sales in Escondido vs. Inland North County vs. Countywide. The detailed surveys are presented in Appendix 5. As illustrated, median/average Countywide land values are 2.0 to 2.5 times as high as Escondido/Inland North County land values.

It should be noted that most future multi-family residential development sites in Escondido are not vacant today. Rather, they are occupied by older, typically non-residential uses. As a measure of potential acquisition costs for improved sites, KMA also conducted a similar survey of sales of older non-residential buildings (built before 1975) within a five-mile radius of Downtown Escondido. As shown in Table IV-3, these buildings – which sold for continued use in their existing form – were transacted at prices per SF of land ranging from \$8 to \$129. Sales prices were generally concentrated in the \$30 to \$80 per SF land range. The median and average values were \$45 and \$55, respectively. Although these properties were sold for continued use of the buildings, these imputed land value figures provide an indication of the potential cost to acquire existing older buildings within five miles of Downtown Escondido for purposes of teardown and new construction.

Table IV-3: Survey of Land and Building Sales (\$/SF Site Area)				
	Multi-Family Land Sales			Building Sales (1)
	Escondido	Inland North County	San Diego County	Downtown Escondido + Adjacent Areas
Minimum	\$12/SF	\$10/SF	\$10/SF	\$8/SF
Maximum	\$75/SF	\$94/SF	\$453/SF	\$129/SF
Median	\$37/SF	\$25/SF	\$48/SF	\$45/SF
Average	\$40/SF	\$32/SF	\$76/SF	\$55/SF
(1) Reflects all non-residential building sales, 0.5 to 30.0 acres in size, built before 1975, within a 5.0-mile radius of Grand Avenue and Maple Street.				

Based on the above surveys, KMA estimated typical acquisition costs for each of the prototype residential developments, as shown in Table IV-4. These ranges of potential acquisition costs provide generalized estimates of the prevailing land prices paid by developers of multi-family projects throughout the County over the last five years sorted by type of residential development. (Higher value areas such as coastal communities and Downtown San Diego have been excluded from these estimates.) These typical acquisition costs can then be compared with the residual land value outcomes to determine the probable feasibility of each development prototype. (See Section IV.E below.)

Table IV-4: KMA Estimate of Typical Acquisition Costs (\$/SF Site Area)		
	FOR-SALE	RENTAL
Townhomes	\$20 - \$40/SF	---
Garden Apartments	---	\$20 - \$40/SF
Stacked Flats with Tuck-Under Parking	\$40 - \$80/SF	\$40 - \$80/SF
Stacked Flats with Wrap Parking	---	\$60 - \$80/SF
Stacked Flats over Podium/Subterranean Parking	\$60 - \$100/SF	\$60 - \$100/SF

C. Projected Market Sales Prices and Rents

KMA surveyed for-sale and rental developments throughout the City. The purpose of the survey was to derive estimates of the currently achievable market prices and rental rates for the types of developments likely to be constructed in the City.

Market Sales Prices

KMA surveyed sales prices for attached homes sold in the City since 2018. The survey of home sales consists primarily of townhomes with unit sizes larger than the KMA for-sale development prototypes. The survey indicated an average sales price of \$410,000 and a median sales price of \$419,000. In order to derive estimates of the currently achievable market prices for the for-sale development prototypes, KMA assumed an adjustment factor of +15.0% to the surveyed home sales to account for differences in age of building and project/unit size. The resulting adjusted average and median sales prices were estimated at \$472,000 and \$482,000, respectively, as summarized in Table IV-5, below.

Table IV-5: Survey of Escondido Attached Home Sales, 2018-Present					
	Stories	Year Built	Sales Price	Average Unit Size	\$/SF
Escondido Attached Homes Sales Prices, 2018-Present					
Average	2.6	2010	\$410,000	1,436 SF	\$288
Median	3.0	2007	\$419,000	1,431 SF	\$283
Add: Adjustment Factor (1)					
			+15.0%		+15.0%
Estimated Adjusted Sales Price					
Average			\$472,000	1,436 SF	\$331
Median			\$482,000	1,431 SF	\$325
(1) Reflects adjustment for age of property and project/unit size.					

Based on the above adjusted sales prices, KMA estimated sales prices for the for-sale development prototypes to range between \$398,000 and \$497,000, as presented in Table IV-6.

Table IV-6: Estimated Market Sales Prices – For-Sale Development Prototypes						
	Stories	Year Built	Sales Price	Average Unit Size	\$/SF	
For-Sale Development Prototypes						
A	Townhomes	3	---	\$497,000	1,365 SF	\$364
B	Stacked Flats with Tuck-Under Parking	4	---	\$398,000	900 SF	\$442
C	Stacked Flats with Podium/Subterranean Parking	6	---	\$475,000	875 SF	\$543

Market Rents

KMA surveyed rents at select market-rate apartment complexes in the North County. The surveyed apartment complexes primarily reflect stacked flat developments over podium parking built between 2016 and 2020. The survey indicated an average monthly rent of \$2,611 and a median monthly rent of \$2,402.

In order to derive estimates of the currently achievable market rents for the rental development prototypes, KMA assumed an adjustment factor of +5.0% to the surveyed rents to account for differences in property location, age of building, and project/unit size. Table IV-7 provides a summary of the adjusted average and median rents.

Table IV-7: Survey of Select North County Apartment Complexes					
	Stories	Year Built	Monthly Rent	Average Unit Size	\$/SF
Selected North County Comparables Market Rents					
Average	4.9	2018	\$2,610	999 SF	\$2.66
Median	5.0	2019	\$2,400	976 SF	\$2.44
Add: Adjustment Factor (1)					
			5.0%		5.0%
Estimated Adjusted Market Rent					
Average			\$2,740	999 SF	\$2.79
Median			\$2,520	976 SF	\$2.57
(1) Reflects adjustment for location, age of property, and project/unit size.					

On this basis, KMA estimated market rents for the rental development prototypes to range between \$2,050 and \$3,150 per unit, as presented in Table IV-8.

Table IV-8: Estimated Market Rents – Rental Development Prototypes						
	Stories	Year Built	Monthly Rent	Average Unit Size	\$/SF	
Rental Development Prototypes						
D	Garden Apartments	3	---	\$2,050	890 SF	\$2.30
E	Stacked Flats with Tuck-Under Parking	4	---	\$2,330	820 SF	\$2.84
F	Stacked Flats with Wrap Parking	5		\$3,150	1,040 SF	\$3.03
G	Stacked Flats with Podium/Subterranean Parking	6	---	\$2,600	775 SF	\$3.35

D. Financial Pro Forma Analysis

Appendices 2 and 3 provide the KMA detailed pro forma analyses for each residential development prototype. All pro forma inputs used in the KMA analysis – development costs, market prices and rents, and market value upon completion for the rental prototypes -- are based on current market conditions. For each financial model, KMA assumed that new developments would be annexed into CFD 2020-1 and subject to the payment of CFD Special Taxes; however, other mechanisms to fund the ongoing provision of municipal services are available. Attachments A through G within Appendices 2 and 3 are organized as follows:

	FOR-SALE	RENTAL
Table 1	Project Description	Project Description
Table 2	Estimate of Development Costs	Estimate of Development Costs
Table 3	Estimate of Sales Proceeds and Residual Land Value	Net Operating Income
Table 4	---	Residual Land Value

E. Estimate of Residual Land Value

Each attachment displays a financial pro forma model estimating the residual land value for each development prototype as a 100% market-rate development. The residual land value is then compared to typical acquisition cost ranges (from Section IV.B above) to determine project feasibility for each development prototype. If the residual land values fall within the range of typical acquisition costs, the prototype is determined to be generally feasible. If the residual value is less than the typical cost to acquire property, then the prototype is determined to be infeasible and will need to address economic challenges.

Table IV-9 provides a summary of the KMA findings for the for-sale and rental development prototypes.

Table IV-9: Residual Land Value vs. Typical Acquisition Costs (\$/SF Land)				
		Residual Land Value 100% Market-Rate	Typical Acquisition Costs	Prototype Financial Feasibility
FOR-SALE				
A	Townhomes	\$35/SF	\$20 - \$40/SF	Yes
B	Stacked Flats with Tuck-Under Parking	(\$4)/SF	\$40 - \$80/SF	No
C	Stacked Flats over Podium/Subterranean Parking	(\$42)/SF	\$60 - \$100/SF	No
RENTAL				
D	Garden Apartments	\$31/SF	\$20 - \$40/SF	Yes
E	Stacked Flats with Tuck-Under Parking	\$40/SF	\$40 - \$80/SF	Yes
F	Stacked Flats with Wrap Parking	\$63/SF	\$60 - \$80/SF	Yes
G	Stacked Flats over Podium/Subterranean Parking	\$34/SF	\$60 - \$100/SF	No

As shown above, townhomes were the only for-sale residential prototype found to be financially feasible under current market conditions. The remaining for-sale prototypes -- stacked flats with tuck-under parking and stacked-flats over podium/subterranean parking -- were estimated to generate

residual land values that were not sufficient to support a land payment commensurate with prevailing land acquisition costs.

Project feasibility for the rental prototypes was found to be stronger, with all but one of the prototypes demonstrating financial feasibility under current market conditions. Only the highest-density prototype -- the stacked flats over podium/subterranean parking -- generated a residual land value that fell short of the range of typical acquisition costs.

While developers typically use residual land value models to determine what land price they can afford to pay for a specified development opportunity, these models are necessarily subject to fluctuation as market and financial parameters evolve. Since the original market and industry data were compiled for this Study, KMA notes that both housing development costs and market values/rents in the San Diego region have been increasing. These factors create market uncertainty and may result in actual results that differ from the findings of this Study. Over the long term, if market prices and rents escalate more rapidly than construction costs, residual land values can be expected to increase. As a result, some of the higher-density development prototypes that were determined to be infeasible in the current market would likely become feasible. Conversely, if construction costs escalate more rapidly than market prices and rents, some of the prototypes that were determined to be feasible may become infeasible.

V. FINANCIAL FEASIBILITY ANALYSIS – MIXED-INCOME

A. Potential Affordability Requirements

To test the viability of potential affordability requirements, KMA prepared financial pro forma models using the same residential development prototypes described in Section IV but with varying levels of affordable housing set-aside for Very Low Income (earning up to 50% Area Median Income [AMI]) and Low Income (earning up to 80% AMI) households, as follows:

FOR-SALE	RENTAL
10% @ Low	10% @ Low
	5% Very Low / 5% Low
	10% Very Low

B. Affordable Price and Rent Calculation

For the purposes of this financial analysis, the maximum affordable sales prices and rents for the income-restricted units were calculated based on the standards imposed by California Health and Safety Codes Section 50052.5 (ownership) and Section 50053 (rental). The detailed calculations are presented in Appendix 5; the key assumptions and results are summarized below.

Affordable Sales Price

- The price restrictions were calculated for three different for-sale residential prototypes (townhomes, stacked flats with tuck-under parking, and stacked flats over podium/subterranean parking).
- The household income information used in the calculations is based on 2020 income statistics for San Diego County as a whole. The household incomes are published annually by the U.S. Department of Housing and Urban Development (HUD).
- Household size appropriate for the unit is based on the number of persons exceeding the number of bedrooms by one.
- Maximum monthly ownership housing payments were calculated as equal to $1/12 \times 30\% \times 70\%$ of Area Median Income (AMI) adjusted for household size.
- Housing-related costs, reflecting the specifics of each residential prototype and current lending industry underwriting criteria, were determined as follows:

- Utilities based on the County of San Diego utility allowance schedule, effective July 1, 2019, and the assumption that the homeowner’s utility costs are comprised of electric heat, gas cooking, other electric, gas water heater, water, sewer, and air conditioning.
- Homeowner Association (HOA) dues, reflecting an allowance for structure insurance, maintenance, and reserves.
- Property taxes, assuming a City tax rate of 1.15% of assessed value.
- Supportable mortgage, assuming a 30-year loan, 4.25% interest rate, and a 10.0% down payment.

The resulting affordable sales prices for each of the for-sale residential prototypes are presented in Table V-1.

Table V-1: Affordable Sales Prices			
FOR-SALE			
	A	B	C
	Townhomes	Stacked Flats with Tuck-Under Parking	Stacked Flats over Podium/Subterranean Parking
Affordable Sales Price @ Low Income			
One Bedroom	---	\$156,000	\$156,000
Two Bedroom	\$181,000	\$175,000	\$175,000
Three Bedroom	\$198,000	---	---

Affordable Rent

- The household income information used in the calculations of affordable rent were based on 2020 income statistics for San Diego County as a whole. The household incomes are published annually by HUD.
- Household size appropriate for the unit is based on the number of persons exceeding the number of bedrooms by one.
- Maximum monthly rental housing payment calculated as equal to 1/12 x 30% x 30% of AMI for Extremely Low, 1/12 x 30% x 50% of AMI for Very Low, and 1/12 x 30% x 60% of AMI for Low (adjusted for household size), less adjustments for certain tenant-paid utilities.

- Utilities are based on the County of San Diego allowance schedule, effective July 1, 2019, and the assumption that the tenant’s utility costs are comprised of electric heat, gas cooking, other electric, gas water heating, and air conditioning.

The resulting affordable rents for studio, one-, two-, and three- bedroom units for the rental residential prototypes are presented in Table V-2. Since the maximum affordable rents are calculated based solely on number of bedrooms and the respective household income limits, they are the same for all the rental development prototypes.

Table V-2: Affordable Rents				
RENTAL				
	Studio	One Bedroom	Two Bedroom	Three Bedroom
Affordable Rent @ Extremely Low Income	\$456	\$512	\$571	\$627
Affordable Rent @ Very Low Income	\$780	\$883	\$988	\$1,091
Affordable Rent @ Low Income	\$943	\$1,068	\$1,197	\$1,323

C. Financial Pro Forma Analysis

To estimate the economic impact of incorporating inclusionary housing requirements on-site, KMA prepared financial pro forma models for each residential development prototype. The financial pro forma models for each development prototype present comparative impacts of: (a) a 100% market-rate residential development, as compared to (b) a range of targeted affordability levels.

Appendices 2 and 3 provide the KMA detailed pro forma analyses for each residential development prototype. For each financial model, KMA assumed that new developments would be annexed into CFD 2020-1 and subject to the payment of CFD Special Taxes; however, other mechanisms to fund the ongoing provision of municipal services are available. Attachments A through G within Appendices 2 and 3 are organized as follows:

	FOR-SALE	RENTAL
Table 1	Project Description	Project Description
Table 2	Estimate of Development Costs	Estimate of Development Costs
Table 3	Estimate of Sales Proceeds and Residual Land Value	Net Operating Income
Table 4	---	Residual Land Value

D. Estimate of Residual Land Value

Each attachment displays a financial pro forma model estimating the residual land value for: (1) the base case consisting of a 100% market-rate development (described in Section IV, above); and (2) a mixed-income development with an affordable housing component, i.e., 10% at Low Income. The base case residual land value outcome can then be measured against the residual land value that is generated when an affordable housing requirement is imposed. The results of these economic impact analyses in term of residual land value impacts for each residential prototype are summarized in Table V-3.

Table V-3: Economic Impact of Incorporating Affordable Housing On-Site					
Residual Land Value (\$/SF Land)		Base Case 100% Market-Rate	10% Low	5% Very Low 5% Low	10% Very Low
FOR-SALE					
A	Townhomes <i>% Change</i>	\$35/SF ---	\$23/SF -35%	---	---
B	Stacked Flats with Tuck-Under Parking <i>% Change</i>	(\$4)/SF ---	(\$26)/SF N/A	---	---
C	Stacked Flats over Podium/ Subterranean Parking <i>% Change</i>	(\$42)/SF ---	(\$103)/SF N/A	---	---
RENTAL					
D	Garden Apartments <i>% Change</i>	\$31/SF ---	\$17/SF -46%	\$16/SF -50%	\$14/SF -54%
E	Stacked Flats with Tuck-Under Parking <i>% Change</i>	\$40/SF ---	\$12/SF -71%	\$10/SF -76%	\$8/SF -80%
F	Stacked Flats with Wrap Parking <i>% Change</i>	\$63/SF ---	\$3/SF -95%	\$0/SF -99%	(\$2)/SF N/A
G	Stacked Flats over Podium/ Subterranean Parking <i>% Change</i>	\$34/SF ---	(\$36)/SF N/A	(\$41)/SF N/A	(\$44)/SF N/A

E. Change in Sales Price/Rent Needed to Offset the Economic Impact of Affordable Housing Set-Asides

As an alternative means of comparison, KMA estimated the degree to which market-rate sales prices and rents would need to increase in order to achieve the residual land values of the base case scenario. (KMA conducted this exercise only for those prototypes where the base case scenario was found to be feasible.) The outcome of this analysis is summarized in Table V-4.

Table V-4: Change in Sales Prices/Rent Needed to Offset Economic Impact of Affordable Housing (1)					
		Base Case 100% Market-Rate Price/Rent	10% Low	5% Very Low 5% Low	10% Very Low
FOR-SALE – Per Unit		Increase in Sales Price Needed			
A	Townhomes	\$497,000	+ \$34,000	---	---
RENTAL - Monthly Rent		Increase in Monthly Rent Needed			
D	Garden Apartments	\$2,050	+ \$136	+ \$149	+ \$160
E	Stacked Flats with Tuck- Under Parking	\$2,300	+ \$174	+ \$189	+ \$199
F	Stacked Flats with Wrap Parking	\$3,150	+ \$258	+ \$271	+ \$282
(1) Reflects increase in market price/rent needed to offset economic impact of affordable housing set-asides to achieve residual land value of a 100% market-rate development.					

It is important to note that this measure of impact is not a conclusion that developers can or should increase market rents or prices to offset the economic impact of the inclusionary requirement. Rather, this measure is meant to provide an order-of-magnitude estimate of the increase in market price/rent that would be sufficient to offset the economic impact of an affordable housing inclusionary requirement.

VI. FINANCIAL FEASIBILITY ANALYSIS – 100% AFFORDABLE WITH LOW INCOME HOUSING TAX CREDITS

KMA also prepared a financial feasibility analysis assuming that the rental residential prototypes are developed in a standalone project with all units restricted as affordable. For the purposes of this Study, KMA assumed that each 100% affordable standalone project would be developed with 4% Low Income Housing Tax Credits (Tax Credits) vs. 9% Tax Credits. The California Tax Credit Allocation Committee (CTCAC) has designated the City as a “Low Resource” opportunity area, thereby limiting the competitiveness of affordable housing family developments in the City applying for 9% Tax Credits.

KMA also assumed that all units would be restricted to households at income levels ranging from 30% of AMI to 60% of AMI, with an average level of affordability at 45% of AMI (Very Low). This assumed affordability mix is reflective of the most likely scenario needed to competitively apply a tax-exempt bond financing allocation and 4% Low Income Housing Tax Credits, the Federal Home Loan Bank’s Affordable Housing Program (AHP), and/or other State funding sources such as the Multi-Family Housing Program (MHP), the Infill Infrastructure Grant Program (IIG), and the Affordable Housing and Sustainable Communities Program (AHSC).

The purpose of the 100% affordable analysis is to estimate the economic impact of providing affordable rental housing in an off-site location vs. included on-site as part of a mixed-income development. The outcome of this analysis reflects the financing gap associated with the off-site affordable housing development and represents the financial impact on a market-rate developer who fulfills an affordable housing inclusionary housing obligation through the development of off-site affordable rental housing.

As detailed in Appendix 4, Attachments H through K, KMA estimated the development costs, operating budget, and anticipated funding sources for each off-site affordable housing development prototype. For each financial model, KMA assumed that new developments would be annexed into CFD 2020-1 and subject to the payment of CFD Special Taxes; however, other mechanisms to fund the ongoing provision of municipal services are available. It should be noted that a property tax welfare exemption may be available through the Franchise Tax Board as a means to provide relief from the requirement to offset this special tax or other funding mechanism.

As shown in Table VI-1, to estimate the financing gap, KMA first calculated the residual land value for each of the rental development prototypes. Residual land value is calculated as the difference between total sources of funds and total development costs. The residual land value for the rental development prototypes was estimated to average *negative* \$102,000.

Table VI-1: Residual Land Value per Affordable Unit: Off-Site 100% Affordable Housing Development					
RENTAL					
	H	I	J	K	Average
	Garden Apartments	Stacked Flats with Tuck-Under Parking	Stacked Flats with Wrap Parking	Stacked Flats over Podium/Subterranean Parking	
Total Sources of Funds	\$258,000	\$255,000	\$391,000	\$305,000	\$302,000
(Less) Total Development Costs (excluding Acquisition)	(\$302,000)	(\$365,000)	(\$545,000)	(\$403,000)	(\$404,000)
Residual Land Value	(\$44,000)	(\$110,000)	(\$154,000)	(\$98,000)	(\$102,000)

Typical acquisition costs (see Section IV.B above) were then added to the residual land value to determine the total financing gap per unit. The KMA estimate of financing gap is summarized in Table VI-2.

Table VI-2: Estimate of Financing Gap per Affordable Unit: Off-Site 100% Affordable Housing Development					
	H	I	J	K	Average
	Garden Apartments	Stacked Flats with Tuck-Under Parking	Stacked Flats with Wrap Parking	Stacked Flats over Podium/Subterranean Parking	
Residual Land Value	(\$44,000)	(\$110,000)	(\$154,000)	(\$98,000)	(\$102,000)
(Less) Acquisition Costs (1)	(\$44,000)	(\$58,000)	(\$47,000)	(\$35,000)	(\$46,000)
Financing Gap	(\$88,000)	(\$168,000)	(\$201,000)	(\$133,000)	(\$148,000)
(1) Reflects mid-point of typical land acquisition costs for each prototype development.					

As shown above, KMA estimates that 100% affordable housing developments have an estimated average financing gap of \$148,000. In other words, for a market-rate developer to facilitate creation of off-site affordable housing, it would need to contribute \$148,000 per affordable rental unit.

These financing gap outcomes are higher than the City's financial contributions to two recent affordable housing transactions, Valley Senior Village and Solutions for Change. Those financing gaps equated to \$66,000 and \$80,000, respectively. However, both of those developments were Permanent Supportive Housing (PSH) projects, with different development economics and funding sources, including 9% Low Income Housing Tax Credits.

This financing gap can also be expressed on a per market-rate unit basis. As shown in Table VI-3, if for example, the City were to require a 10% Very Low inclusionary set-aside, a developer would need to contribute \$14,800 per market-rate unit (10% of \$148,000). This financial contribution equates to an average \$17 per net SF of living area for the market-rate rental development prototypes.

Table VI-3: Estimate of Financing Gap per Market-Rate Unit: Off-Site 100% Affordable Housing Development					
RENTAL					
	H	I	J	K	Average
	Garden Apartments	Stacked Flats with Tuck-Under Parking	Stacked Flats with Wrap Parking	Stacked Flats over Podium/Subterranean Parking	
Average Unit Size	890 SF	820 SF	1,040 SF	640 SF	848 SF
Financing Gap Per Affordable Unit	(\$88,000)	(\$168,000)	(\$201,000)	(\$133,000)	(\$148,000)
Inclusionary Requirement	10% Very Low	10% Very Low	10% Very Low	10% Very Low	10% Very Low
Financing Gap Per Market-Rate Unit	\$8,800	\$16,800	\$20,100	\$13,300	\$14,800
Financing Gap Net Living Area Net SF	\$10/SF	\$20/SF	\$19/SF	\$21/SF	\$17/SF

VII. LIMITING CONDITIONS

1. The aim of this Study is to identify the feasibility of different types of multi-family housing projects and affordability levels in Escondido. The Study represents a static, point-in-time, perspective on development feasibility. The analysis uses readily available third-party market data as of the date of this document and does not consider the potential long-term future adverse impacts of the Coronavirus (COVID-19) pandemic.
2. The market and financial circumstances under which this Study was prepared reflect information, assumptions, and expectations that were believed to be reasonable at the time it was prepared and published. It is acknowledged that market and financial circumstances will change over time. Since the original market and industry data were compiled for this Study, KMA notes that both housing development costs and market values/rents in the San Diego region have been increasing. These factors create market uncertainty and may result in actual results that differ from the findings of this Study. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
3. The analysis contained in this document is based, in part, on data from secondary sources such as state and local government, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.
4. The analysis assumes that neither the local nor national economy will experience a major recession. If an unforeseen change occurs in the economy, the conclusions contained herein may no longer be valid.
5. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured.
6. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity.
7. Any estimates of development costs, capitalization rates, income and/or expense projections are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be projections of the future for the specific project. No warranty or representation is made that any of the estimates or projections will actually materialize.

8. KMA is not advising or recommending any action be taken by City of Escondido with respect to any prospective, new or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues).
9. KMA is not acting as a Municipal Advisor to the City of Escondido and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the City of Escondido pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
10. The City of Escondido shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own municipal advisors, that it deems appropriate before acting on the information and material.

**Residential Sector Feasibility Study
City of Escondido**

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APPENDIX 1

GLOSSARY OF TERMS

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GLOSSARY OF TERMS

Residential Sector Feasibility Study City of Escondido

A&E	Architecture and engineering services. Includes architectural and design services; mechanical, electrical, and civil engineering; and other technical consultants.
Acquisition Costs	Purchase price, fees, and holding costs required to buy property
Affordable Housing Program (AHP)	Established by the Federal Home Loan Bank to finance the development of owner-occupied housing for low- and moderate-income households with incomes at 80% AMI or less or rental housing where at least 20% of the units are affordable to very low-income households. Applicants apply for grant or loan funds through local bank members.
Affordable Housing And Sustainable Communities (AHSC) Program	Administered by the Strategic Growth Council and implemented by the Department of Housing and Community Development (HCD), the AHSC Program provides grants and/or loans towards land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas ("GHG") emissions.
AMI	Area Median Income. Reflects the midpoint of a region's household income distribution.
CDLAC	California Debt Limit Allocation Committee. Allocates Federal tax-exempt bonds and 4% Low Income Housing Tax Credits to affordable housing developers.
CTCAC	California Tax Credit Allocation Committee. Administers California's Federal and State Low Income Housing Income Housing Tax Credit program. Awards 9% tax credits to developers.
Capitalization (Cap) Rate	Real estate valuation measure. Calculated as the ratio between a property's annual net operating income and current market value. Cap rates are also used to measure risk, with higher cap rates reflecting developments with more risk while lower cap rates reflect a more stable investment.
Direct Costs	Expenditures for labor, materials, site preparation, and equipment used for construction of physical improvements to a property. Also known as hard costs.
Effective Gross Income (EGI)	Potential gross rental revenue, minus losses for vacancies and uncollectible accounts, plus income from related sources.

Glossary of Terms (Cont'd.)

Residential Sector Feasibility Study

FF&E	Furniture, Fixtures, and Equipment. Movable furniture, fixtures, or other equipment that are not permanently attached to a building, have tangible value, and are used in the property's day-to-day operations.
Financing Costs	The cost, interest, and other charges involved in borrowing of money to build or purchase assets, including loan fees, interest during construction, escrow costs, etc.
Financing Gap	Amount of capital that must be raised after a developer secures conventional financing, tax-exempt bonds, or Low Income Housing Tax Credits. Also referred to as soft funding. Typically funded by local public agencies such as cities or housing authorities.
Garden Apartments	Apartment complex characterized by a cluster of low-rise buildings with no more than two or three stories, external stairwells, and surface parking.
Indirect Costs	Expenditures or allowances for items other than labor and materials necessary for construction, including architecture and engineering, public permits and fees, legal, taxes, insurance, developer overhead fee, marketing/lease-up, and other costs. Also called known as soft costs.
Infill Infrastructure Grant Program (IIG)	Administered by the California Department of Housing and Community Development (HCD). Promotes the development of infill housing by providing gap funding for infrastructure improvements for residential or mixed-use infill development projects or areas.
Low Income Household	Households earning up to 80% of Area Median Income (AMI).
Low income Housing Tax Credits	Created by the Federal Tax Reform Act of 1986. The Federal government allocates tax credits to state housing agencies. Developers apply for tax credits from the state agency. The developer "sells" the tax credit to investors who claim the credits on their Federal or State income tax returns. Funds raised from the sale of tax credits to the investors are used to develop affordable housing.

Glossary of Terms (Cont'd.)
Residential Sector Feasibility Study

Low Resource Opportunity Areas	Designation by CTCAC of areas where there is a low level of resources and opportunity for low income households. This designation is used by CTCAC to inform how to target investments and policies to avoid further segregation and concentration of poverty and encourage access to opportunity through land use policy and affordable housing program design. TCAC ranks areas within the region based on economic, environmental, education indicators. Large family new construction developments applying for 9% Tax Credits are eligible to receive a tiebreaker score increase if located in a Highest or High Resource census tract.
Market Rent	Rent a property, building, or unit would command on the open market if it were currently vacant and available.
Mixed-Income	Residential development serving a range of income levels. Includes a mix of market-rate units and affordable units.
Multi-Family Housing Program (MHP)	Administered by the California Department of Housing and Community Development (HCD). Provides 55-year deferred payment loans for affordable housing.
Podium Parking	On-grade parking sheltered under a building and completely enclosed by walls. Typically with four or five levels of residential construction above.
Residual Land Value	The maximum land value supported by a proposed development. It is calculated by estimating the total value upon completion and subtracting the estimated total development costs (other than land acquisition costs) required to develop the project.
Stacked Flats	Multi-storied building serviced by elevators or common stairwells with "flat" style units built on top of each other.
Subterranean Parking	Parking located below grade.
Tax Credits	see Low Income Housing Tax Credits
Tuck-Under Parking	Open or private ground floor parking garages. Typically built under two or three stories of wood frame construction.
Type III over Type I Construction	Mid-rise wood-frame construction, with non-combustible materials for exterior bearing walls, over concrete parking podium.

Glossary of Terms (Cont'd.)
Residential Sector Feasibility Study

Type V Construction	Low-rise wood-frame construction.
Utility Allowance	Estimated amount that affordable housing tenants need to set aside to pay for utilities. Typically subtracted by landlord from tenant's maximum monthly rent limit.
Very Low Income Household	Household earning up to 50% of Area Median Income (AMI).
Wrap Parking	Centralized multi-story concrete parking structure surrounded by multiple stories of wood-frame dwelling units.

APPENDIX 2

Financial Feasibility Analysis For-Sale Prototypes

Residential Sector Feasibility Study City of Escondido

TABLE A-1

**PROJECT DESCRIPTION
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**



		Townhomes	
I. Site Area		3.0 Acres	
II. Gross Building Area			
A. Residential Area			
Net Saleable Area	81,900 SF	99%	
Amenities	<u>1,000</u> SF	<u>1%</u>	
Total Residential GBA	82,900 SF	100%	
B. Retail Area			
Net Rentable Area	0 SF	0%	
Common Area	<u>0</u> SF	<u>0%</u>	
Total Retail GBA	0 SF	0%	
C. Total GBA	82,900 SF		
III. Unit Mix		Number of Units	Average Unit Size
Two Bedroom	24 Units	40%	<u>1,200</u> SF
Three Bedroom	<u>36</u> Units	<u>60%</u>	<u>1,475</u> SF
Total/Average	60 Units	100%	1,365 SF
IV. Number of Units	60 Units		
V. Density	20 Units/Acre		
VI. Construction Type	Type V		
VII. Stories	3 Stories		
VIII. Parking			
Type	Attached Garages		
Spaces	135 Spaces		
Parking Ratio	2.25 Spaces/Unit		

TABLE A-2

**DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

	Townhomes		
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$1,307,000	\$21,800	\$10 Per SF Site
Parking	\$0	\$0	Included Below
Shell Construction - Residential	\$12,435,000	\$207,300	\$150 Per SF GBA - Residential
FF&E/Amenities	\$90,000	\$1,500	Allowance
Contingency	<u>\$692,000</u>	<u>\$11,500</u>	5.0% of Directs
Total Direct Costs	\$14,524,000	\$242,100	\$175 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$726,000	\$12,100	5.0% of Directs
Permits & Fees ⁽³⁾	\$1,800,000	\$30,000	\$22 Per SF GBA
Legal & Accounting	\$218,000	\$3,600	1.5% of Directs
Taxes & Insurance	\$894,000	\$14,900	3.0% of Market Value
Developer Fee	\$581,000	\$9,700	4.0% of Directs
Marketing/Sales	\$894,000	\$14,900	3.0% of Market Value
Contingency	<u>\$256,000</u>	<u>\$4,300</u>	5.0% of Indirects
Total Indirect Costs	\$5,369,000	\$89,500	37.0% of Directs
III. Financing Costs ⁽⁴⁾	\$1,452,000	\$24,200	10.0% of Directs
IV. Total Development Costs ⁽⁵⁾	\$21,345,000	\$356,000	\$257 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Includes loan fees, interest during construction, and interest during sales.

(5) Excludes acquisition costs.

TABLE A-3

GROSS SALES PROCEEDS AND RESIDUAL LAND VALUE
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

		Townhomes							
		100% @ Market-Rate				10% @ Low			
I. Gross Sales Proceeds	Unit Size	# Units	\$/SF	Price/Unit	Total	# Units	\$/SF	Price/Unit	Total
A. Market-Rate									
Two Bedroom	1,200 SF	24	\$390	\$468,000	\$11,232,000	22	\$390	\$468,000	\$10,296,000
Three Bedroom	1,475 SF	36	\$350	\$516,000	\$18,576,000	32	\$350	\$516,000	\$16,512,000
Subtotal/Average	1,365 SF	60	\$364	\$497,000	\$29,808,000	54	\$363	\$496,000	\$26,808,000
B. Affordable (1)									
Two Bedroom	1,200 SF	0	\$0	\$0	\$0	2	\$151	\$181,000	\$362,000
Three Bedroom	1,475 SF	0	\$0	\$0	\$0	4	\$134	\$198,000	\$792,000
Subtotal/Average	1,365 SF	0	\$0	\$0	\$0	6	\$141	\$192,000	\$1,154,000
C. Total/Average	1,365 SF	60	\$364	\$497,000	\$29,808,000	60	\$341	\$466,000	\$27,962,000
II. Total Gross Sales Proceeds					\$29,808,000				\$27,962,000
(Less) Cost of Sale			3.0% of Value		(\$894,000)		3.0% of Value		(\$839,000)
(Less) Target Developer Profit			10.0% of Value		(\$2,981,000)		10.0% of Value		(\$2,796,000)
III. Total Net Sales Proceeds					\$25,933,000				\$24,327,000
(Less) Development Costs					(\$21,345,000)				(\$21,345,000)
IV. Residual Land Value					\$4,588,000				\$2,982,000
Per Unit					\$76,000				\$50,000
Per SF Site					\$35				\$23

(1) See Worksheet 1 for maximum affordable sales price calculations.

TABLE B-1

**PROJECT DESCRIPTION
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**



I. Site Area 1.0 Acre

II. Gross Building Area

A. Residential Area		
Net Saleable Area	40,500 SF	90%
Circulation/Lobby/Amenities	<u>4,500</u> SF	<u>10%</u>
Total Residential GBA	45,000 SF	100%
B. Retail Area		
Net Rentable Area	1,000 SF	100%
Common Area	<u>0</u> SF	<u>0%</u>
Total Retail GBA	1,000 SF	100%
C. Total GBA		
	46,000 SF	

III. Unit Mix

	Number of Units		Average Unit Size
One Bedroom	18 Units	40%	750 SF
Two Bedroom	<u>27</u> Units	<u>60%</u>	<u>1,000</u> SF
Total/Average	45 Units	100%	900 SF

IV. Number of Units 45 Units

V. Density 45 Units/Acre

VI. Construction Type Type V

VII. Stories 4 Stories

VIII. Parking

Type	Tuck-Under
Spaces	75 Spaces
Residential Parking Ratio	1.65 Spaces/Unit

TABLE B-2

**DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats with Tuck-Under Parking			
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$653,000	\$14,500	\$15 Per SF Site
Parking	\$1,125,000	\$25,000	\$15,000 Per Space
Shell Construction - Residential	\$8,325,000	\$185,000	\$185 Per SF GBA - Residential
Shell Construction - Retail	\$160,000	\$3,600	\$160 Per SF GBA - Retail
FF&E/Amenities	\$113,000	\$2,500	Allowance
Tenant Improvements	\$40,000	\$900	\$40 Per SF Net - Retail
Contingency	<u>\$521,000</u>	<u>\$11,600</u>	5.0% of Directs
Total Direct Costs	\$10,937,000	\$243,000	\$238 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$547,000	\$12,200	5.0% of Directs
Permits & Fees ⁽³⁾	\$1,350,000	\$30,000	\$29 Per SF GBA
Legal & Accounting	\$164,000	\$3,600	1.5% of Directs
Taxes & Insurance	\$537,000	\$11,900	3.0% of Market Value
Developer Fee	\$437,000	\$9,700	4.0% of Directs
Marketing/Sales	\$537,000	\$11,900	3.0% of Market Value
Contingency	<u>\$179,000</u>	<u>\$4,000</u>	5.0% of Indirects
Total Indirect Costs	\$3,751,000	\$83,400	34.3% of Directs
III. Financing Costs ⁽⁴⁾	\$1,094,000	\$24,300	10.0% of Directs
IV. Total Development Costs ⁽⁵⁾	\$15,782,000	\$351,000	\$343 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Includes loan fees, interest during construction, and interest during sales.

(5) Excludes acquisition costs.

TABLE B-3

**GROSS SALES PROCEEDS AND RESIDUAL LAND VALUE
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

		Stacked Flats with Tuck-Under Parking							
		100% @ Market-Rate				10% @ Low			
I. Gross Sales Proceeds	Unit Size	# Units	\$/SF	Price/Unit	Total	# Units	\$/SF	Price/Unit ⁽¹⁾	Total
A. Market-Rate									
One Bedroom	750 SF	18	\$525	\$394,000	\$7,092,000	16	\$525	\$394,000	\$6,304,000
Two Bedroom	<u>1,000 SF</u>	<u>27</u>	<u>\$400</u>	<u>\$400,000</u>	<u>\$10,800,000</u>	<u>24</u>	<u>\$400</u>	<u>\$400,000</u>	<u>\$9,600,000</u>
Subtotal/Average	900 SF	45	\$442	\$398,000	\$17,892,000	40	\$442	\$398,000	\$15,904,000
B. Affordable⁽¹⁾									
One Bedroom	750 SF	--	--	--	--	2	\$208	\$156,000	\$312,000
Two Bedroom	<u>1,000 SF</u>	--	--	--	--	<u>3</u>	<u>\$175</u>	<u>\$175,000</u>	<u>\$525,000</u>
Subtotal/Average	900 SF	--	--	--	--	5	\$186	\$167,000	\$837,000
C. Total/Average									
	900 SF	45	\$442	\$398,000	\$17,892,000	45	\$413	\$372,000	\$16,741,000
II. Total Gross Sales Proceeds					\$17,892,000				
Add: Value of Retail Component ⁽²⁾					\$477,000				
(Less) Cost of Sale					3.0% of Value ((\$551,000))				
(Less) Target Developer Profit					12.0% of Value ((\$2,204,000))				
III. Total Net Sales Proceeds					\$15,614,000				
(Less) Development Costs					(\$15,782,000)				
IV. Residual Land Value					(\$168,000)	(\$1,147,000)			
Per Unit					(\$4,000)	(\$25,000)			
Per SF Site					(\$4)	(\$26)			

(1) See Worksheet 2 for maximum affordable sales price calculations.

(2) Value of retail component assumes \$3.00/SF/Month/NNN rent, vacancy of 10.0% of GSI, unreimbursed expenses of 5.0% of EGI, and a cap rate of 6.5%.

TABLE C-1

**PROJECT DESCRIPTION
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**



I. Site Area 1.0 Acre

II. Gross Building Area

A. Residential Area		
Net Saleable Area	87,500 SF	85%
Circulation/Lobby/Amenities	<u>15,400 SF</u>	<u>15%</u>
Total Residential GBA	102,900 SF	100%
B. Retail Area		
Net Rentable Area	2,500 SF	100%
Common Area	<u>0 SF</u>	<u>0%</u>
Total Retail GBA	2,500 SF	100%
C. Total GBA		
	105,400 SF	

III. Unit Mix	<u>Number of Units</u>		<u>Average Unit Size</u>
One Bedroom	50 Units	50%	750 SF
Two Bedroom	<u>50 Units</u>	<u>50%</u>	<u>1,000 SF</u>
Total/Average	100 Units	100%	875 SF

IV. Number of Units 100 Units

V. Density 100 Units/Acre

VI. Construction Type Type III over Type I

VII. Stories 6 Stories

VIII. Parking

Type	Podium/Subterranean
Spaces	150 Spaces
Residential Parking Ratio	1.50 Spaces/Unit

TABLE C-2

**DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats over Podium/Subterranean Parking			
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$653,000	\$6,500	\$15 Per SF Site
Parking	\$4,500,000	\$45,000	\$30,000 Per Space
Shell Construction - Residential	\$23,153,000	\$231,500	\$225 Per SF GBA - Residential
Shell Construction - Retail	\$413,000	\$4,100	\$165 Per SF GBA - Retail
FF&E/Amenities	\$350,000	\$3,500	Allowance
Tenant Improvements	\$113,000	\$1,100	\$45 Per SF Net - Retail
Contingency	<u>\$1,459,000</u>	<u>\$14,600</u>	5.0% of Directs
Total Direct Costs	\$30,641,000	\$306,400	\$291 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$1,532,000	\$15,300	5.0% of Directs
Permits & Fees ⁽³⁾	\$3,000,000	\$30,000	\$28 Per SF GBA
Legal & Accounting	\$460,000	\$4,600	1.5% of Directs
Taxes & Insurance	\$1,425,000	\$14,300	3.0% of Market Value
Developer Fee	\$1,226,000	\$12,300	4.0% of Directs
Marketing/Sales	\$1,425,000	\$14,300	3.0% of Market Value
Contingency	<u>\$453,000</u>	<u>\$4,500</u>	5.0% of Indirects
Total Indirect Costs	\$9,521,000	\$95,200	31.1% of Directs
III. Financing Costs ⁽⁴⁾	\$3,064,000	\$30,600	10.0% of Directs
IV. Total Development Costs ⁽⁵⁾	\$43,226,000	\$432,000	\$410 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Includes loan fees, interest during construction, and interest during sales.

(5) Excludes acquisition costs.

TABLE C-3

**GROSS SALES PROCEEDS AND RESIDUAL LAND VALUE
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats over Podium/Subterranean Parking										
		100% @ Market-Rate					10% @ Low			
		<u>Unit Size</u>	<u># Units</u>	<u>\$/SF</u>	<u>Price/Unit</u>	<u>Total</u>	<u># Units</u>	<u>\$/SF</u>	<u>Price/Unit</u>	<u>Total</u>
I. Gross Sales Proceeds										
A. Market-Rate										
One Bedroom	750 SF	50	\$600	\$450,000	\$22,500,000	45	\$600	\$450,000	\$20,250,000	
Two Bedroom	<u>1,000 SF</u>	<u>50</u>	<u>\$500</u>	<u>\$500,000</u>	<u>\$25,000,000</u>	<u>45</u>	<u>\$500</u>	<u>\$500,000</u>	<u>\$22,500,000</u>	
Subtotal/Average	875 SF	100	\$543	\$475,000	\$47,500,000	90	\$543	\$475,000	\$42,750,000	
B. Affordable ⁽¹⁾										
One Bedroom	750 SF	--	--	--	--	5	\$208	\$156,000	\$780,000	
Two Bedroom	<u>1,000 SF</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5</u>	<u>\$175</u>	<u>\$175,000</u>	<u>\$875,000</u>	
Subtotal/Average	875 SF	--	--	--	--	10	\$190	\$166,000	\$1,655,000	
C. Total/Average	875 SF	100	\$543	\$475,000	\$47,500,000	100	\$507	\$444,000	\$44,405,000	
II. Total Gross Sales Proceeds					\$47,500,000				\$44,405,000	
Add: Value of Retail Component ⁽²⁾					\$1,185,000				\$1,185,000	
(Less) Cost of Sale			3.0% of Value		(\$1,461,000)		3.0% of Value		(\$1,368,000)	
(Less) Target Developer Profit			12.0% of Value		<u>(\$5,842,000)</u>		12.0% of Value		<u>(\$5,471,000)</u>	
III. Total Net Sales Proceeds					\$41,382,000				\$38,751,000	
(Less) Development Costs					<u>(\$43,226,000)</u>				<u>(\$43,226,000)</u>	
IV. Residual Land Value					(\$1,844,000)				(\$4,475,000)	
Per Unit					(\$18,000)				(\$45,000)	
Per SF Site					(\$42)				(\$103)	

(1) See Worksheet 2 for maximum affordable sales price calculations.

(2) Value of retail component assumes \$3.00/SF/Month/NNN rent, vacancy of 10.0% of GSI, unreimbursed expenses of 5.0% of EGI, and a cap rate of 6.5%.

APPENDIX 3

Financial Feasibility Analysis Rental Prototypes

Residential Sector Feasibility Study City of Escondido

TABLE D-1

PROJECT DESCRIPTIONS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO



I. Site Area	5.0 Acres		
II. Gross Building Area			
A. Residential Area			
Net Rentable Area	133,500 SF	98%	
Circulation/Lobby/Amenities	<u>2,500</u> SF	<u>2%</u>	
Total Residential GBA	136,000 SF	100%	
B. Retail Area			
Net Rentable Area	0 SF	0%	
Common Area	<u>0</u> SF	<u>0%</u>	
Total Retail GBA	0 SF	0%	
C. Total GBA	136,000 SF		
III. Unit Mix	<u>Number of Units</u>		<u>Average Unit Size</u>
One Bedroom	60 Units	40%	750 SF
Two Bedroom	75 Units	50%	950 SF
Three Bedroom	<u>15</u> Units	<u>10%</u>	<u>1,150</u> SF
Total/Average	150 Units	100%	890 SF
IV. Number of Units	150 Units		
V. Density	30 Units/Acre		
VI. Construction Type	Type V		
VII. Stories	3 Stories		
VIII. Parking			
Type	Surface/Carport		
Spaces	263 Spaces		
Residential Parking Ratio	1.75 Spaces/Unit		

TABLE D-2

**DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Garden Apartments			
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$2,178,000	\$14,500	\$10 Per SF Site
Parking	\$0	\$0	Included Above
Shell Construction - Residential	\$20,400,000	\$136,000	\$150 Per SF GBA - Residential
FF&E/Amenities	\$750,000	\$5,000	Allowance
Contingency	<u>\$1,166,000</u>	<u>\$7,800</u>	5.0% of Directs
Total Direct Costs	\$24,494,000	\$163,300	\$180 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$1,225,000	\$8,200	5.0% of Directs
Permits & Fees ⁽³⁾	\$4,500,000	\$30,000	\$33 Per SF GBA
Legal & Accounting	\$367,000	\$2,400	1.5% of Directs
Taxes & Insurance	\$367,000	\$2,400	1.5% of Directs
Developer Fee	\$980,000	\$6,500	4.0% of Directs
Marketing/Lease-Up	\$525,000	\$3,500	2.1% of Directs
Contingency	<u>\$398,000</u>	<u>\$2,700</u>	5.0% of Indirects
Total Indirect Costs	\$8,362,000	\$55,700	34.1% of Directs
III. Financing Costs ⁽⁴⁾	\$1,837,000	\$12,200	7.5% of Directs
IV. Total Development Costs ⁽⁵⁾	\$34,693,000	\$231,000	\$255 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Includes loan fees, interest during construction, and interest during sales.

(5) Excludes acquisition costs.

TABLE D-3

NET OPERATING INCOME
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

Garden Apartments																		
100% @ Market-Rate						10% @ Very Low				5% @ Very Low / 5% @ Low				10% @ Low				
I. Gross Scheduled Income (GSI)																		
	Unit Size	# Units	\$/SF	\$/Month	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual	
A. Market-Rate																		
One Bedroom	750 SF	60	\$2.50	\$1,880	\$1,354,000	54	\$2.51	\$1,880	\$1,218,000	54	\$2.51	\$1,880	\$1,218,000	54	\$2.51	\$1,880	\$1,218,000	
Two Bedroom	950 SF	75	\$2.25	\$2,140	\$1,926,000	67	\$2.25	\$2,140	\$1,721,000	67	\$2.25	\$2,140	\$1,721,000	67	\$2.25	\$2,140	\$1,721,000	
Three Bedroom	1,150 SF	15	\$2.00	\$2,300	\$414,000	13	\$2.00	\$2,300	\$359,000	13	\$2.00	\$2,300	\$359,000	13	\$2.00	\$2,300	\$359,000	
Subtotal/Average	890 SF	150	\$2.30	\$2,050	\$3,694,000	134	\$2.30	\$2,050	\$3,298,000	134	\$2.30	\$2,050	\$3,298,000	134	\$2.30	\$2,050	\$3,298,000	
B. Affordable																		
One Bedroom @ Very Low	750 SF	--	--	--	--	6	\$1.18	\$883	\$64,000	3	\$1.18	\$883	\$32,000	--	--	--	--	
One Bedroom @ Low	750 SF	--	--	--	--	--	--	--	--	3	\$1.42	\$1,068	\$38,000	6	\$1.42	\$1,068	\$77,000	
Two Bedroom @ Very Low	950 SF	--	--	--	--	8	\$1.04	\$988	\$95,000	4	\$1.04	\$988	\$47,000	--	--	--	--	
Two Bedroom @ Low	950 SF	--	--	--	--	--	--	--	--	4	\$1.26	\$1,197	\$57,000	8	\$1.26	\$1,197	\$115,000	
Three Bedroom @ Very Low	1,150 SF	--	--	--	--	2	\$0.95	\$1,091	\$26,000	1	\$0.95	\$1,091	\$13,000	--	--	--	--	
Three Bedroom @ Low	1,150 SF	--	--	--	--	--	--	--	--	1	\$1.15	\$1,323	\$16,000	2	\$1.15	\$1,323	\$32,000	
Subtotal/Average	890 SF	--	--	--	--	16	\$1.08	\$964	\$185,000	16	\$1.19	\$1,057	\$203,000	16	\$1.31	\$1,167	\$224,000	
C. Total/Average	890 SF	150	\$2.36	\$2,100	\$3,694,000	150	\$2.17	\$1,935	\$3,483,000	150	\$2.19	\$1,945	\$3,501,000	150	\$2.20	\$1,957	\$3,522,000	
Add: Other Income			\$50 /Unit/Month		\$90,000		\$25 /Unit/Month		\$45,000		\$25 /Unit/Month		\$45,000		\$25 /Unit/Month		\$45,000	
D. Total Gross Scheduled Income (GSI)					\$3,784,000				\$3,528,000				\$3,546,000				\$3,567,000	
II. Effective Gross Income																		
(Less) Vacancy			5.0% of GSI		(\$189,000)		5.0% of GSI		(\$176,000)		5.0% of GSI		(\$177,000)		5.0% of GSI		(\$178,000)	
Effective Gross Income (EGI)					\$3,595,000				\$3,352,000				\$3,369,000				\$3,389,000	
III. Operating Expenses																		
(Less) Operating Expenses			\$4,500 /Unit/Year		(\$675,000)		\$4,500 /Unit/Year		(\$675,000)		\$4,500 /Unit/Year		(\$675,000)		\$4,500 /Unit/Year		(\$675,000)	
(Less) Property Taxes ⁽²⁾			\$3,900 /Unit/Year		(\$561,000)		\$3,573 /Unit/Year		(\$512,000)		\$3,593 /Unit/Year		(\$515,000)		\$3,620 /Unit/Year		(\$519,000)	
(Less) CFD Special Taxes ⁽³⁾			\$783 /Unit/Year		(\$117,000)		\$783 /Unit/Year		(\$117,000)		\$783 /Unit/Year		(\$117,000)		\$783 /Unit/Year		(\$117,000)	
(Less) Replacement Reserves			\$300 /Unit/Year		(\$45,000)		\$300 /Unit/Year		(\$45,000)		\$300 /Unit/Year		(\$45,000)		\$300 /Unit/Year		(\$45,000)	
Total Operating Expenses			\$8,700 /Unit/Year		(\$1,398,000)		\$8,373 /Unit/Year		(\$1,349,000)		\$8,393 /Unit/Year		(\$1,352,000)		\$8,420 /Unit/Year		(\$1,356,000)	
			36.3% of EGI				37.5% of EGI				37.4% of EGI				37.3% of EGI			
IV. Net Operating Income (NOI)					\$2,197,000						\$2,003,000						\$2,017,000	\$2,033,000

(1) See Worksheet 3 for calculation of affordable rents.

(2) Based on capitalized income approach; assumes a 1.15% tax rate and 4.5% cap rate.

(3) Reflects City of Escondido Services CFD for apartments/condos, approved April 2020.

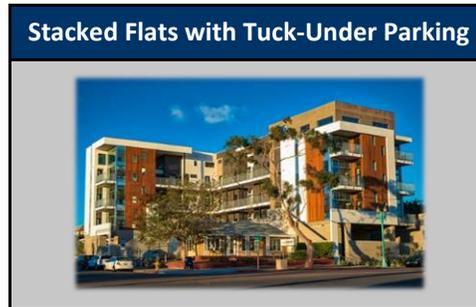
TABLE D-4

RESIDUAL LAND VALUE
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

Garden Apartments									
		100% @ Market-Rate		10% @ Very Low		5% @ Very Low / 5% Low		10% @ Low	
I. Capitalized Value Upon Completion									
Stabilized Net Operating Income			\$2,197,000		\$2,003,000		\$2,017,000		\$2,033,000
Capitalization Rate @			4.50%		4.50%		4.50%		4.50%
Capitalized Value Upon Completion	\$339,000 /Unit		\$48,822,000	\$311,000 /Unit		\$44,511,000	\$313,000 /Unit		\$44,822,000
(Less) Cost of Sale	3.0% of Value		(\$1,465,000)	3.0% of Value		(\$1,335,000)	3.0% of Value		(\$1,345,000)
(Less) Target Developer Profit	12.0% of Value		<u>(\$5,859,000)</u>	12.0% of Value		<u>(\$5,341,000)</u>	12.0% of Value		<u>(\$5,379,000)</u>
II. Net Sales Proceeds			\$41,498,000		\$37,835,000		\$38,098,000		\$38,402,000
III. (Less) Development Costs			<u>(\$34,693,000)</u>		<u>(\$34,693,000)</u>		<u>(\$34,693,000)</u>		<u>(\$34,693,000)</u>
IV. Residual Land Value			\$6,805,000		\$3,142,000		\$3,405,000		\$3,709,000
Per Unit			\$45,000		\$21,000		\$23,000		\$25,000
Per SF Site			\$31		\$14		\$16		\$17

TABLE E-1

**PROJECT DESCRIPTIONS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**



I. Site Area 1.0 Acre

II. Gross Building Area

A. Residential Area			
Net Rentable Area	36,900 SF	90%	
Circulation/Lobby/Amenities	<u>4,100</u> SF	<u>10%</u>	
Total Residential GBA	41,000 SF	100%	
B. Retail Area			
Net Rentable Area	1,000 SF	100%	
Common Area	<u>0</u> SF	<u>0%</u>	
Total Retail GBA	1,000 SF	100%	
C. Total GBA	42,000 SF		

III. Unit Mix

	Number of Units		Average Unit Size
One Bedroom	18 Units	40%	700 SF
Two Bedroom	<u>27</u> Units	<u>60%</u>	<u>900</u> SF
Total/Average	45 Units	100%	820 SF

IV. Number of Units 45 Units

V. Density 45 Units/Acre

VI. Construction Type Type V

VII. Stories 4 Stories

VIII. Parking

Type	Tuck-Under
Spaces	68 Spaces
Residential Parking Ratio	1.50 Spaces/Unit

TABLE E-2

**DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats with Tuck-Under Parking			
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$653,000	\$14,500	\$15 Per SF Site
Parking	\$1,020,000	\$22,700	\$15,000 Per Space
Shell Construction - Residential	\$6,970,000	\$154,900	\$170 Per SF GBA - Residential
Shell Construction - Retail	\$150,000	\$3,300	\$150 Per SF GBA - Retail
FF&E/Amenities	\$113,000	\$2,500	Allowance
Tenant Improvements	\$35,000	\$800	\$35 Per SF Net - Retail
Contingency	<u>\$447,000</u>	<u>\$9,900</u>	5.0% of Directs
Total Direct Costs	\$9,388,000	\$208,600	\$224 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$469,000	\$10,400	5.0% of Directs
Permits & Fees ⁽³⁾	\$1,350,000	\$30,000	\$32 Per SF GBA
Legal & Accounting	\$141,000	\$3,100	1.5% of Directs
Taxes & Insurance	\$141,000	\$3,100	1.5% of Directs
Developer Fee	\$376,000	\$8,400	4.0% of Directs
Marketing/Lease-Up	\$158,000	\$3,500	1.7% of Directs
Contingency	<u>\$132,000</u>	<u>\$2,900</u>	5.0% of Indirects
Total Indirect Costs	\$2,767,000	\$61,500	29.5% of Directs
III. Financing Costs⁽⁴⁾	\$939,000	\$20,900	10.0% of Directs
IV. Total Development Costs⁽⁵⁾			
	\$13,094,000	\$291,000	\$312 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Includes loan fees, interest during construction, and interest during sales.

(5) Excludes acquisition costs.

TABLE E-3

NET OPERATING INCOME
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

Stacked Flats with Tuck-Under Parking																	
100% @ Market-Rate						10% @ Very Low				5% @ Very Low / 5% @ Low				10% @ Low			
I. Gross Scheduled Income (GSI)																	
	Unit Size	# Units	\$/SF	\$/Month	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual
A. Market-Rate																	
One Bedroom	700 SF	18	\$3.00	\$2,100	\$454,000	16	\$3.00	\$2,100	\$403,000	16	\$3.00	\$2,100	\$403,000	16	\$3.00	\$2,100	\$403,000
Two Bedroom	900 SF	27	\$2.75	\$2,480	\$804,000	24	\$2.76	\$2,480	\$714,000	24	\$2.76	\$2,480	\$714,000	24	\$2.76	\$2,480	\$714,000
Subtotal/Average	820 SF	45	\$2.84	\$2,330	\$1,258,000	40	\$2.84	\$2,330	\$1,117,000	40	\$2.84	\$2,330	\$1,117,000	40	\$2.84	\$2,330	\$1,117,000
B. Affordable																	
One Bedroom @ Very Low	700 SF	--	--	--	--	2	\$1.26	\$883	\$21,000	1	\$1.26	\$883	\$11,000	--	--	--	--
One Bedroom @ Low	700 SF	--	--	--	--	--	--	--	--	1	\$1.53	\$1,068	\$13,000	2	\$1.53	\$1,068	\$26,000
Two Bedroom @ Very Low	900 SF	--	--	--	--	3	\$1.10	\$988	\$36,000	2	\$1.10	\$988	\$24,000	--	--	--	--
Two Bedroom @ Low	900 SF	--	--	--	--	--	--	--	--	1	\$1.33	\$1,197	\$14,000	3	\$1.33	\$1,197	\$43,000
Subtotal/Average	820 SF	--	--	--	--	5	\$1.16	\$950	\$7,000	5	\$1.26	\$1,033	\$62,000	5	\$1.40	\$1,150	\$69,000
C. Total/Average																	
	820 SF	45	\$2.80	\$2,300	\$1,258,000	45	\$2.65	\$2,174	\$1,174,000	45	\$2.66	\$2,183	\$1,179,000	45	\$2.68	\$2,196	\$1,186,000
Add: Other Income			\$50 /Unit/Month	\$27,000			\$25 /Unit/Month	\$14,000			\$25 /Unit/Month	\$14,000		\$25 /Unit/Month	\$14,000		
D. Total Gross Scheduled Income (GSI)																	
				\$1,285,000				\$1,188,000				\$1,193,000				\$1,200,000	
II. Effective Gross Income																	
(Less) Vacancy			5.0% of GSI	(\$64,000)			5.0% of GSI	(\$59,000)			5.0% of GSI	(\$60,000)			5.0% of GSI	(\$60,000)	
Effective Gross Income (EGI)				\$1,221,000				\$1,129,000				\$1,133,000				\$1,140,000	
III. Operating Expenses																	
(Less) Operating Expenses			\$4,750 /Unit/Year	(\$213,800)			\$4,750 /Unit/Year	(\$213,800)			\$4,750 /Unit/Year	(\$213,800)			\$4,750 /Unit/Year	(\$213,800)	
(Less) Property Taxes ⁽²⁾			\$4,489 /Unit/Year	(\$195,000)			\$4,089 /Unit/Year	(\$176,000)			\$4,089 /Unit/Year	(\$177,000)			\$4,133 /Unit/Year	(\$179,000)	
(Less) CFD Special Taxes ⁽³⁾			\$783 /Unit/Year	(\$35,000)			\$783 /Unit/Year	(\$35,000)			\$783 /Unit/Year	(\$35,000)			\$783 /Unit/Year	(\$35,000)	
(Less) Replacement Reserves			\$300 /Unit/Year	(\$13,500)			\$300 /Unit/Year	(\$13,500)			\$300 /Unit/Year	(\$13,500)			\$300 /Unit/Year	(\$13,500)	
Total Operating Expenses			\$9,540 /Unit/Year	(\$457,300)			\$9,140 /Unit/Year	(\$438,300)			\$9,140 /Unit/Year	(\$439,300)			\$9,184 /Unit/Year	(\$441,300)	
			35.2% of EGI				36.3% of EGI				36.3% of EGI				36.3% of EGI		
IV. Net Operating Income (NOI)																	
				\$763,700				\$690,700				\$693,700				\$698,700	

(1) See Worksheet 3 for calculation of affordable rents.
(2) Based on capitalized income approach; assumes a 1.15% tax rate and 4.5% cap rate.
(3) Reflects City of Escondido Services CFD for apartments/condos, approved April 2020.

TABLE E-4

RESIDUAL LAND VALUE
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

Stacked Flats with Tuck-Under Parking									
		100% @ Market-Rate		10% @ Very Low		5% @ Very Low / 5% Low		10% @ Low	
I. Capitalized Value Upon Completion									
Stabilized Net Operating Income			\$763,700		\$690,700		\$693,700		\$698,700
Capitalization Rate @			4.50%		4.50%		4.50%		4.50%
Capitalized Value Upon Completion	\$391,000 /Unit		\$16,971,000	\$354,000 /Unit	\$15,349,000	\$356,000 /Unit	\$15,416,000	\$359,000 /Unit	\$15,527,000
Add: Value of Retail Component ⁽¹⁾			\$477,000		\$477,000		\$477,000		\$477,000
(Less) Cost of Sale	3.0% of Value		(\$523,000)	3.0% of Value	(\$475,000)	3.0% of Value	(\$477,000)	3.0% of Value	(\$480,000)
(Less) Target Developer Profit	12.0% of Value		<u>(\$2,094,000)</u>	12.0% of Value	<u>(\$1,899,000)</u>	12.0% of Value	<u>(\$1,907,000)</u>	12.0% of Value	<u>(\$1,920,000)</u>
II. Net Sales Proceeds			\$14,831,000		\$13,452,000		\$13,509,000		\$13,604,000
(Less) Development Costs			<u>(\$13,094,000)</u>		<u>(\$13,094,000)</u>		<u>(\$13,094,000)</u>		<u>(\$13,094,000)</u>
III. Residual Land Value			\$1,737,000		\$358,000		\$415,000		\$510,000
Per Unit			\$39,000		\$8,000		\$9,000		\$11,000
Per SF Site			\$40		\$8		\$10		\$12

(1) Value of retail component assumes \$3.00/SF/Month/NNN rent, vacancy of 10.0% of GSI, unreimbursed expenses of 5.0% of EGI, and a cap rate of 6.5%.

TABLE F-1

**PROJECT DESCRIPTIONS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**



I. Site Area 4.0 Acres

II. Gross Building Area

A. Residential Area			
Net Rentable Area	270,400 SF	85%	
Circulation/Lobby/Amenities	<u>47,700 SF</u>	<u>15%</u>	
Total Residential GBA	318,100 SF	100%	
B. Retail Area			
Net Rentable Area	1,500 SF	100%	
Common Area	<u>0 SF</u>	<u>0%</u>	
Total Retail GBA	1,500 SF	100%	
C. Total GBA			319,600 SF

III. Unit Mix	<u>Number of Units</u>		<u>Average Unit Size</u>
One Bedroom	78 Units	30%	850 SF
Two Bedroom	156 Units	60%	1,100 SF
Three Bedroom	<u>26 Units</u>	<u>10%</u>	<u>1,250 SF</u>
Total/Average	260 Units	100%	1,040 SF

IV. Number of Units 260 Units

V. Density 65 Units/Acre

VI. Construction Type Type V

VII. Stories 5 Stories

VIII. Parking

Type	Wrap
Spaces	390 Spaces
Residential Parking Ratio	1.50 Spaces/Unit

TABLE F-2

**DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats with Wrap Parking			
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$2,614,000	\$10,100	\$15 Per SF Site
Parking	\$7,800,000	\$30,000	\$20,000 Per Space
Shell Construction - Residential	\$66,801,000	\$256,900	\$210 Per SF GBA - Residential
Shell Construction - Retail	\$225,000	\$900	\$150 Per SF GBA - Retail
FF&E/Amenities	\$845,000	\$3,250	Allowance
Tenant Improvements	\$53,000	\$200	\$35 Per SF Net - Retail
Contingency	<u>\$3,917,000</u>	<u>\$15,100</u>	5.0% of Directs
Total Direct Costs	\$82,255,000	\$316,400	\$257 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$4,113,000	\$15,800	5.0% of Directs
Permits & Fees ⁽³⁾	\$7,800,000	\$30,000	\$24 Per SF GBA
Legal & Accounting	\$1,234,000	\$4,700	1.5% of Directs
Taxes & Insurance	\$1,234,000	\$4,700	1.5% of Directs
Developer Fee	\$3,290,000	\$12,700	4.0% of Directs
Marketing/Lease-Up	\$910,000	\$3,500	1.1% of Directs
Contingency	<u>\$929,000</u>	<u>\$3,600</u>	5.0% of Indirects
Total Indirect Costs	\$19,510,000	\$75,000	23.7% of Directs
III. Financing Costs ⁽⁴⁾	\$8,226,000	\$31,600	10.0% of Directs
IV. Total Development Costs ⁽⁵⁾			
	\$109,991,000	\$423,000	\$344 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Includes loan fees, interest during construction, and interest during sales.

(5) Excludes acquisition costs.

TABLE F-3

NET OPERATING INCOME
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

Stacked Flats with Wrap Parking																	
100% @ Market-Rate						10% @ Very Low				5% @ Very Low / 5% @ Low				10% @ Low			
I. Gross Scheduled Income (GSI)																	
	Unit Size	# Units	\$/SF	\$/Month	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual
A. Market-Rate																	
One Bedroom	850 SF	78	\$3.25	\$2,760	\$2,583,000	70	\$3.25	\$2,760	\$2,318,000	70	\$3.25	\$2,760	\$2,318,000	70	\$3.25	\$2,760	\$2,318,000
Two Bedroom	1,100 SF	156	\$3.00	\$3,300	\$6,178,000	140	\$3.00	\$3,300	\$5,544,000	140	\$3.00	\$3,300	\$5,544,000	140	\$3.00	\$3,300	\$5,544,000
Three Bedroom	<u>1,250</u> SF	<u>26</u>	<u>\$2.75</u>	<u>\$3,440</u>	<u>\$1,073,000</u>	<u>23</u>	<u>\$3.13</u>	<u>\$3,440</u>	<u>\$949,000</u>	<u>23</u>	<u>\$3.13</u>	<u>\$3,440</u>	<u>\$949,000</u>	<u>23</u>	<u>\$3.13</u>	<u>\$3,440</u>	<u>\$949,000</u>
Subtotal/Average	1,040 SF	260	\$3.03	\$3,150	\$9,834,000	233	\$2.71	\$2,820	\$8,811,000	233	\$3.03	\$3,150	\$8,811,000	233	\$3.03	\$3,150	\$8,811,000
B. Affordable																	
One Bedroom @ Very Low	850 SF	--	--	--	--	8	\$1.04	\$883	\$85,000	4	\$1.04	\$883	\$42,000	--	--	--	--
One Bedroom @ Low	850 SF	--	--	--	--	--	--	--	--	4	\$1.26	\$1,068	\$51,000	8	\$1.26	\$1,068	\$103,000
Two Bedroom @ Very Low	1,100 SF	--	--	--	--	16	\$0.90	\$988	\$190,000	8	\$0.90	\$988	\$95,000	--	--	--	--
Two Bedroom @ Low	1,100 SF	--	--	--	--	--	--	--	--	8	\$1.09	\$1,197	\$115,000	16	\$1.09	\$1,197	\$230,000
Three Bedroom @ Very Low	1,040 SF	--	--	--	--	3	\$1.05	\$1,091	\$39,000	2	\$1.05	\$1,091	\$26,000	--	--	--	--
Three Bedroom @ Low	<u>1,040</u> SF	--	--	--	--	--	--	--	--	<u>1</u>	<u>\$1.27</u>	<u>\$1,323</u>	<u>\$16,000</u>	<u>3</u>	<u>\$1.27</u>	<u>\$1,323</u>	<u>\$48,000</u>
Subtotal/Average	1,040 SF	--	--	--	--	27	\$0.93	\$969	\$314,000	27	\$1.02	\$1,065	\$345,000	27	\$1.13	\$1,176	\$381,000
C. Total/Average																	
	1,040 SF	260	\$3.08	\$3,200	\$9,834,000	260	\$2.81	\$2,925	\$9,125,000	260	\$2.82	\$2,935	\$9,156,000	260	\$2.83	\$2,946	\$9,192,000
Add: Other Income			\$50 /Unit/Month	<u>\$156,000</u>			\$25 /Unit/Month	<u>\$78,000</u>			\$25 /Unit/Month	<u>\$78,000</u>		\$25 /Unit/Month	<u>\$78,000</u>		
D. Total Gross Scheduled Income (GSI)																	
				\$9,990,000				\$9,203,000				\$9,234,000				\$9,270,000	
II. Effective Gross Income																	
(Less) Vacancy			5.0% of GSI	<u>(\$500,000)</u>			5.0% of GSI	<u>(\$460,000)</u>			5.0% of GSI	<u>(\$462,000)</u>			5.0% of GSI	<u>(\$464,000)</u>	
Effective Gross Income (EGI)				\$9,490,000				\$8,743,000				\$8,772,000				\$8,806,000	
III. Operating Expenses																	
(Less) Operating Expenses			\$5,000 /Unit/Year	<u>(\$1,300,000)</u>			\$5,000 /Unit/Year	<u>(\$1,300,000)</u>			\$5,000 /Unit/Year	<u>(\$1,300,000)</u>			\$5,000 /Unit/Year	<u>(\$1,300,000)</u>	
(Less) Property Taxes ⁽²⁾			\$6,350 /Unit/Year	<u>(\$1,610,000)</u>			\$5,765 /Unit/Year	<u>(\$1,458,000)</u>			\$5,788 /Unit/Year	<u>(\$1,464,000)</u>			\$5,815 /Unit/Year	<u>(\$1,470,000)</u>	
(Less) CFD Special Taxes ⁽³⁾			\$783 /Unit/Year	<u>(\$204,000)</u>			\$783 /Unit/Year	<u>(\$204,000)</u>			\$783 /Unit/Year	<u>(\$204,000)</u>			\$783 /Unit/Year	<u>(\$204,000)</u>	
(Less) Replacement Reserves			<u>\$300</u> /Unit/Year	<u>(\$78,000)</u>			<u>\$300</u> /Unit/Year	<u>(\$78,000)</u>			<u>\$300</u> /Unit/Year	<u>(\$78,000)</u>			<u>\$300</u> /Unit/Year	<u>(\$78,000)</u>	
Total Operating Expenses			\$11,650 /Unit/Year	<u>(\$3,192,000)</u>			\$11,065 /Unit/Year	<u>(\$3,040,000)</u>			\$11,088 /Unit/Year	<u>(\$3,046,000)</u>			\$11,115 /Unit/Year	<u>(\$3,052,000)</u>	
			31.9% of EGI				32.9% of EGI				32.9% of EGI				32.8% of EGI		
IV. Net Operating Income (NOI)																	
				\$6,298,000				\$5,703,000				\$5,726,000				\$5,754,000	

(1) See Worksheet 3 for calculation of affordable rents.

(2) Based on capitalized income approach; assumes a 1.15% tax rate and 4.5% cap rate.

(3) Reflects City of Escondido Services CFD for apartments/condos, approved April 2020.

TABLE F-4

**RESIDUAL LAND VALUE
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats with Wrap Parking											
		100% @ Market-Rate			10% @ Very Low			5% @ Very Low / 5% Low			10% @ Low
I. Capitalized Value Upon Completion											
Stabilized Net Operating Income			\$6,298,000		\$5,703,000		\$5,726,000		\$5,754,000		
Capitalization Rate @			4.50%		4.50%		4.50%		4.50%		
Capitalized Value Upon Completion	\$552,000 /Unit	\$139,956,000		\$501,000 /Unit	\$126,733,000		\$503,000 /Unit	\$127,244,000		\$506,000 /Unit	\$127,867,000
Add: Value of Retail Component			\$708,000		\$708,000		\$708,000		\$708,000		
(Less) Cost of Sale		2.0% of Value	(\$2,813,000)	2.0% of Value	(\$2,549,000)	2.0% of Value	(\$2,559,000)	2.0% of Value	(\$2,572,000)		
(Less) Target Developer Profit		12.0% of Value	<u>(\$16,880,000)</u>	12.0% of Value	<u>(\$15,293,000)</u>	12.0% of Value	<u>(\$15,354,000)</u>	12.0% of Value	<u>(\$15,429,000)</u>		
II. Net Sales Proceeds			\$120,971,000		\$109,599,000		\$110,039,000		\$110,574,000		
(Less) Development Costs			<u>(\$109,991,000)</u>		<u>(\$109,991,000)</u>		<u>(\$109,991,000)</u>		<u>(\$109,991,000)</u>		
III. Residual Land Value			\$10,980,000		(\$392,000)		\$48,000		\$583,000		
Per Unit			\$42,000		(\$2,000)		\$200		\$2,000		
Per SF Site			\$63		(\$2)		\$0		\$3		

(1) Value of retail component assumes \$3.00/SF/Month/NNN rent, vacancy of 10.0% of GSI, unreimbursed expenses of 5.0% of EGI, and a cap rate of 6.5%.

TABLE G-1

**PROJECT DESCRIPTIONS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**



I. Site Area 1.0 Acre

II. Gross Building Area

A. Residential Area

Net Rentable Area	77,500 SF	85%
Circulation/Lobby/Amenities	<u>13,700</u> SF	<u>15%</u>
Total Residential GBA	91,200 SF	100%

B. Retail Area

Net Rentable Area	2,500 SF	100%
Common Area	<u>0</u> SF	<u>0%</u>
Total Retail GBA	2,500 SF	100%

C. Total GBA 93,700 SF

III. Unit Mix

	Number of Units		Average Unit Size
Studio	10 Units	10%	500 SF
One Bedroom	50 Units	50%	650 SF
Two Bedroom	<u>40</u> Units	<u>40%</u>	<u>1,000</u> SF
Total/Average	100 Units	100%	775 SF

IV. Number of Units 100 Units

V. Density 100 Units/Acre

VI. Construction Type Type III over Type I

VII. Stories 6 Stories

VIII. Parking

Type	Podium/Subterranean
Spaces	140 Spaces
Residential Parking Ratio	1.40 Spaces/Unit

TABLE G-2

**DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats over Podium/Subterranean Parking			
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$653,000	\$6,500	\$15 Per SF Site
Parking	\$4,200,000	\$42,000	\$30,000 Per Space
Shell Construction - Residential	\$20,064,000	\$200,600	\$220 Per SF GBA - Residential
Shell Construction - Retail	\$375,000	\$3,800	\$150 Per SF GBA - Retail
FF&E/Amenities	\$0	\$0	Allowance
Tenant Improvements	\$88,000	\$900	\$35 Per SF Net - Retail
Contingency	<u>\$1,269,000</u>	<u>\$12,700</u>	5.0% of Directs
Total Direct Costs	\$26,649,000	\$266,500	\$284 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$1,332,000	\$13,300	5.0% of Directs
Permits & Fees ⁽³⁾	\$3,000,000	\$30,000	\$32 Per SF GBA
Permits & Fees - Retail ⁽³⁾	\$13,000	\$100	\$5 Per SF GBA - Retail
Legal & Accounting	\$400,000	\$4,000	1.5% of Directs
Taxes & Insurance	\$400,000	\$4,000	1.5% of Directs
Developer Fee	\$1,066,000	\$10,700	4.0% of Directs
Marketing/Lease-Up	\$350,000	\$3,500	1.3% of Directs
Contingency	<u>\$328,000</u>	<u>\$3,300</u>	5.0% of Indirects
Total Indirect Costs	\$6,889,000	\$68,900	25.9% of Directs
III. Financing Costs ⁽⁵⁾	\$2,665,000	\$26,700	10.0% of Directs
IV. Total Development Costs ⁽⁶⁾	\$36,203,000	\$362,000	\$386 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Includes loan fees, interest during construction, and interest during sales.

(5) Excludes acquisition costs.

TABLE G-3

**NET OPERATING INCOME
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats over Podium/Subterranean Parking																	
100% @ Market-Rate						10% @ Very Low				5% @ Very Low / 5% @ Low				10% @ Low			
I. Gross Scheduled Income (GSI)																	
	Unit Size	# Units	\$/SF	\$/Month	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual	# Units	\$/SF	\$/Month ⁽¹⁾	Annual	# Unit	\$/SF	\$/Month ⁽¹⁾	Annual
A. Market-Rate																	
Studio	500 SF	10	\$3.45	\$1,730	\$208,000	9	\$3.46	\$1,730	\$187,000	9	\$3.46	\$1,730	\$187,000	9	\$3.46	\$1,730	\$187,000
One Bedroom	650 SF	50	\$3.40	\$2,210	\$1,326,000	45	\$3.40	\$2,210	\$1,193,000	45	\$3.40	\$2,210	\$1,193,000	45	\$3.40	\$2,210	\$1,193,000
Two Bedroom	<u>1,000</u> SF	<u>40</u>	<u>\$3.35</u>	<u>\$3,350</u>	<u>\$1,608,000</u>	<u>36</u>	<u>\$5.15</u>	<u>\$3,350</u>	<u>\$1,447,000</u>	<u>36</u>	<u>\$5.15</u>	<u>\$3,350</u>	<u>\$1,447,000</u>	<u>36</u>	<u>\$5.15</u>	<u>\$3,350</u>	<u>\$1,447,000</u>
Subtotal/Average	775 SF	100	\$3.35	\$2,600	\$3,142,000	90	\$3.35	\$2,600	\$2,827,000	90	\$3.35	\$2,600	\$2,827,000	90	\$3.35	\$2,600	\$2,827,000
B. Affordable																	
Studio @ Very Low	500 SF	--	--	--	--	1	\$1.56	\$780	\$9,000	1	\$1.56	\$780	\$9,000	--	--	--	--
Studio @ Low	500 SF	--	--	--	--	--	--	--	--	1	\$1.89	\$943	\$11,000	1	\$1.89	\$943	\$11,000
One Bedroom @ Very Low	650 SF	--	--	--	--	5	\$1.36	\$883	\$53,000	2	\$1.36	\$883	\$21,000	--	--	--	--
One Bedroom @ Low	650 SF	--	--	--	--	--	--	--	--	2	\$1.64	\$1,068	\$26,000	5	\$1.64	\$1,068	\$64,000
Two Bedroom @ Very Low	775 SF	--	--	--	--	4	\$1.27	\$988	\$47,000	2	\$1.27	\$988	\$24,000	--	--	--	--
Two Bedroom @ Low	<u>775</u> SF	--	--	--	--	--	--	--	--	<u>2</u>	<u>\$1.54</u>	<u>\$1,197</u>	<u>\$29,000</u>	<u>4</u>	<u>\$1.54</u>	<u>\$1,197</u>	<u>\$57,000</u>
Subtotal/Average	775 SF	--	--	--	--	10	\$1.17	\$908	\$109,000	10	\$1.29	\$1,000	\$120,000	10	\$1.42	\$1,100	\$132,000
C. Total/Average																	
	775 SF	100	\$3.35	\$2,600	\$3,142,000	100	\$3.16	\$2,447	\$2,936,000	100	\$3.17	\$2,456	\$2,947,000	100	\$3.18	\$2,466	\$2,959,000
Add: Other Income			\$50 /Unit/Month		<u>\$60,000</u>		\$25 /Unit/Month		<u>\$30,000</u>		\$25 /Unit/Month		<u>\$30,000</u>		\$25 /Unit/Month		<u>\$30,000</u>
D. Total Gross Scheduled Income (GSI)																	
					\$3,202,000				\$2,966,000				\$2,977,000				\$2,989,000
II. Effective Gross Income																	
(Less) Vacancy			5.0% of GSI		<u>(\$160,000)</u>		5.0% of GSI		<u>(\$148,000)</u>		5.0% of GSI		<u>(\$149,000)</u>		5.0% of GSI		<u>(\$149,000)</u>
Effective Gross Income (EGI)					\$3,042,000				\$2,818,000				\$2,828,000				\$2,840,000
III. Operating Expenses																	
(Less) Operating Expenses			\$5,250 /Unit/Year		<u>(\$525,000)</u>		\$5,250 /Unit/Year		<u>(\$525,000)</u>		\$5,250 /Unit/Year		<u>(\$525,000)</u>		\$5,250 /Unit/Year		<u>(\$525,000)</u>
(Less) Property Taxes ⁽²⁾			\$5,060 /Unit/Year		<u>(\$490,000)</u>		\$4,610 /Unit/Year		<u>(\$445,000)</u>		\$4,630 /Unit/Year		<u>(\$447,000)</u>		\$4,650 /Unit/Year		<u>(\$449,000)</u>
(Less) CFD Special Taxes ⁽³⁾			\$783 /Unit/Year		<u>(\$78,000)</u>		\$783 /Unit/Year		<u>(\$78,000)</u>		\$783 /Unit/Year		<u>(\$78,000)</u>		\$783 /Unit/Year		<u>(\$78,000)</u>
(Less) Replacement Reserves			<u>\$300</u> /Unit/Year		<u>(\$30,000)</u>		<u>\$300</u> /Unit/Year		<u>(\$30,000)</u>		<u>\$300</u> /Unit/Year		<u>(\$30,000)</u>		<u>\$300</u> /Unit/Year		<u>(\$30,000)</u>
Total Operating Expenses			\$10,610 /Unit/Year		<u>(\$1,123,000)</u>		\$10,160 /Unit/Year		<u>(\$1,078,000)</u>		\$10,180 /Unit/Year		<u>(\$1,080,000)</u>		\$10,200 /Unit/Year		<u>(\$1,082,000)</u>
			34.9% of EGI				36.1% of EGI				36.0% of EGI				35.9% of EGI		
IV. Net Operating Income (NOI)																	
					\$1,919,000				\$1,740,000				\$1,748,000				\$1,758,000

(1) See Worksheet 3 for calculation of affordable rents.
(2) Based on capitalized income approach; assumes a 1.15% tax rate and 4.5% cap rate.
(3) Reflects City of Escondido Services CFD for apartments/condos, approved April 2020.

**STACKED FLATS OVER
PODIUM/SUBTERRANEAN PARKING
RENTAL - NO TAX CREDITS**

TABLE G-4

**RESIDUAL LAND VALUE
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats over Podium/Subterranean Parking									
100% @ Market-Rate			10% @ Very Low		5% @ Very Low / 5% Low		10% @ Low		
I. Capitalized Value Upon Completion									
Stabilized Net Operating Income		\$1,919,000		\$1,740,000		\$1,748,000		\$1,758,000	
Capitalization Rate @		4.50%		4.50%		4.50%		4.50%	
Capitalized Value Upon Completion	\$440,000 /Unit	\$42,644,000	\$400,000 /Unit	\$38,667,000	\$402,000 /Unit	\$38,844,000	\$404,000 /Unit	\$39,067,000	
Add: Value of Retail Component ⁽¹⁾		\$1,185,000		\$1,185,000		\$1,185,000		\$1,185,000	
(Less) Cost of Sale	2.0% of Value	(\$877,000)	2.0% of Value	(\$797,000)	2.0% of Value	(\$801,000)	2.0% of Value	(\$805,000)	
(Less) Target Developer Profit	12.0% of Value	<u>(\$5,259,000)</u>	12.0% of Value	<u>(\$4,782,000)</u>	12.0% of Value	<u>(\$4,803,000)</u>	12.0% of Value	<u>(\$4,830,000)</u>	
II. Net Sales Proceeds		\$37,693,000		\$34,273,000		\$34,425,000		\$34,617,000	
(Less) Development Costs		<u>(\$36,203,000)</u>		<u>(\$36,203,000)</u>		<u>(\$36,203,000)</u>		<u>(\$36,203,000)</u>	
III. Residual Land Value		\$1,490,000		(\$1,930,000)		(\$1,778,000)		(\$1,586,000)	
Per Unit		\$15,000		(\$19,000)		(\$18,000)		(\$16,000)	
Per SF Site		\$34		(\$44)		(\$41)		(\$36)	

(1) Value of retail component assumes \$3.00/SF/Month/NNN rent, vacancy of 10.0% of GSI, unreimbursed expenses of 5.0% of EGI, and a cap rate of 6.5%.

APPENDIX 4

Financial Feasibility Analysis 100% Affordable with Low Income Housing Tax Credits

Residential Sector Feasibility Study City of Escondido

TABLE H-1

PROJECT DESCRIPTIONS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO



I. Site Area	5.0 Acres		
II. Gross Building Area			
A. Residential Area			
Net Rentable Area	133,500 SF	98%	
Circulation/Lobby/Amenities	<u>2,500</u> SF	<u>2%</u>	
Total Residential GBA	136,000 SF	100%	
B. Retail Area			
Net Rentable Area	0 SF	0%	
Common Area	<u>0</u> SF	<u>0%</u>	
Total Retail GBA	0 SF	0%	
C. Total GBA	136,000 SF		
III. Unit Mix	<u>Number of Units</u>		<u>Average Unit Size</u>
One Bedroom	60 Units	40%	750 SF
Two Bedroom	75 Units	50%	950 SF
Three Bedroom	<u>15</u> Units	<u>10%</u>	<u>1,150</u> SF
Total/Average	150 Units	100%	890 SF
IV. Affordability Mix			
30% of AMI	60 Units	40%	
50% of AMI	37 Units	25%	
60% of AMI	52 Units	35%	
Manager	<u>1</u> Unit	<u>1%</u>	
Total/Average	150 Units	100%	
Average Affordability (excl. Manager)	45% AMI		
V. Number of Units	150 Units		
VI. Density	30 Units/Acre		
VII. Construction Type	Type V		
VIII. Stories	3 Stories		
IX. Parking			
Type	Surface/Carport		
Spaces	263 Spaces		
Residential Parking Ratio	1.75 Spaces/Unit		

DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Garden Apartments		
	Total	Per Unit	Comments
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$2,178,000	\$14,500	\$10 Per SF Site
Parking	\$0	\$0	\$0 Per Space
Shell Construction - Residential	\$20,400,000	\$136,000	\$150 Per SF GBA - Residential
FF&E/Amenities	<u>\$750,000</u>	<u>\$5,000</u>	Allowance
Subtotal	\$23,328,000	\$155,500	\$172 Per SF GBA
Add: Prevailing Wages	\$3,499,000	\$23,300	15% of Directs
Contingency	<u>\$1,341,000</u>	<u>\$8,900</u>	5.0% of Directs
Total Direct Costs	\$28,168,000	\$187,800	\$207 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$1,408,000	\$9,400	5.0% of Directs
Permits & Fees ⁽³⁾	\$4,500,000	\$30,000	\$33 Per SF GBA
Legal & Accounting	\$423,000	\$2,800	1.5% of Directs
Taxes & Insurance	\$423,000	\$2,800	1.5% of Directs
Developer Fee	\$5,589,000	\$37,300	19.8% of Directs
Marketing/Lease-Up	\$375,000	\$2,500	1.3% of Directs
Contingency	<u>\$636,000</u>	<u>\$4,200</u>	5.0% of Indirects
Total Indirect Costs	\$13,354,000	\$89,000	47.4% of Directs
III. Financing Costs			
Loan Fees	\$1,414,000	\$9,400	5.0% of Directs
Interest During Constructions	\$1,060,000	\$7,100	3.8% of Directs
Title/Recording/Escrow	\$50,000	\$300	0.2% of Directs
Interest During Lease-Up	\$589,000	\$3,900	2.1% of Directs
TCAC/Syndication Fees	\$207,000	\$1,400	0.7% of Directs
Operating Lease-Up/Reserves	<u>\$429,000</u>	<u>\$2,900</u>	1.5% of Directs
Total Financing Costs	\$3,749,000	\$25,000	13.3% of Directs
IV. Total Development Costs ⁽⁴⁾	\$45,271,000	\$302,000	\$333 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Excludes acquisition costs.

TABLE H-3

NET OPERATING INCOME
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

		Garden Apartments			
		4% Tax Credits 100% @ Very Low			
I. Gross Scheduled Income (GSI)		<u>Unit Size</u>	<u># Units</u>	<u>\$/Month</u>	<u>Annual</u>
One Bedroom	@ 30% AMI	750 SF	24	\$512	\$147,000
One Bedroom	@ 50% AMI	750 SF	15	\$883	\$159,000
One Bedroom	@ 60% AMI	750 SF	21	\$1,068	\$269,000
<hr/>					
Two Bedroom	@ 30% AMI	950 SF	30	\$571	\$206,000
Two Bedroom	@ 50% AMI	950 SF	19	\$988	\$225,000
Two Bedroom	@ 60% AMI	950 SF	25	\$1,197	\$359,000
Two Bedroom	Manager	950 SF	1	\$0	\$0
<hr/>					
Three Bedroom	@ 30% AMI	1,150 SF	6	\$627	\$45,000
Three Bedroom	@ 50% AMI	1,150 SF	3	\$1,091	\$39,000
Three Bedroom	@ 60% AMI	1,150 SF	6	\$1,323	\$95,000
<hr/>					
Total/Average		890 SF	150	\$858	\$1,544,000
Add: Other Income			\$10 /Unit/Month		<u>\$18,000</u>
Total Gross Scheduled Income (GSI)					\$1,562,000
II. Effective Gross Income					
(Less) Vacancy			5.0% of GSI		<u>(\$78,000)</u>
Effective Gross Income (EGI)					\$1,484,000
III. Operating Expenses					
(Less) Operating Expenses			\$5,000 /Unit/Year		(\$750,000)
(Less) Tenant Services			\$0 /Unit/Year		\$0
(Less) Property Taxes ⁽¹⁾			\$67 /Unit/Year		(\$10,000)
(Less) CFD Special Taxes			\$783 /Unit/Year		(\$117,000)
(Less) Replacement Reserves			<u>\$250</u> /Unit/Year		<u>(\$38,000)</u>
Total Operating Expenses			\$5,320 /Unit/Year		(\$915,000)
			53.8% of EGI		
IV. Net Operating Income (NOI)					\$569,000

(1) Assumes project will qualify for tax-exempt status.

TABLE H-4

**FINANCING DEFICIT
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

	Garden Apartments	
	4% Tax Credits 100% @ Very Low	
I. Sources of Funds	Total	Per Unit
Supportable Permanent Loan ⁽¹⁾	\$7,681,000	\$51,000
Tax Credit Equity Investment ⁽²⁾	\$15,816,000	\$105,000
Other State Funding Sources ⁽³⁾	\$11,250,000	\$75,000
Affordable Housing Program (AHP)	\$1,250,000	\$8,000
Deferred Developer Fee/General Partner Equity Contribution ⁽⁴⁾	\$2,589,000	\$17,000
Income During Lease-Up	<u>\$150,000</u>	<u>\$1,000</u>
Total Sources of Funds	\$38,736,000	\$258,000
II. (Less) Development Costs	<u>(\$45,271,000)</u>	<u>(\$302,000)</u>
III. Residual Land Value	(\$6,535,000)	(\$44,000)
IV. (Less) Acquisition Cost \$30 /SF Site Area *	(\$6,534,000)	(\$44,000)
V. Financing Deficit	(\$13,069,000)	(\$88,000)

* Reflects the mid-point of typical land costs for garden apartments based on recent KMA Countywide experience, excluding coastal areas and Downtown San Diego..

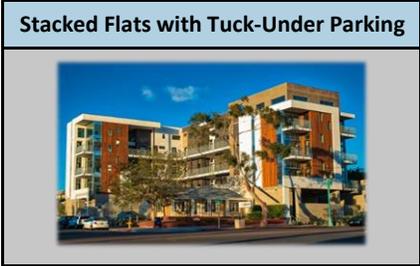
TABLE H-4 (CONT'D.)

FINANCING DEFICIT
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Garden Apartments	
	4% Tax Credits 100% @ Very Low	
(1) Supportable Permanent Loan		
NOI		\$569,000
Interest Rate		5.00%
Term (years)		30
Debt Coverage Ratio		1.15
Annual Debt Service		\$494,783
Supportable Permanent Loan		\$7,681,000
(2) Low Income Housing Tax Credits (Federal)		
<u>Estimate of Eligible Basis:</u>		
Total Development Costs		\$45,271,000
(Less) Ineligible Costs	5.4%	(\$2,425,000)
Eligible Basis		\$42,846,000
<u>Tax Credit Proceeds:</u>		
Maximum Eligible Basis		\$42,846,000
(Less) Voluntary Credit Adjustment	0.0%	\$0
Total Requested Unadjusted Basis		\$42,846,000
Impacted Bonus Factor	130%	\$55,699,800
Tax Credit Qualified Units/Applicable Factor	100%	\$55,699,800
Tax Credit Rate	3.07%	\$1,709,984
Total Tax Credits @	10	\$17,099,839
Limited Partner Share	99.99%	\$17,098,129
Tax Credit Equity Investment @	92.5%	\$15,816,000
(3) Other State Funding Sources		
Number of Units	150 Units	
Total Loan	\$75,000 /Unit	\$11,250,000
(4) Estimate of Deferred Developer Fee		
Eligible Basis		\$42,846,000
(Less) Developer Fee		(\$5,589,000)
Unadjusted Eligible Basis		\$37,257,000
Total Developer Fee	15.0%	\$5,589,000
Developer Overhead Fee		\$5,589,000
(Less) Deferred Developer Fee		(\$2,589,000)
Upfront Developer Fee		\$3,000,000

TABLE I-1

**PROJECT DESCRIPTIONS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**



I. Site Area	1.0 Acres
II. Gross Building Area	
Residential Area	
Net Rentable Area	36,900 SF 90%
Circulation/Lobby/Amenities	<u>4,100</u> SF <u>10%</u>
Total Residential GBA	41,000 SF 100%
III. Unit Mix	
One Bedroom	<u>18</u> Units 40% 700 SF
Two Bedroom	<u>27</u> Units 60% 900 SF
Total/Average	45 Units 100% 820 SF
IV. Affordability Mix	
30% of AMI	18 Units 40%
50% of AMI	11 Units 24%
60% of AMI	15 Units 33%
Manager	<u>1</u> Unit <u>2%</u>
Total/Average	45 Units 100%
Average Affordability (excl. Manager)	45% AMI
V. Number of Units	45 Units
VI. Density	45 Units/Acre
VII. Construction Type	Type V
VIII. Stories	4 Stories
IX. Parking	
Type	Tuck-Under
Spaces	68 Spaces
Residential Parking Ratio	1.50 Spaces/Unit

DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

Stacked Flats with Tuck-Under Parking			
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$653,000	\$14,500	\$15 Per SF Site
Parking	\$1,020,000	\$22,700	\$15,000 Per Space
Shell Construction - Residential	\$6,970,000	\$154,900	\$170 Per SF GBA - Residential
FF&E/Amenities	<u>\$113,000</u>	<u>\$2,500</u>	Allowance
Subtotal	\$8,756,000	\$194,600	\$214 Per SF GBA
Add: Prevailing Wages	\$1,313,000	\$29,200	15.0% of Directs
Contingency	<u>\$503,000</u>	<u>\$11,200</u>	5.0% of Directs
Total Direct Costs	\$10,572,000	\$234,900	\$258 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$529,000	\$11,800	5.0% of Directs
Permits & Fees ⁽³⁾	\$1,350,000	\$30,000	\$33 Per SF GBA
Legal & Accounting	\$159,000	\$3,500	1.5% of Directs
Taxes & Insurance	\$159,000	\$3,500	1.5% of Directs
Developer Fee	\$2,026,000	\$45,000	19.2% of Directs
Marketing/Lease-Up	\$113,000	\$2,500	1.1% of Directs
Contingency	<u>\$217,000</u>	<u>\$4,800</u>	5.0% of Indirects
Total Indirect Costs	\$4,553,000	\$101,200	43.1% of Directs
III. Financing Costs			
Loan Fees	\$513,000	\$11,400	4.9% of Directs
Interest During Constructions	\$256,000	\$5,700	2.4% of Directs
Title/Recording/Escrow	\$50,000	\$1,100	0.5% of Directs
Interest During Lease-Up	\$214,000	\$4,800	2.0% of Directs
TCAC/Syndication Fees	\$120,000	\$2,700	1.1% of Directs
Operating Lease-Up/Reserves	<u>\$127,000</u>	<u>\$2,800</u>	1.2% of Directs
Total Financing Costs	\$1,280,000	\$28,400	12.1% of Directs
IV. Total Development Costs ⁽⁴⁾			
	\$16,405,000	\$365,000	\$400 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Excludes acquisition costs.

TABLE I-3

**NET OPERATING INCOME
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats with Tuck-Under Parking					
4% Tax Credits 100% @ Very Low					
I. Gross Scheduled Income (GSI)		<u>Unit Size</u>	<u># Units</u>	<u>\$/Month</u>	<u>Annual</u>
One Bedroom	@ 30% AMI	700 SF	7	\$512	\$43,000
One Bedroom	@ 50% AMI	700 SF	4	\$883	\$42,000
One Bedroom	@ 60% AMI	700 SF	7	\$1,068	\$90,000
<hr/>					
Two Bedroom	@ 30% AMI	900 SF	11	\$571	\$75,000
Two Bedroom	@ 50% AMI	900 SF	7	\$988	\$83,000
Two Bedroom	@ 60% AMI	900 SF	8	\$1,197	\$115,000
Two Bedroom	Manager	<u>900</u> SF	<u>1</u>	<u>\$0</u>	\$0
<hr/>					
Total/Average		820 SF	45	\$830	\$448,000
Add: Other Income			\$10 /Unit/Month		<u>\$5,000</u>
Total Gross Scheduled Income (GSI)					\$453,000
II. Effective Gross Income					
(Less) Vacancy			5.0% of GSI		<u>(\$23,000)</u>
Effective Gross Income (EGI)					\$430,000
III. Operating Expenses					
(Less) Operating Expenses			\$5,250 /Unit/Year		(\$236,300)
(Less) Tenant Services			\$0 /Unit/Year		\$0
(Less) Property Taxes ⁽³⁾			\$222 /Unit/Year		(\$10,000)
(Less) CFD Special Taxes			\$783 /Unit/Year		(\$35,000)
(Less) Replacement Reserves			<u>\$250</u> /Unit/Year		<u>(\$11,300)</u>
Total Operating Expenses			\$5,724 /Unit/Year		(\$292,600)
			59.9% of EGI		
IV. Net Operating Income (NOI)					\$137,400

(1) Assumes project will qualify for tax-exempt status.

TABLE I-4

**FINANCING DEFICIT
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

	Stacked Flats with Tuck-Under Parking	
	4% Tax Credits 100% @ Very Low	
	Total	Per Unit
I. Sources of Funds		
Supportable Permanent Loan ⁽¹⁾	\$1,855,000	\$41,000
Tax Credit Equity Investment ⁽²⁾	\$5,733,000	\$127,000
Other State Funding Sources ⁽³⁾	\$3,375,000	\$75,000
Affordable Housing Program (AHP)	\$450,000	\$10,000
Deferred Developer Fee/General Partner Equity Contribution ⁽⁴⁾	\$0	\$0
Income During Lease-Up	<u>\$45,000</u>	<u>\$1,000</u>
Total Sources of Funds	\$11,458,000	\$255,000
II. (Less) Development Costs	<u>(\$16,405,000)</u>	<u>(\$365,000)</u>
III. Residual Land Value	(\$4,947,000)	(\$110,000)
IV. (Less) Acquisition Cost	\$60 /SF Site Area *	(\$58,000)
	(\$2,614,000)	
V. Financing Deficit	(\$7,561,000)	(\$168,000)

* Reflects the mid-point of typical land costs for stacked flats over tuck-under parking based on recent KMA Countywide experience, excluding coastal areas and Downtown San Diego..

TABLE I-4 (CONT'D.)

FINANCING DEFICIT
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

Stacked Flats with Tuck-Under Parking
4% Tax Credits 100% Very Low

(1) Supportable Permanent Loan		
NOI		\$137,400
Interest Rate		5.00%
Term (years)		30
Debt Coverage Ratio		1.15
Annual Debt Service		\$119,478
Supportable Permanent Loan		\$1,855,000
<hr/>		
(2) Low Income Housing Tax Credits (Federal)		
<u>Estimate of Eligible Basis:</u>		
Total Development Costs		\$16,405,000
(Less) Ineligible Costs	5.3%	(\$873,000)
Eligible Basis		\$15,532,000
<u>Tax Credit Proceeds:</u>		
Maximum Eligible Basis		\$15,532,000
(Less) Voluntary Credit Adjustment	0.0%	\$0
Total Requested Unadjusted Basis		\$15,532,000
Impacted Bonus Factor	130%	\$20,191,600
Tax Credit Qualified Units/Applicable Factor	100%	\$20,191,600
Tax Credit Rate	3.07%	\$619,882
Total Tax Credits @	10	\$6,198,821
Limited Partner Share	99.99%	\$6,198,201
Tax Credit Equity Investment @	92.5%	\$5,733,000
<hr/>		
(3) Other State Funding Sources		
Number of Units	45 Units	
Total Loan	\$75,000 /Unit	\$3,375,000
<hr/>		
(4) Estimate of Deferred Developer Fee		
Eligible Basis		\$15,532,000
(Less) Developer Fee		(\$2,026,000)
Unadjusted Eligible Basis		\$13,506,000
Total Developer Fee	15.0%	\$2,026,000
Developer Overhead Fee		\$2,026,000
(Less) Deferred Developer Fee	0.0%	\$0
Upfront Developer Fee		\$2,026,000

TABLE J-1

**PROJECT DESCRIPTIONS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**



I. Site Area 4.0 Acres

II. Gross Building Area

Residential Area			
Net Rentable Area	270,400 SF	85%	
Circulation/Lobby/Amenities	<u>47,700</u> SF	<u>15%</u>	
Total Residential GBA	318,100 SF	100%	

III. Unit Mix

	Number of Units		Average Unit Size
One Bedroom	78 Units	30%	850 SF
Two Bedroom	156 Units	60%	1,100 SF
Three Bedroom	<u>26</u> Units	<u>10%</u>	<u>1,250</u> SF
Total/Average	260 Units	100%	1,040 SF

IV. Affordability Mix

30% of AMI	104 Units	40%	
50% of AMI	65 Units	25%	
60% of AMI	90 Units	35%	
Manager	<u>1</u> Unit	<u>0%</u>	
Total/Average	260 Units	100%	
Average Affordability (excl. Manager)	45% AMI		

V. Number of Units 260 Units

VI. Density 65 Units/Acre

VII. Construction Type Type V

VIII. Stories 5 Stories

IX. Parking

Type		Wrap	
Spaces		390 Spaces	
Residential Parking Ratio		1.50 Spaces/Unit	

DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Stacked Flats with Wrap Parking		
	Total	Per Unit	Comments
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$2,614,000	\$10,100	\$15 Per SF Site
Parking	\$7,800,000	\$30,000	\$20,000 Per Space
Shell Construction - Residential	\$66,801,000	\$256,900	\$210 Per SF GBA - Residential
FF&E/Amenities	<u>\$845,000</u>	<u>\$3,250</u>	Allowance
Subtotal	\$78,060,000	\$300,200	\$245 Per SF GBA
Add: Prevailing Wages	\$11,709,000	\$45,000	15.0% of Directs
Contingency	<u>\$4,488,000</u>	<u>\$17,300</u>	5.0% of Directs
Total Direct Costs	\$94,257,000	\$362,500	\$296 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$4,713,000	\$18,100	5.0% of Directs
Permits & Fees ⁽³⁾	\$7,800,000	\$30,000	\$25 Per SF GBA
Legal & Accounting	\$1,414,000	\$5,400	1.5% of Directs
Taxes & Insurance	\$1,414,000	\$5,400	1.5% of Directs
Developer Fee	\$17,678,000	\$68,000	18.8% of Directs
Marketing/Lease-Up	\$650,000	\$2,500	0.7% of Directs
Contingency	<u>\$1,683,000</u>	<u>\$6,500</u>	5.0% of Indirects
Total Indirect Costs	\$35,352,000	\$136,000	37.5% of Directs
III. Financing Costs			
Loan Fees	\$4,473,000	\$17,200	4.7% of Directs
Interest During Constructions	\$3,727,000	\$14,300	4.0% of Directs
Title/Recording/Escrow	\$50,000	\$200	0.1% of Directs
Interest During Lease-Up	\$2,795,000	\$10,800	3.0% of Directs
TCAC/Syndication Fees	\$384,000	\$1,500	0.4% of Directs
Operating Lease-Up/Reserves	<u>\$767,000</u>	<u>\$3,000</u>	0.8% of Directs
Total Financing Costs	\$12,196,000	\$46,900	12.9% of Directs
IV. Total Development Costs ⁽⁴⁾	\$141,805,000	\$545,000	\$446 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) Includes Development Impact Fees. Source: City of Escondido, May 11, 2021.

(4) Excludes acquisition costs.

TABLE J-3

**NET OPERATING INCOME
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats with Wrap Parking					
4% Tax Credits 100% @ Very Low					
I. Gross Scheduled Income (GSI)	<u>Unit Size</u>	<u># Units</u>	<u>\$/Month</u>	<u>Annual</u>	
One Bedroom @ 30% AMI	850 SF	31	\$512	\$190,000	
One Bedroom @ 50% AMI	850 SF	20	\$883	\$212,000	
One Bedroom @ 60% AMI	850 SF	27	\$1,068	\$346,000	
<hr/>					
Two Bedroom @ 30% AMI	1,100 SF	62	\$571	\$425,000	
Two Bedroom @ 50% AMI	1,100 SF	39	\$988	\$462,000	
Two Bedroom @ 60% AMI	1,100 SF	54	\$1,197	\$776,000	
Two Bedroom Manager	1,100 SF	1	\$0	\$0	
<hr/>					
Three Bedroom @ 30% AMI	1,250 SF	11	\$627	\$83,000	
Three Bedroom @ 50% AMI	1,250 SF	6	\$1,091	\$79,000	
Three Bedroom @ 60% AMI	1,250 SF	<u>9</u>	<u>\$1,323</u>	\$143,000	
<hr/>					
Total/Average	1,040 SF	260	\$871	\$2,716,000	
Add: Other Income		\$10 /Unit/Month		<u>\$31,000</u>	
Total Gross Scheduled Income (GSI)				\$2,747,000	
II. Effective Gross Income					
(Less) Vacancy		5.0% of GSI		<u>(\$137,000)</u>	
Effective Gross Income (EGI)				\$2,610,000	
III. Operating Expenses					
(Less) Operating Expenses		\$5,500 /Unit/Year		(\$1,430,000)	
(Less) Tenant Services		\$0 /Unit/Year		\$0	
(Less) Property Taxes ⁽¹⁾		\$38 /Unit/Year		(\$10,000)	
(Less) CFD Special Taxes		\$783 /Unit/Year		(\$204,000)	
(Less) Replacement Reserves		<u>\$250 /Unit/Year</u>		<u>(\$65,000)</u>	
Total Operating Expenses		\$5,788 /Unit/Year		(\$1,709,000)	
		57.7% of EGI			
 				IV. Net Operating Income (NOI)	
				\$901,000	

(1) Assumes project will qualify for tax-exempt status.

TABLE J-4

**FINANCING DEFICIT
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

		Stacked Flats with Wrap Parking	
		4% Tax Credits 100% @ Very Low	
		with CFD	
I. Sources of Funds		Total	Per Unit
Supportable Permanent Loan ⁽¹⁾		\$12,162,000	\$47,000
Tax Credit Equity Investment ⁽²⁾		\$50,029,000	\$192,000
Other State Funding Sources ⁽³⁾		\$26,000,000	\$100,000
Affordable Housing Program (AHP) ⁽⁴⁾		\$2,600,000	\$10,000
Deferred Developer Fee/General Partner Equity Contribution ⁽⁵⁾		\$10,669,000	\$41,000
Income During Lease-Up		<u>\$260,000</u>	<u>\$1,000</u>
Total Sources of Funds		\$101,720,000	\$391,000
II. (Less) Development Costs		(\$141,805,000)	(\$545,000)
III. Residual Land Value		(\$40,085,000)	(\$154,000)
IV. (Less) Acquisition Cost	\$70 /SF Site Area *	(\$12,197,000)	(\$47,000)
V. Financing Deficit		(\$52,282,000)	(\$201,000)

* Reflects the mid-point of typical land costs for stacked flats with wrap parking based on recent KMA Countywide experience, excluding coastal areas and Downtown San Diego.

TABLE J-4 (CONT'D.)

FINANCING DEFICIT
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

Stacked Flats with Wrap Parking
4% Tax Credits 100% Very Low

(1) Supportable Permanent Loan

NOI		\$901,000
Interest Rate		5.00%
Term (years)		30
Debt Coverage Ratio		1.15
Annual Debt Service		\$783,478
Supportable Permanent Loan		\$12,162,000

(2) Low Income Housing Tax Credits (Federal)

Estimate of Eligible Basis:

Total Development Costs		\$141,805,000
(Less) Ineligible Costs	4.4%	<u>(\$6,274,000)</u>
Eligible Basis		\$135,531,000

Tax Credit Proceeds:

Maximum Eligible Basis		\$135,531,000
(Less) Voluntary Credit Adjustment	0.0%	<u>\$0</u>
Total Requested Unadjusted Basis		\$135,531,000
Impacted Bonus Factor	130%	\$176,190,300
Tax Credit Qualified Units/Applicable Factor	100%	\$176,190,300
Tax Credit Rate	3.07%	\$5,409,042
Total Tax Credits @	10	\$54,090,422
Limited Partner Share	99.99%	\$54,085,013
Tax Credit Equity Investment @	92.5%	\$50,029,000

* Exceeds tax credit limit of \$2,500,000. Prototype would likely be built as multiple projects to avoid this constraint.

(3) Other State Funding Sources

Number of Units	260 Units	
Total Loan	\$100,000 /Unit	\$26,000,000

(4) Affordable Housing Program (AHP)

Exceeds AHP limit of \$1,250,000. Assumes prototype will likely be built as multiple projects to avoid this constraint.

(5) Estimate of Deferred Developer Fee

Eligible Basis		\$135,531,000
(Less) Developer Fee		<u>(\$17,678,000)</u>
Unadjusted Eligible Basis		\$117,853,000
Total Developer Fee	15.0%	\$17,678,000
Developer Overhead Fee		\$17,678,000
(Less) Deferred Developer Overhead Fee		<u>(\$10,668,958)</u>
Upfront Developer Fee		\$7,009,042

TABLE K-1

**PROJECT DESCRIPTIONS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**



I. Site Area 1.0 Acre

II. Gross Building Area

Residential Area		
Net Rentable Area	64,000 SF	85%
Circulation/Lobby/Amenities	<u>11,300</u> SF	<u>15%</u>
Total Residential GBA	75,300 SF	100%

III. Unit Mix

	Number of Units		Average Unit Size
Studio	30 Units	30%	500 SF
One Bedroom	60 Units	60%	650 SF
Two Bedroom	<u>10</u> Units	<u>10%</u>	<u>1,000</u> SF
Total/Average	100 Units	100%	640 SF

IV. Affordability Mix

30% of AMI	40 Units	40%
50% of AMI	25 Units	25%
60% of AMI	34 Units	34%
Manager	<u>1</u> Unit	<u>1%</u>
Total/Average	100 Units	100%
Average Affordability (excl. Manager)	45% AMI	

V. Number of Units 100 Units

VI. Density 100 Units/Acre

VII. Construction Type Type V

VIII. Stories 5 Stories

IX. Parking

Type	Podium/Subterranean
Spaces	140 Spaces
Residential Parking Ratio	1.40 Spaces/Unit

TABLE K-2

**STACKED FLATS OVER
PODIUM/SUBTERRANEAN
RENTAL - WITH TAX CREDITS
PARKING**

**DEVELOPMENT COSTS
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats with Podium/Subterranean Parking			
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site
On-Site Improvements/Landscaping ⁽²⁾	\$653,000	\$6,500	\$15 Per SF Site
Parking	\$4,200,000	\$42,000	\$30,000 Per Space
Shell Construction - Residential	\$16,566,000	\$165,700	\$220 Per SF GBA - Residential
FF&E/Amenities	<u>\$350,000</u>	<u>\$3,500</u>	Allowance
Subtotal	\$21,769,000	\$217,700	\$289 Per SF GBA
Add: Prevailing Wages	\$3,265,000	\$32,700	15.0% of Directs
Contingency	<u>\$1,088,000</u>	<u>\$10,900</u>	5.0% of Directs
Total Direct Costs	\$26,122,000	\$261,200	\$347 Per SF GBA
II. Indirect Costs			
Architecture & Engineering	\$1,306,000	\$13,100	5.0% of Directs
Permits & Fees ⁽³⁾	\$3,000,000	\$30,000	\$40 Per SF GBA
Legal & Accounting	\$392,000	\$3,900	1.5% of Directs
Taxes & Insurance	\$392,000	\$3,900	1.5% of Directs
Developer Fee	\$5,004,000	\$50,000	19.2% of Directs
Marketing/Lease-Up	\$250,000	\$2,500	1.0% of Directs
Contingency	<u>\$517,000</u>	<u>\$5,200</u>	5.0% of Indirects
Total Indirect Costs	\$10,861,000	\$108,600	41.6% of Directs
III. Financing Costs			
Loan Fees	\$1,266,000	\$12,700	4.8% of Directs
Interest During Constructions	\$1,055,000	\$10,600	4.0% of Directs
Title/Recording/Escrow	\$50,000	\$500	0.2% of Directs
Interest During Lease-Up	\$528,000	\$5,300	2.0% of Directs
TCAC/Syndication Fees	\$179,000	\$1,800	0.7% of Directs
Operating Lease-Up/Reserves	<u>\$262,000</u>	<u>\$2,600</u>	1.0% of Directs
Total Financing Costs	\$3,340,000	\$33,400	12.8% of Directs
IV. Total Development Costs ⁽⁴⁾			
	\$40,323,000	\$403,000	\$535 Per SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimated allowance; not verified by KMA or the City of Escondido.

(3) KMA estimated allowance, not verified by the City. Includes building permit, plan check, state energy regulations, building plan review, and connection fees.

(4) Excludes acquisition costs.

TABLE K-3

**NET OPERATING INCOME
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Stacked Flats over Podium/Subterranean Parking
4% Tax Credits 100% @ Very Low

I. Gross Scheduled Income (GSI)	<u>Unit Size</u>	<u># Units</u>	<u>\$/Month</u>	<u>Annual</u>
Studio @ 30% AMI	500 SF	12	\$456	\$66,000
Studio @ 50% AMI	500 SF	8	\$780	\$75,000
Studio @ 60% AMI	500 SF	10	\$943	\$113,000
<hr/>				
One Bedroom @ 30% AMI	650 SF	24	\$512	\$147,000
One Bedroom @ 50% AMI	650 SF	15	\$883	\$159,000
One Bedroom @ 60% AMI	650 SF	21	\$1,068	\$269,000
One Bedroom Manager	650 SF	1	\$0	\$0
<hr/>				
Two Bedroom @ 30% AMI	1,000 SF	4	\$571	\$27,000
Two Bedroom @ 50% AMI	1,000 SF	2	\$988	\$24,000
Two Bedroom @ 60% AMI	1,000 SF	3	\$1,197	\$43,000
<hr/>				
Total/Average	640 SF	100	\$769	\$923,000
Add: Other Income		\$10 /Unit/Month		\$12,000
Total Gross Scheduled Income (GSI)				\$935,000
II. Effective Gross Income				
(Less) Vacancy		5.0% of GSI		(\$47,000)
Effective Gross Income (EGI)				\$888,000
III. Operating Expenses				
(Less) Operating Expenses		\$5,750 /Unit/Year		(\$575,000)
(Less) Tenant Services		\$0 /Unit/Year		\$0
(Less) Property Taxes ⁽¹⁾		\$100 /Unit/Year		(\$10,000)
(Less) CFD Special Taxes		\$783 /Unit/Year		(\$78,000)
(Less) Replacement Reserves		\$250 /Unit/Year		(\$25,000)
Total Operating Expenses		\$6,100 /Unit/Year		(\$688,000)
		68.7% of EGI		
IV. Net Operating Income (NOI)				\$200,000

(1) Assumes project will qualify for tax-exempt status.

TABLE K-4

**FINANCING DEFICIT
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

	Stacked Flats over Podium/Subterranean Parking	
	4% Tax Credits w/MHP 100% @ Very Low	
I. Sources of Funds	Total	Per Unit
Supportable Permanent Loan ⁽¹⁾	\$2,700,000	\$27,000
Tax Credit Equity Investment ⁽²⁾	\$14,162,000	\$142,000
Other State Funding Sources ⁽³⁾	\$10,000,000	\$100,000
Affordable Housing Program (AHP)	\$1,000,000	\$10,000
Deferred Developer Fee/General Partner Equity Contribution ⁽⁴⁾	\$2,504,000	\$25,000
Income During Lease-Up	<u>\$100,000</u>	<u>\$1,000</u>
Total Sources of Funds	\$30,466,000	\$305,000
II. (Less) Development Costs	<u>(\$40,323,000)</u>	<u>(\$403,000)</u>
III. Residual Land Value	(\$9,857,000)	(\$98,000)
IV. (Less) Acquisition Cost	\$80 /SF Site Area * (\$3,485,000)	(\$35,000)
V. Financing Deficit	(\$13,342,000)	(\$133,000)

* Reflects the mid-point of typical land costs for stacked flats with podium/subterranean parking based on recent KMA Countywide experience, excluding coastal areas and Downtown San Diego.

TABLE K-4 (CONT'D.)

**FINANCING DEFICIT
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

	Stacked Flats over Podium/Subterranean Parking	
	4% Tax Credits with MHP 100% @ Very Low	
(1) Supportable Permanent Loan		
NOI		\$200,000
Interest Rate		5.00%
Term (years)		30
Debt Coverage Ratio		1.15
Annual Debt Service		\$173,913
Supportable Permanent Loan		\$2,700,000
<hr/>		
(2) Low Income Housing Tax Credits (Federal)		
<u>Estimate of Eligible Basis:</u>		
Total Development Costs		\$40,323,000
(Less) Ineligible Costs	4.9%	(<u>\$1,957,000</u>)
Eligible Basis		\$38,366,000
<u>Tax Credit Proceeds:</u>		
Maximum Eligible Basis		\$38,366,000
(Less) Voluntary Credit Adjustment	0.0%	<u>\$0</u>
Total Requested Unadjusted Basis		\$38,366,000
Impacted Bonus Factor	130%	\$49,875,800
Tax Credit Qualified Units/Applicable Factor	100%	\$49,875,800
Tax Credit Rate	3.07%	\$1,531,187
Total Tax Credits @	10	\$15,311,871
Limited Partner Share	99.99%	\$15,310,339
Tax Credit Equity Investment @	92.5%	\$14,162,000
<hr/>		
(3) Other State Funding Sources		
Number of Units	100 Units	
Total Loan	\$100,000 /Unit	\$10,000,000
<hr/>		
(4) Estimate of Deferred Developer Fee		
Eligible Basis		\$38,366,000
(Less) Developer Fee		(<u>\$5,004,000</u>)
Unadjusted Eligible Basis		\$33,362,000
Total Developer Fee	15.0%	\$5,004,000
Developer Overhead Fee		\$5,004,000
(Less) Deferred Developer Overhead Fee		(<u>\$2,504,000</u>)
Upfront Developer Fee		\$2,500,000

APPENDIX 5

Estimates of Affordable Sales Prices/Rents and Residential Market Data

Residential Sector Feasibility Study City of Escondido

WORKSHEET 1

ESTIMATE OF AFFORDABLE SALES PRICES - TOWNHOMES (1)
 RESIDENTIAL SECTOR FEASIBILITY STUDY
 CITY OF ESCONDIDO

	Two Bedroom		Three Bedroom	
	Low		Low	
I. <u>Maximum Affordable Sales Price</u> (2)				
Percent of AMI		70%		70%
Assumed Family Size		3.0		4.0
Household Income		\$58,415		\$64,890
Income Allocation to Housing		30%		30%
Amount Available for Housing		\$17,525		\$19,467
Annual HOA (3)	\$200 /Mo.	\$2,400	\$225 /Mo.	\$2,700
Annual Utilities (4)		\$2,712		\$3,228
Tax Rate		1.15%		1.15%
Annual Taxes (5)		\$2,082		\$2,277
Services CFD		\$725		\$725
Average Mortgage		\$9,606		\$10,537
Interest Rate (6)		4.25%		4.25%
Down Payment		10.00%		10.00%
Supportable Mortgage		\$162,723		\$178,494
Add: Down Payment		\$18,100		\$19,800
II. <u>Maximum Unit Price</u>		\$181,000		\$198,000

- (1) Based on State of California Department of Housing and Community and Development (HCD) 2020 income limits.
- (2) Based on affordable cost as defined in Section 50052.5 of the California Health and Safety Code.
- (3) Allowance for structure insurance, maintenance, and reserves.
- (4) Per the San Diego County Department of Housing and Community Development 2019 Utility Allowance Schedule, effective July 1, 2019. KMA assumed utility allowance profile as follows:

Number of Bedrooms:	<u>Two</u>	<u>Three</u>
Electric Heat	\$10	\$12
Gas Cooking	\$3	\$4
Other Electric	\$30	\$37
Gas Water Heater	\$11	\$13
Water	\$103	\$126
Sewer	\$32	\$39
Trash	\$36	\$36
Air Conditioning	<u>\$1</u>	<u>\$2</u>
Total Utility Allowance	\$226	\$269
Total Annual Utilities	\$2,712	\$3,228

- (5) Based on affordable unit price. Property tax assessment may be based on market value of actual home.
- (6) KMA assumption based on data provided by Bankrate.com, June 2020; includes Private Mortgage Insurance (PMI).

WORKSHEET 2

ESTIMATE OF AFFORDABLE SALES PRICES - STACKED FLATS (1)
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	One Bedroom		Two Bedroom	
	Low		Low	
I. Maximum Affordable Sales Price (2)				
Percent of AMI		70%		70%
Assumed Family Size		2.0		3.0
Household Income		\$51,905		\$58,415
Income Allocation to Housing		30%		30%
Amount Available for Housing		\$15,572		\$17,525
Annual HOA (3)	\$350 /Mo.	\$4,200	\$400 /Mo.	\$4,800
Annual Utilities (4)		\$528		\$660
Tax Rate		1.15%		1.15%
Annual Taxes (5)		\$1,794		\$2,013
Services CFD		\$783		\$783
Average Mortgage		\$8,267		\$9,269
Interest Rate (6)		4.25%		4.25%
Down Payment		10.00%		10.00%
Supportable Mortgage		\$140,032		\$157,014
Add: Down Payment		\$15,600		\$17,500
II. Maximum Unit Price		\$156,000		\$175,000

(1) Based on State of California Department of Housing and Community and Development (HCD) 2020 income limits.

(2) Based on affordable cost as defined in Section 50052.5 of the California Health and Safety Code.

(3) Allowance for structure insurance, maintenance, and reserves.

(4) Per the San Diego County Department of Housing and Community Development 2019 Utility Allowance Schedule, effective July 1, 2019. KMA assumed utility allowance

Number of Bedrooms:	One	Two
Electric Heat	\$8	\$10
Gas Cooking	\$2	\$3
Other Electric	\$24	\$30
Gas Water Heater	\$9	\$11
Air Conditioning	\$1	\$1
Total Utility Allowance	\$44	\$55
Total Annual Utilities	\$528	\$660

(5) Based on affordable unit price. Property tax assessment may be based on market value of actual home.

(6) KMA assumption based on data provided by Bankrate.com, June 2020; includes Private Mortgage Insurance (PMI).

WORKSHEET 3

ESTIMATE OF AFFORDABLE RENTS - NO TAX CREDITS ⁽¹⁾

RESIDENTIAL SECTOR FEASIBILITY STUDY

CITY OF ESCONDIDO

	Studio		One Bedroom		Two Bedroom		Three Bedroom	
	<u>Very Low</u>	<u>Low</u>	<u>Very Low</u>	<u>Low</u>	<u>Very Low</u>	<u>Low</u>	<u>Very Low</u>	<u>Low</u>
I. <u>Maximum Affordable Rent</u> ⁽²⁾								
Percent of AMI	50%	60%	50%	60%	50%	60%	50%	60%
Assumed Family Size	1.0	1.0	2.0	2.0	3.0	3.0	4.0	4.0
Household Income	\$32,450	\$38,940	\$37,075	\$44,490	\$41,725	\$50,070	\$46,350	\$55,620
Income Allocation to Housing	30%	30%	30%	30%	30%	30%	30%	30%
Monthly Housing Cost	\$811	\$974	\$927	\$1,112	\$1,043	\$1,252	\$1,159	\$1,391
(Less) Utility Allowance ⁽³⁾	<u>(\$31)</u>	<u>(\$31)</u>	<u>(\$44)</u>	<u>(\$44)</u>	<u>(\$55)</u>	<u>(\$55)</u>	<u>(\$68)</u>	<u>(\$68)</u>
II. <u>Maximum Monthly Rent</u>	\$780	\$943	\$883	\$1,068	\$988	\$1,197	\$1,091	\$1,323

(1) Based on State of California Department of Housing and Community and Development (HCD) 2020 income limits.

(2) Based on affordable rent as defined in Section 50053 of the California Health and Safety Code.

(3) Per the San Diego County Department of Housing and Community Development 2019 Utility Allowance Schedule, effective July 1, 2019. KMA assumed utility allowance profile as follows:

Number of Bedrooms:	<u>Studio</u>	<u>One</u>	<u>Two</u>	<u>Three</u>
Electric Heat	\$5	\$8	\$10	\$12
Gas Cooking	\$2	\$2	\$3	\$4
Other Electric	\$17	\$24	\$30	\$37
Gas Water Heater	\$6	\$9	\$11	\$13
Air Conditioning	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>	<u>\$2</u>
Total Utility Allowar	\$31	\$44	\$55	\$68

WORKSHEET 4

ESTIMATE OF AFFORDABLE RENTS - WITH TAX CREDITS 30% AMI
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Studio	One Bedroom	Two Bedroom	Three Bedroom
I. Low Income Housing Tax Credit Program ⁽¹⁾				
A. Percent of AMI	30%	30%	30%	30%
Assumed Family Size	1.5	1.5	3.0	4.5
Household Income	\$24,270	\$25,995	\$31,200	\$36,045
B. Income Allocation to Housing	30%	30%	30%	30%
Monthly Housing Cost	\$606	\$649	\$780	\$901
(Less) Utility Allowance ⁽²⁾	<u>(\$31)</u>	<u>(\$44)</u>	<u>(\$55)</u>	<u>(\$68)</u>
C. Maximum Monthly Rent	\$575	\$605	\$725	\$833
II. California Redevelopment Law / Density Bonus ⁽³⁾				
A. Percent of AMI	30%	30%	30%	30%
Assumed Family Size	1.0	2.0	3.0	4.0
Household Income	\$19,470	\$22,245	\$25,035	\$27,810
B. Income Allocation to Housing	30%	30%	30%	30%
Monthly Housing Cost	\$487	\$556	\$626	\$695
(Less) Utility Allowance ⁽²⁾	<u>(\$31)</u>	<u>(\$44)</u>	<u>(\$55)</u>	<u>(\$68)</u>
C. Maximum Monthly Rent	\$456	\$512	\$571	\$627
III. Maximum Monthly Rent (Lesser of I or II)	\$456	\$512	\$571	\$627

(1) Per California Tax Credit Allocation Committee 2020 maximum income and maximum rents for projects placed in service after April 1, 2020.

(2) Per the San Diego County Department of Housing and Community Development 2019 Utility Allowance Schedule, effective July 1, 2019. KMA assumed utility allowance profile as follows:

Number of Bedrooms:	Studio	One	Two	Three
Electric Heat	\$5	\$8	\$10	\$12
Gas Cooking	\$2	\$2	\$3	\$4
Other Electric	\$17	\$24	\$30	\$37
Gas Water Heater	\$6	\$9	\$11	\$13
Air Conditioning	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>	<u>\$2</u>
Total Utility Allowance	\$31	\$44	\$55	\$68

(3) Based on State of California Department of Housing and Community and Development (HCD) 2020 income limits and affordable rent as defined in Section 50053 of the California Health and Safety Code.

WORKSHEET 5

ESTIMATE OF AFFORDABLE RENTS - WITH TAX CREDITS - 50% AMI
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Studio	One Bedroom	Two Bedroom	Three Bedroom
I. Low Income Housing Tax Credit Program ⁽¹⁾				
A. Percent of AMI	50%	50%	50%	50%
Assumed Family Size	1.5	1.5	3.0	4.5
Household Income	\$40,450	\$43,325	\$52,000	\$60,075
B. Income Allocation to Housing	30%	30%	30%	30%
Monthly Housing Cost	\$1,011	\$1,083	\$1,300	\$1,501
(Less) Utility Allowance ⁽²⁾	<u>(\$31)</u>	<u>(\$44)</u>	<u>(\$55)</u>	<u>(\$68)</u>
C. Maximum Monthly Rent	\$980	\$1,039	\$1,245	\$1,433
II. California Redevelopment Law / Density Bonus ⁽³⁾				
A. Percent of AMI	50%	50%	50%	50%
Assumed Family Size	1.0	2.0	3.0	4.0
Household Income	\$32,450	\$37,075	\$41,725	\$46,350
B. Income Allocation to Housing	30%	30%	30%	30%
Monthly Housing Cost	\$811	\$927	\$1,043	\$1,159
(Less) Utility Allowance ⁽²⁾	<u>(\$31)</u>	<u>(\$44)</u>	<u>(\$55)</u>	<u>(\$68)</u>
C. Maximum Monthly Rent	\$780	\$883	\$988	\$1,091
III. Maximum Monthly Rent (Lesser of I or II)	\$780	\$883	\$988	\$1,091

(1) Per California Tax Credit Allocation Committee 2020 maximum income and maximum rents for projects placed in service after April 1, 2020.

(2) Per the San Diego County Department of Housing and Community Development 2019 Utility Allowance Schedule, effective July 1, 2019. KMA assumed utility allowance profile as follows:

Number of Bedrooms:	Studio	One	Two	Three
Electric Heat	\$5	\$8	\$10	\$12
Gas Cooking	\$2	\$2	\$3	\$4
Other Electric	\$17	\$24	\$30	\$37
Gas Water Heater	\$6	\$9	\$11	\$13
Air Conditioning	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>	<u>\$2</u>
Total Utility Allowance	\$31	\$44	\$55	\$68

(3) Based on State of California Department of Housing and Community and Development (HCD) 2020 income limits and affordable rent as defined in Section 50053 of the California Health and Safety Code.

WORKSHEET 6

ESTIMATE OF AFFORDABLE RENTS - WITH TAX CREDITS - 60% AMI
 RESIDENTIAL SECTOR FEASIBILITY STUDY
 CITY OF ESCONDIDO

	Studio	One Bedroom	Two Bedroom	Three Bedroom
I. Low Income Housing Tax Credit Program ⁽¹⁾				
A. Percent of AMI	60%	60%	60%	60%
Assumed Family Size	1.5	1.5	3.0	4.5
Household Income	\$48,540	\$51,990	\$62,400	\$72,090
B. Income Allocation to Housing	30%	30%	30%	30%
Monthly Housing Cost	\$1,213	\$1,299	\$1,560	\$1,802
(Less) Utility Allowance ⁽²⁾	<u>(\$31)</u>	<u>(\$44)</u>	<u>(\$55)</u>	<u>(\$68)</u>
C. Maximum Monthly Rent	\$1,182	\$1,255	\$1,505	\$1,734
II. California Redevelopment Law / Density Bonus ⁽³⁾				
A. Percent of AMI	60%	60%	60%	60%
Assumed Family Size	1.0	2.0	3.0	4.0
Household Income	\$38,940	\$44,490	\$50,070	\$55,620
B. Income Allocation to Housing	30%	30%	30%	30%
Monthly Housing Cost	\$974	\$1,112	\$1,252	\$1,391
(Less) Utility Allowance ⁽²⁾	<u>(\$31)</u>	<u>(\$44)</u>	<u>(\$55)</u>	<u>(\$68)</u>
C. Maximum Monthly Rent	\$943	\$1,068	\$1,197	\$1,323
III. Maximum Monthly Rent (Lesser of I or II)	\$943	\$1,068	\$1,197	\$1,323

(1) Per California Tax Credit Allocation Committee 2020 maximum income and maximum rents for projects placed in service after April 1, 2020.

(2) Per the San Diego County Department of Housing and Community Development 2019 Utility Allowance Schedule, effective July 1, 2019. KMA assumed utility allowance profile as follows:

Number of Bedrooms:	Studio	One	Two	Three
Electric Heat	\$5	\$8	\$10	\$12
Gas Cooking	\$2	\$2	\$3	\$4
Other Electric	\$17	\$24	\$30	\$37
Gas Water Heater	\$6	\$9	\$11	\$13
Air Conditioning	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>	<u>\$2</u>
Total Utility Allowance	\$31	\$44	\$55	\$68

(3) Based on State of California Department of Housing and Community and Development (HCD) 2020 income limits and affordable rent as defined in Section 50053 of the California Health and Safety Code.

WORKSHEET 7

SURVEY OF MULTI-FAMILY RESIDENTIAL LAND SALES, CITY OF ESCONDIDO, 2015 - PRESENT (1)
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	<u>Sale Date</u>	<u>Property Address</u>	<u>City</u>	<u>Submarket</u>	<u>Sale Price</u>	<u>Land</u>		<u>Buyer</u>
						<u>Acres</u>	<u>\$/SF</u>	
1	7/1/2016	300-330 S Escondido Blvd	Escondido	Escondido	\$2,600,000	0.80	\$75	Charles Zhang
2	3/25/2021	555 W Grand Ave	Escondido	Escondido	\$1,400,000	0.48	\$67	
3	3/23/2017	2516 Escondido Blvd	Escondido	Escondido	\$5,415,500	2.27	\$55	William Lyon Homes, Inc.
4	4/27/2018	700 W. Grand Avenue	Escondido	Escondido	\$2,200,000	2.60	\$19 (2)	
5	8/27/2015	917 W Lincoln Ave	Escondido	Escondido	\$440,000	0.81	\$12	Spathco
6	4/1/2015	664 N Fig St	Escondido	Escondido	\$335,150	0.62	\$12	
				Minimum	\$335,150	0.48	\$12	
				Maximum	\$5,415,500	2.60	\$75	
				Median	\$1,800,000	0.81	\$37	
				Average	\$2,065,108	1.26	\$40	

(1) Reflects multi-family residential land sales less than 20 acres, City of Escondido, 2015-present, except where noted.

(2) Development proposal on this property is currently being processed by City.

Source: CoStar, August 31, 2020.

WORKSHEET 8

SURVEY OF MULTI-FAMILY RESIDENTIAL LAND SALES, INLAND NORTH COUNTY, 2015 - PRESENT ⁽¹⁾
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Sale Date	Property Address	City	Submarket	Sale Price	Land		Buyer	
						Acres	\$/SF		
1	7/30/2019	806 S Twin Oaks Valley Rd	San Marcos	San Marcos	\$15,600,000	3.79	\$94	California West Communities	
2	7/1/2016	300-330 S Escondido Blvd	Escondido	Escondido	\$2,600,000	0.80	\$75	Charles Zhang	
3	11/7/2017	San Elijo Road	San Marcos	San Marcos	\$1,970,000	0.62	\$73	Hall Land Company Inc	
4	3/25/2021	555 W Grand Ave	Escondido	Escondido	\$1,400,000	0.48	\$67		
5	11/7/2017	San Elijo Rd	San Marcos	San Marcos	\$1,970,000	0.70	\$65	Hall Land Company Inc	
6	3/23/2017	2516 Escondido Blvd	Escondido	Escondido	\$5,415,500	2.27	\$55	William Lyon Homes, Inc.	
7	12/19/2018	255 Grapevine Rd	Vista	Vista	\$20,758,500	9.05	\$53	D.R. Horton, Inc.	
8	7/30/2015	1001 Armorlite Dr	San Marcos	San Marcos	\$17,000,000	11.86	\$33	Intracorp Homes	
9	3/30/2017	1541 N Santa Fe Ave	Vista	Vista	\$470,000	0.36	\$30		
10	7/26/2019	238 N Indiana Ave	Vista	Vista	\$200,000	0.18	\$26		
11	7/20/2017	W San Marcos Blvd	Vista	San Marcos	\$13,280,100	12.00	\$25	Integral Communities	
12	3/18/2016	405 N Melrose Dr	Vista	Vista	\$364,000	0.33	\$25		
13	7/18/2018	S Santa Fe Ave	Vista	Vista	\$5,040,000	4.58	\$25	KB Home	
14	1/22/2020	206 Cedar Rd	Vista	Vista	\$2,085,000	1.95	\$25	William A. Goodin	
15	10/13/2015	405 N Melrose Dr	Vista	Vista	\$340,500	0.33	\$24		
16	4/27/2018	700 W. Grand Avenue	Escondido	Escondido	\$2,200,000	2.60	\$19 ⁽²⁾		
17	8/31/2018	1315-1335 N Santa Fe Ave	Vista	Vista	\$350,000	0.43	\$19		
18	5/28/2014	426-444 W. Washington	Vista	Vista	\$350,000	0.43	\$19		
19	3/29/2018	Fitzpatrick Rd	San Marcos	San Marcos	\$4,400,000	7.29	\$14	KB Home	
20	7/11/2018	255 Grapevine Rd	Vista	Vista	\$5,271,000	9.05	\$13	Warmington Group Of Co	
21	8/27/2015	917 W Lincoln Ave	Escondido	Escondido	\$440,000	0.81	\$12	Spathco	
22	4/1/2015	664 N Fig St	Escondido	Escondido	\$335,150	0.62	\$12		
23	12/7/2016	142 Hill Dr	Vista	Vista	\$735,000	1.41	\$12	Sendero Heights	
24	3/4/2020	260 E Mission Rd	San Marcos	San Marcos	\$1,850,000	3.63	\$12	KB Home Coastal, Inc.	
25	8/14/2018	1248 S Santa Fe Ave	Vista	Vista	\$975,000	1.92	\$12	David Epstein Law Firm	
26	8/10/2017	1155 Foothill Dr	Vista	Vista	\$6,915,000	15.80	\$10	CalAtlantic Group, Inc.	
27	4/7/2016	Woodward St	San Marcos	San Marcos	\$1,400,000	3.38	\$10	Salman Rabie	
					Minimum	\$200,000	0.18	\$10	
					Maximum	\$20,758,500	15.80	\$94	
					Median	\$1,970,000	1.92	\$25	
					Average	\$4,211,657	3.58	\$32	

(1) Reflects multi-family residential land sales less than 20 acres in Inland North County, 2015-present, except where noted.

(2) Development proposal on this property is currently being processed by City.

WORKSHEET 9

SURVEY OF MULTI-FAMILY RESIDENTIAL LAND SALES, COUNTY OF SAN DIEGO, 2015 - PRESENT (1)
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	<u>Sale Date</u>	<u>Property Address</u>	<u>City</u>	<u>Submarket</u>	<u>Sale Price</u>	<u>Land</u>		<u>Buyer</u>
						<u>Acres</u>	<u>\$/SF</u>	
1	2/4/2020	7570 La Jolla Blvd	La Jolla	La Jolla	\$6,200,000	0.31	\$453	Vasel Malota
2	6/24/2015	7760 Herschel Ave	La Jolla	La Jolla	\$2,600,000	0.16	\$371	George Roy Sloan
3	9/19/2016	724 N Pacific St	Oceanside	Oceanside	\$1,695,000	0.11	\$350	Richard Woolsey
4	12/27/2019	951 Seacoast Dr	Imperial Beach	San Ysidro/Imperial Beach	\$1,655,000	0.11	\$347	Alicia Lazo de la Vega Gomez
5	9/17/2015	2850 6th Ave	San Diego	Uptown West/Park West	\$12,550,000	0.83	\$347	Westbrook Partners
6	1/6/2020	460 Westbourne St	La Jolla	La Jolla	\$3,950,000	0.30	\$302	Kramer Pacific Builders Inc
7	5/13/2019	6th Ave	San Diego	Uptown West/Park West	\$6,610,500	0.59	\$256	Greystar
8	3/20/2020	1404 Sunset Cliffs Blvd	San Diego	Old Twn/S Arena/Pt Loma	\$2,400,000	0.23	\$240	Urban California
9	6/29/2017	3922-3932 Park Blvd	San Diego	Uptown West/Park West	\$3,650,000	0.35	\$238	Diversyfund, Inc
10	9/4/2015	300 Christiansen Way	Carlsbad	Carlsbad	\$3,000,000	0.29	\$237	Christopher Kevin Boyle
11	2/13/2018	3085-3095 El Cajon Blvd	San Diego	Park East	\$2,350,000	0.24	\$221	Sayfe A. Salem
12	7/27/2018	220 Montecito Way	San Diego	Uptown West/Park West	\$1,200,000	0.13	\$212	WLA Investments, Inc.
13	12/13/2019	El Cajon & Mississippi Blvd	San Diego	Park East	\$2,180,000	0.25	\$204	Trestle Housing
14	12/11/2018	El Cajon & Mississippi Blvd	San Diego	Park East	\$2,180,000	0.25	\$204	Floit Properties, Inc.
15	10/2/2015	2363 Front St	San Diego	Uptown West/Park West	\$1,000,000	0.11	\$200	Pujji Family Trust
16	5/20/2019	319 Rosecrans St	San Diego	Old Twn/S Arena/Pt Loma	\$950,000	0.11	\$190	Tom Gaeto
17	2/1/2019	1909 S Myers St	Oceanside	Oceanside	\$3,350,000	0.42	\$183	Mark McCord
18	5/17/2018	3068-3080 State St	Carlsbad	Carlsbad	\$3,300,000	0.41	\$183	Del Mar Alliance
19	12/18/2019	2535 Midway Dr	San Diego	Old Twn/S Arena/Pt Loma	\$88,859,000	11.56	\$176	BlackRock
20	10/1/2018	500 Hotel Cir N	San Diego	Mission Valley	\$74,850,000	10.13	\$170	Holland Partner Group
21	11/30/2018	5526-5548 Lauretta St	San Diego	PB/Rose Canyon/Morena	\$3,300,000	0.46	\$165	Michael Turk
22	2/9/2017	704 Fort Stockton Dr	San Diego	Uptown West/Park West	\$760,000	0.11	\$159	
23	1/19/2021	410 Tremont St	Oceanside	Oceanside	\$799,000	0.12	\$158	Magdi R Hanna
24	6/15/2016	5040 Santa Monica Ave	Ocean Beach	Old Twn/S Arena/Pt Loma	\$1,075,000	0.16	\$153	Goria, Webar & Jarvis Attorneys
25	12/23/2020	Hornblend St	San Diego	PB/Rose Canyon/Morena	\$1,900,000	0.29	\$151	Michael Turk
26	4/2/2018	Roosevelt St	Carlsbad	Carlsbad	\$3,000,000	0.47	\$147	Scott Lissoy
27	5/13/2016	3921-3935 Normal St	San Diego	Uptown West/Park West	\$3,560,000	0.56	\$146	H.G. Fenton Company
28	7/24/2015	4220 Arizona St	San Diego	Park East	\$7,113,500	1.21	\$135	Alliance Residential Company
29	8/31/2018	301-307 West St	Oceanside	Oceanside	\$1,300,000	0.23	\$130	Hall Land Company Inc
30	1/13/2016	1909 S Myers St	Oceanside	Oceanside	\$2,250,000	0.43	\$119	Michael Turk
31	1/2/2019	438 Tamarack Ave	Carlsbad	Carlsbad	\$1,960,000	0.39	\$117	Michael Fulton
32	12/7/2016	Oak Ave	Carlsbad	Carlsbad	\$950,000	0.19	\$113	
33	11/15/2016	3740-3748 3rd Ave	San Diego	Uptown West/Park West	\$755,000	0.16	\$112	
34	5/1/2018	150 S Myers St	Oceanside	Oceanside	\$1,000,000	0.21	\$111	BS Products, Inc.
35	3/29/2017	3740-3748 3rd Ave	San Diego	Uptown West/Park West	\$750,000	0.16	\$111	
36	4/2/2019	Franklin Ridge Rd	San Diego	Mission Valley	\$12,071,500	2.60	\$107	J.F. Shea Co., Inc.

WORKSHEET 9

SURVEY OF MULTI-FAMILY RESIDENTIAL LAND SALES, COUNTY OF SAN DIEGO, 2015 - PRESENT (1)
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Sale Date	Property Address	City	Submarket	Sale Price	Land		Buyer
						Acres	\$/SF	
37	11/12/2015	1911-1941 N Vulcan Ave	Encinitas	North Beach Cities	\$1,850,000	0.42	\$101	Shea Homes, L.P.
38	7/5/2018	2724 Reynard Way	San Diego	Uptown West/Park West	\$918,000	0.21	\$100	Domingo Rex
39	3/18/2019	3311 Market St	San Diego	Southeast San Diego	\$460,000	0.11	\$100	
40	12/24/2020	Carmel Mountain Rd	San Diego	Rancho Bernardo	\$34,371,000	8.11	\$97	Holland Partner Residential
41	1/26/2018	3311 Market St	San Diego	Southeast San Diego	\$440,000	0.11	\$96	
42	11/7/2016	438 Tamarack Ave	Carlsbad	Carlsbad	\$1,600,000	0.39	\$95	San Diego Capital Management Services LLC
43	7/30/2019	806 S Twin Oaks Valley Rd	San Marcos	San Marcos	\$15,600,000	3.79	\$94	California West Communities
44	12/31/2019	3734 40th St	San Diego	College Area	\$650,000	0.16	\$93	
45	12/27/2019	3734 40th St	San Diego	College Area	\$650,000	0.16	\$93	
46	12/8/2016	6195-6219 Montezuma Rd	San Diego	College Area	\$2,125,000	0.53	\$91	Else Partners, LLC
47	2/25/2021	2699 Commercial St	San Diego	Southeast San Diego	\$2,300,000	0.60	\$88	CoPlace
48	6/10/2019	303 N Horne St	Oceanside	Oceanside	\$1,400,000	0.37	\$87	Sunsets LP
49	5/23/2018	7550 Gibraltar St	Carlsbad	Carlsbad	\$1,540,000	0.41	\$86	Foroozandeh Y Sahba
50	4/26/2019	2124 Front St	San Diego	Uptown West/Park West	\$705,000	0.19	\$85	
51	7/1/2016	300-330 S Escondido Blvd	Escondido	Escondido	\$2,600,000	0.80	\$75	Charles Zhang
52	11/7/2017	San Elijo Road	San Marcos	San Marcos	\$1,970,000	0.62	\$73	Hall Land Company Inc
53	2/14/2020	5901-5927 Mission Gorge Rd	San Diego	Mission Gorge	\$12,105,500	3.84	\$72	The Pacific Companies
54	3/14/2016	2731 B St	San Diego	Park East	\$1,550,000	0.50	\$71	H.G. Fenton Company
55	12/31/2019	2124 Front St	San Diego	Uptown West/Park West	\$574,000	0.19	\$69	
56	3/17/2016	2724 Reynard Way	San Diego	Uptown West/Park West	\$620,000	0.21	\$68	Tyler Wallace
57	3/25/2021	555 W Grand Ave	Escondido	Escondido	\$1,400,000	0.48	\$67	
58	1/16/2015	Via Alta	San Diego	Mission Valley	\$9,000,000	3.15	\$66	J.F. Shea Co., Inc.
59	3/24/2017	120 Ballantyne St	El Cajon	East County	\$510,000	0.18	\$65	
60	11/7/2017	San Elijo Rd	San Marcos	San Marcos	\$1,970,000	0.70	\$65	Hall Land Company Inc
61	8/3/2017	Village Center Loop Rd	San Diego	Del Mar Hts/Carmel Valley	\$9,730,000	3.47	\$64	KB Home Greater Los Angeles, Inc.
62	9/20/2019	4329 Menlo Ave	San Diego	College Area	\$360,000	0.13	\$63	
63	12/14/2020	250 E Lexington Ave	El Cajon	East County	\$4,200,000	1.55	\$62	Housing Corporation of America
64	4/2/2018	129 National City Blvd	National City	National City	\$390,000	0.14	\$62	
65	12/6/2017	3075 Broadway	San Diego	Park East	\$475,000	0.18	\$61	
66	8/13/2015	1105 National City Blvd	National City	National City	\$3,500,000	1.33	\$60	AMG & Associates, LLC
67	11/9/2018	6505 El Cajon Blvd	San Diego	College Area	\$780,000	0.30	\$59	Terra Steward Energy Group
68	9/6/2019	Riverview Parkway	Santee	East County	\$14,060,000	5.88	\$55	William Lyon Homes, Inc.
69	3/23/2017	2516 Escondido Blvd	Escondido	Escondido	\$5,415,500	2.27	\$55	William Lyon Homes, Inc.
70	2/26/2015	2440 Grand Ave	San Diego	PB/Rose Canyon/Morena	\$2,850,000	1.22	\$54	
71	6/21/2017	7540 Gibraltar St	Carlsbad	Carlsbad	\$895,000	0.39	\$53	
72	4/25/2018	517 W San Ysidro Blvd	San Ysidro	San Ysidro/Imperial Beach	\$2,750,000	1.19	\$53	National Community Renaissance

WORKSHEET 9

SURVEY OF MULTI-FAMILY RESIDENTIAL LAND SALES, COUNTY OF SAN DIEGO, 2015 - PRESENT (1)
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Sale Date	Property Address	City	Submarket	Sale Price	Land		Buyer
						Acres	\$/SF	
73	10/31/2017	A St	San Diego	Park East	\$888,000	0.38	\$53	
74	12/19/2018	255 Grapevine Rd	Vista	Vista	\$20,758,500	9.05	\$53	D.R. Horton, Inc.
75	10/27/2016	3251 Marisol Pl	Carlsbad	Carlsbad	\$34,500,000	15.25	\$52	LMC
76	12/1/2017	Hwy 101 @ La Costa A	Leucadia	North Beach Cities	\$17,000,000	7.61	\$51	Fenway Asset Management, Llc
77	12/16/2016	361-395 H St	Chula Vista	Chula Vista	\$4,200,000	1.89	\$51	MountainWest Real Estate
78	7/24/2017	A Ave	National City	National City	\$120,000	0.06	\$50	Antonio Sacido
79	8/1/2018	C St	San Diego	Park East	\$2,100,000	0.97	\$50	Citymark Development
80	4/5/2019	6155 Carmel Valley Rd	San Diego	Del Mar Hts/Carmel Valley	\$13,000,000	6.03	\$49	J.F. Shea Co., Inc.
81	1/4/2019	8585 La Mesa Blvd	La Mesa	East County	\$9,395,000	4.41	\$49	Blum & Co Inc
82	6/23/2017	7540 Gibraltar St	Carlsbad	Carlsbad	\$801,000	0.39	\$48	
83	10/30/2019	East Heaney Circle & Carleton Oal	Santee	East County	\$800,000	0.40	\$46	Responsible Real Estate, Inc.
84	2/26/2016	3075 Broadway	San Diego	Park East	\$350,000	0.18	\$45	Michael J Donovan
85	7/10/2018	2560 Market St	San Diego	Southeast San Diego	\$1,200,000	0.63	\$43	WestAir Gases & Equipment
86	2/7/2020	2501 E 18th St	National City	National City	\$627,000	0.34	\$43	
87	9/10/2015	Mesa Dr	Oceanside	Oceanside	\$18,875,000	10.24	\$42	Taylor Morrison
88	8/20/2015	120 Ballantyne St	El Cajon	East County	\$327,000	0.18	\$42	Buckeye Investments, Inc.
89	9/6/2019	Riverview Parkway	Santee	East County	\$10,562,500	5.88	\$41	Cornerstone Communities
90	11/15/2018	1507 Howard Ave	San Diego	San Ysidro/Imperial Beach	\$1,710,000	0.96	\$41	The Phair Company
91	2/10/2021	35th St	San Diego	Southeast San Diego	\$1,525,000	0.89	\$39	Robert Gruntz
92	12/13/2019	735 Santa Fe Dr	Encinitas	North Beach Cities	\$2,000,000	1.17	\$39	Michael Cassolato
93	4/5/2019	6155 Carmel Valley Rd	San Diego	Del Mar Hts/Carmel Valley	\$10,000,000	6.03	\$38	Fin Terra
94	1/28/2021	317 Cottonwood Rd	San Ysidro	San Ysidro/Imperial Beach	\$800,000	0.49	\$37	Casa Familiar Inc
95	1/21/2020	577 4th Ave	Chula Vista	Chula Vista	\$660,000	0.42	\$36	
96	6/12/2020	1251 Persimmon Ave	El Cajon	East County	\$750,000	0.48	\$36	Ace Elite Trust
97	5/31/2018	9679 Marilla Dr	Lakeside	East County	\$549,000	0.36	\$35	
98	11/15/2016	4336 53rd St	San Diego	College Area	\$670,000	0.45	\$34	Starr & Walters, C.P.A.
99	9/20/2016	310 S Tremont St	Oceanside	Oceanside	\$350,000	0.24	\$33	
100	7/30/2015	1001 Armorlite Dr	San Marcos	San Marcos	\$17,000,000	11.86	\$33	Intracorp Homes
101	2/1/2016	2560 Market St	San Diego	Southeast San Diego	\$845,000	0.63	\$31	
102	6/1/2015	745-765 Dorothy St	Chula Vista	Chula Vista	\$2,400,000	1.80	\$31	Roy Muraoka
103	3/30/2017	1541 N Santa Fe Ave	Vista	Vista	\$470,000	0.36	\$30	
104	2/27/2020	Metro Ave	Chula Vista	Chula Vista	\$15,500,000	12.08	\$29	Ryan Companies US, Inc.
105	6/7/2016	129 National City Blvd	National City	National City	\$179,000	0.14	\$28	
106	3/20/2020	150 Bonita Rd	Chula Vista	Chula Vista	\$6,000,000	4.92	\$28	Silvergate Development, LLC
107	7/18/2018	7930 Hillside Dr	La Mesa	East County	\$500,000	0.44	\$26	
108	7/26/2019	238 N Indiana Ave	Vista	Vista	\$200,000	0.18	\$26	

WORKSHEET 9

SURVEY OF MULTI-FAMILY RESIDENTIAL LAND SALES, COUNTY OF SAN DIEGO, 2015 - PRESENT (1)
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	<u>Sale Date</u>	<u>Property Address</u>	<u>City</u>	<u>Submarket</u>	<u>Sale Price</u>	<u>Land</u>		<u>Buyer</u>
						<u>Acres</u>	<u>\$/SF</u>	
109	7/20/2017	W San Marcos Blvd	Vista	San Marcos	\$13,280,100	12.00	\$25	Integral Communities
110	3/18/2016	405 N Melrose Dr	Vista	Vista	\$364,000	0.33	\$25	
111	7/18/2018	S Santa Fe Ave	Vista	Vista	\$5,040,000	4.58	\$25	KB Home
112	8/3/2017	4460 Ocean View Blvd	San Diego	Southeast San Diego	\$549,000	0.50	\$25	
113	12/23/2019	1167 Sumner Ave	El Cajon	East County	\$500,000	0.45	\$25	
114	5/31/2016	701 D St	Chula Vista	Chula Vista	\$4,700,000	4.35	\$25	City Ventures
115	1/22/2020	206 Cedar Rd	Vista	Vista	\$2,085,000	1.95	\$25	William A. Goodin
116	10/13/2015	405 N Melrose Dr	Vista	Vista	\$340,500	0.33	\$24	
117	1/26/2017	1350 Industrial Blvd	Chula Vista	Chula Vista	\$2,754,000	2.67	\$24	Muraoka Enterprises Inc.
118	6/20/2018	2059 Sweetwater Rd	Spring Valley	East County	\$837,500	0.82	\$23	Than Thai
119	4/3/2015	East Heaney Circle & Carleton Oal	Santee	East County	\$490,000	0.48	\$23	
120	12/27/2018	5930 Division St	San Diego	East County	\$2,500,000	2.48	\$23	Carter Reese & Associates
121	2/5/2021	2951 Manchester Ave	Cardiff	North Beach Cities	\$1,087,500	1.10	\$23	Floit Properties, Inc.
122	10/1/2015	230 S Sunshine Ave	El Cajon	East County	\$1,040,000	1.07	\$22	Mnj Development Inc
123	1/30/2019	128 Alverson	San Ysidro	San Ysidro/Imperial Beach	\$725,000	0.75	\$22	Positive Investments, Inc.
124	11/4/2020	3087 Honey Hill Ranch Rd	Alpine	Outlying SD County S	\$4,000,000	4.16	\$22	New West Investment Group, Inc.
125	7/9/2020	1460-1464 Marshall Rd	Alpine	Outlying SD County S	\$1,750,000	1.86	\$22	Pacific Housing Group Inc
126	7/16/2018	3372 Imperial Ave	San Diego	Southeast San Diego	\$84,500	0.09	\$21	
127	8/8/2017	1819 E 9th St	National City	National City	\$530,000	0.59	\$21	
128	1/10/2020	2504 Highland Ave	National City	National City	\$350,000	0.39	\$21	
129	9/27/2016	8373-8385 Broadway St	Lemon Grove	East County	\$2,500,000	2.88	\$20	
130	11/21/2018	Vista Santo Domingo	San Diego	Otay Mesa	\$4,748,500	5.50	\$20	Xueguang Wang & Ling Liu
131	3/2/2017	Triton St	Carlsbad	Carlsbad	\$550,000	0.64	\$20	
132	4/27/2018	700 W. Grand Avenue	Escondido	Escondido	\$2,200,000	2.60	\$19 (2)	
133	8/31/2018	1315-1335 N Santa Fe Ave	Vista	Vista	\$350,000	0.43	\$19	
134	12/2/2019	2445 Lemon Grove Ave	Lemon Grove	East County	\$335,000	0.41	\$19	
135	5/28/2014	426-444 W. Washington	Vista	Vista	\$350,000	0.43	\$19	
136	10/2/2015	2501 E 18th St	National City	National City	\$270,000	0.34	\$18	
137	2/3/2016	Santa Carolina Rd	Chula Vista	Chula Vista	\$4,000,000	5.18	\$18	R&V Management
138	4/22/2019	1065 E Bradley Ave	El Cajon	East County	\$675,000	0.91	\$17	
139	12/28/2017	13586 Highway 8 Business	Lakeside	Outlying SD County S	\$3,300,000	4.50	\$17	KD Development
140	5/8/2017	13111 Carmel Valley Rd	San Diego	Del Mar Hts/Carmel Valley	\$3,298,000	4.50	\$17	Hallmark Communities, Inc.
141	9/17/2019	2445 Lemon Grove Ave	Lemon Grove	East County	\$300,000	0.41	\$17	
142	5/1/2018	6768 Akins Ave	San Diego	East County	\$350,000	0.49	\$16	
143	12/30/2016	1729 Vermont St	Ramona	Outlying SD County N	\$1,725,000	2.52	\$16	Pathfinder Partners
144	12/27/2016	140-150 E 31st St	National City	National City	\$612,500	0.90	\$16	KirE Builders, Inc.

WORKSHEET 9

SURVEY OF MULTI-FAMILY RESIDENTIAL LAND SALES, COUNTY OF SAN DIEGO, 2015 - PRESENT (1)
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Sale Date	Property Address	City	Submarket	Sale Price	Land		Buyer	
						Acres	\$/SF		
145	1/4/2017	140-150 E 31st St	National City	National City	\$610,000	0.90	\$16		
146	12/29/2016	8850 Olive Ln	Santee	East County	\$675,000	1.00	\$15		
147	10/5/2015	8200 Hilltop Dr	Lemon Grove	East County	\$159,000	0.25	\$15	Behzad Hafezi & Shadpour Malekpour	
148	1/10/2020	9679 Marilla Dr	Lakeside	East County	\$224,500	0.36	\$14		
149	11/18/2015	Nevada St	Oceanside	Oceanside	\$1,400,000	2.28	\$14	Oceanside-Nevada LP	
150	9/15/2015	2604 Ridgeway Dr	National City	National City	\$1,350,000	2.23	\$14	Klix, Inc.	
151	3/29/2018	Fitzpatrick Rd	San Marcos	San Marcos	\$4,400,000	7.29	\$14	KB Home	
152	5/15/2015	8850 Olive Ln	Santee	East County	\$585,000	1.00	\$13	Nicholas Lattanzio	
153	7/11/2018	255 Grapevine Rd	Vista	Vista	\$5,271,000	9.05	\$13	Warmington Group Of Co	
154	8/27/2015	917 W Lincoln Ave	Escondido	Escondido	\$440,000	0.81	\$12	Spathco	
155	4/1/2015	664 N Fig St	Escondido	Escondido	\$335,150	0.62	\$12		
156	12/7/2016	142 Hill Dr	Vista	Vista	\$735,000	1.41	\$12	Sendero Heights	
157	3/4/2020	260 E Mission Rd	San Marcos	San Marcos	\$1,850,000	3.63	\$12	KB Home Coastal, Inc.	
158	8/14/2018	1248 S Santa Fe Ave	Vista	Vista	\$975,000	1.92	\$12	David Epstein Law Firm	
159	4/2/2015	35th St	San Diego	Southeast San Diego	\$450,000	0.92	\$11		
160	1/30/2015	Palomar Oaks Way	Carlsbad	Carlsbad	\$4,150,000	8.87	\$11	Integral Communities	
161	7/31/2015	8137 Cascio Ct	Lemon Grove	East County	\$329,000	0.73	\$10		
162	8/10/2017	1155 Foothill Dr	Vista	Vista	\$6,915,000	15.80	\$10	CalAtlantic Group, Inc.	
163	4/7/2016	Woodward St	San Marcos	San Marcos	\$1,400,000	3.38	\$10	Salman Rabie	
					Minimum	\$84,500	\$0	\$10	
					Maximum	\$88,859,000	\$16	\$453	
					Median	\$1,525,000	\$1	\$48	
					Average	\$4,342,480	\$2	\$76	

(1) Reflects multi-family residential land sales less than 20 acres in the County of San Diego, 2015-present, except where noted. Excludes Downtown San Diego.

(2) Development proposal on this property is currently being processed by City.

Source: CoStar, August 31, 2020.

WORKSHEET 10

SURVEY OF BUILDING SALES, 2017 TO PRESENT (1)

RESIDENTIAL SECTOR FEASIBILITY STUDY

CITY OF ESCONDIDO

	Sale Date	Address	City	Property Type	Sales Price	Building		Land		Year Built
						Area (SF)	\$/SF	Acres	\$/SF	
1	10/12/20	555 N Centre City Pky	Escondido	Hospitality	\$8,600,000	30,468	\$282	1.53	\$129	1974
2	09/30/20	704 E Grand Ave	Escondido	Office	\$2,830,000	8,844	\$320	0.56	\$116	1973
3	04/22/19	2650 S Escondido Blvd	Escondido	Hospitality	\$4,800,000	14,905	\$322	1.02	\$108	1974
4	08/21/18	201-235 W Grand Ave	Escondido	Office	\$3,000,000	19,604	\$153	0.71	\$97	1963
5	10/28/20	244 La Moree Rd	San Marcos	Industrial	\$2,340,500	15,500	\$151	0.61	\$88	1971
6	12/07/18	862 N Broadway	Escondido	Sports/Entrtmnt.	\$2,850,000	14,894	\$191	0.76	\$86	1952
7	01/22/21	662-672 Enterprise St	Escondido	Industrial	\$1,770,000	10,725	\$165	0.50	\$81	1970
8	10/23/19	1449 Simpson Way	Escondido	Industrial	\$2,634,000	13,717	\$192	0.80	\$76	1971
9	01/04/18	925 E Pennsylvania Ave	Escondido	Office	\$2,100,000	9,686	\$217	0.64	\$75	1974
10	01/20/17	244 La Moree Rd	San Marcos	Industrial	\$2,000,000	15,500	\$129	0.61	\$75	1971
11	10/31/18	2333 Montiel Rd	Escondido	Retail	\$3,000,000	26,360	\$114	1.00	\$69	1967
12	01/30/20	2344 Auto Park Way	Escondido	Industrial	\$4,025,000	29,980	\$134	1.36	\$68	1975
13	10/30/17	1350 W Mission Rd	Escondido	Industrial	\$7,800,000	23,000	\$339	2.70	\$66	1962
14	08/01/19	125 W Mission Ave	Escondido	Office	\$1,845,000	15,320	\$120	0.76	\$56	1974
15	10/10/19	240 Engel St	Escondido	Industrial	\$1,635,000	4,825	\$339	0.75	\$50	1975
16	01/11/17	200 N Ash St	Escondido	Office	\$1,375,000	14,334	\$96	0.66	\$48	1975
17	03/28/18	140 N Escondido Blvd	Escondido	Office	\$1,700,000	10,310	\$165	0.87	\$45	1968
18	12/19/17	501 W Mission Ave	Escondido	Hospitality	\$6,700,000	34,633	\$193	3.61	\$43	1961
19	10/02/20	575 N Quince St	Escondido	Flex	\$3,625,000	6,256	\$579	2.00	\$42	1956
20	08/17/17	940-944 W Mission Ave	Escondido	Retail	\$2,150,000	11,150	\$193	1.29	\$38	1974
21	03/29/19	579 Enterprise St	Escondido	Industrial	\$835,000	4,750	\$176	0.51	\$38	1971
22	11/27/19	609 N Escondido Blvd	Escondido	Retail	\$850,000	3,150	\$270	0.52	\$38	1972
23	02/27/18	607 W 9th Ave	Escondido	Retail	\$1,000,000	14,016	\$71	0.63	\$36	1953
24	10/27/20	310 Pauma Pl	Escondido	Industrial	\$1,110,000	4,576	\$243	0.70	\$36	1971
25	06/01/20	1342 Barham Dr	San Marcos	Industrial	\$1,300,000	1,384	\$939	0.97	\$31	1959
26	05/22/17	1620 W Mission Rd	Escondido	Industrial	\$2,832,500	8,400	\$337	2.13	\$31	1966
27	12/07/18	263 E Carmel St	San Marcos	Industrial	\$950,000	4,000	\$238	0.74	\$29	1966
28	02/28/19	1300 S Juniper St	Escondido	Specialty	\$3,500,000	23,910	\$146	2.99	\$27	1900
29	12/21/18	609 N Escondido Blvd	Escondido	Retail	\$510,000	3,150	\$162	0.52	\$23	1972
30	07/01/20	528 E Mission Rd	San Marcos	Industrial	\$8,250,000	101,139	\$82	10.36	\$18	1973
31	07/01/20	528 E Mission Rd	San Marcos	Industrial	\$8,250,000	101,139	\$82	10.36	\$18	1973
32	12/31/18	728 N Escondido Blvd	Escondido	Retail	\$1,700,000	21,813	\$78	2.24	\$17	1970
33	03/17/21	1418 Bear Valley Pky	Escondido	Specialty	\$1,500,000	6,356	\$236	4.17	\$8	1950
				Minimum	\$510,000	1,384	\$71	0.50	\$8	1900
				Maximum	\$8,600,000	101,139	\$939	10.36	\$129	1975
				Median	\$2,150,000	14,016	\$191	0.80	\$45	1971
				Average	\$3,011,121	19,024	\$226	1.81	\$55	1966

(1) Reflects all building sales, 0.5 to 30.0 acres in size and built before 1975, within a 5.0-mile radius of Grand Avenue and Maple Street.

WORKSHEET 11

SINGLE FAMILY AND ATTACHED HOME SALES, CITY AND COUNTY
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	Single-Family						Attached				
	Zip Code	March 2020		March 2021			March 2020		March 2021		
		Closed Sales	Median Sales Price	Closed Sales	Median Sales Price	% Change	Closed Sales	Median Sales Price	Closed Sales	Median Sales Price	% Change
City of Escondido											
Escondido - North	92026	39	\$590,000	41	\$700,000		9	\$308,000	13	\$411,000	
Escondido - South	92025	27	\$700,000	29	\$731,000		5	\$353,000	8	\$395,600	
Escondido - East	92027	45	\$528,000	34	\$616,000		14	\$299,950	10	\$297,450	
Escondido - West	92029	<u>29</u>	<u>\$769,000</u>	<u>25</u>	<u>\$985,000</u>		<u>0</u>	<u>\$0</u>	<u>2</u>	<u>\$480,000</u>	
Weighted Average		140	\$628,364	129	\$740,062	17.8%	28	\$312,011	33	\$377,039	20.8%
San Diego County		1,871	\$671,000	1,980	\$810,000	20.7%	1,007	\$450,000	1,234	\$515,000	14.4%
	Year to Date 2020					Year to Date 2021					
	Zip Code	Year to Date 2020		Year to Date 2021			Year to Date 2020		Year to Date 2021		
		Closed Sales	Median Sales Price	Closed Sales	Median Sales Price	% Change	Closed Sales	Median Sales Price	Closed Sales	Median Sales Price	% Change
City of Escondido											
Escondido - North	92026	100	\$583,000	111	\$686,000		27	\$339,000	35	\$449,900	
Escondido - South	92025	79	\$635,000	73	\$736,800		20	\$318,000	18	\$402,500	
Escondido - East	92027	93	\$530,000	102	\$627,944		23	\$303,000	27	\$285,000	
Escondido - West	<u>92029</u>	<u>80</u>	<u>\$752,000</u>	<u>51</u>	<u>\$970,000</u>		<u>4</u>	<u>\$426,000</u>	<u>3</u>	<u>\$438,000</u>	
Weighted Average		352	\$619,077	337	\$722,412	16.7%	74	\$326,838	83	\$385,548	18.0%
San Diego County		4,821	\$670,000	5,092	\$778,500	16.2%	2,616	\$445,000	3,081	\$506,000	13.7%

Source: San Diego Association of REALTORS

WORKSHEET 12

SURVEY OF ATTACHED RESIDENTIAL HOME SALES, ESCONDIDO, 2018 - PRESENT ⁽¹⁾

RESIDENTIAL SECTOR FEASIBILITY STUDY

CITY OF ESCONDIDO

<u>Date</u>	<u>Address</u>	<u>City</u>	<u>Stories</u>	<u>Sales Price</u>	<u>Unit Description</u>			<u>\$/SF</u>	<u>HOA</u>	<u>Year Built</u>	<u>Product Type</u>	<u>Complex Name</u>
					<u>Bed</u>	<u>Bath</u>	<u>SF</u>					
7/22/2020	218 Antoni Gln	Escondido	3	\$400,000	2	2	1,164	\$344	\$260	2014	Townhome	Contempo
4/25/2019	214 Antoni Gln	Escondido	3	\$392,000	2	2	1,185	\$331	\$250	2014	Townhome	Contempo
10/18/2018	218 Antoni Gln	Escondido	3	\$380,000	2	2	1,164	\$326	\$189	2014	Townhome	Contempo
1/4/2018	215 Antoni Gln	Escondido	3	\$385,000	2	2	1,185	\$325	\$219	2014	Townhome	Contempo
2/24/2020	367 Tesoro Glen	Escondido	3	\$419,000	3	3	1,302	\$322	\$270	2007	Townhome	Urbana at Citracado Village
3/10/2020	315 Royal Gln	Escondido	3	\$460,000	3	3	1,451	\$317	\$260	2013	Townhome	Contempo
12/24/2019	367 Brotherton Glen	Escondido	2	\$365,000	3	2	1,162	\$314	\$175	2007	Duplex	Brotherton Square
4/4/2018	211 S Orange Street	Escondido	3	\$432,500	3	3	1,451	\$298	\$219	2013	Townhome	Contempo
6/26/2018	355 Brotherton Glen	Escondido	2	\$345,000	3	2	1,162	\$297	\$175	2007	Duplex	Brotherton Square
1/17/2018	323 Tesoro Glen	Escondido	2	\$385,000	3	3	1,302	\$296	\$210	2006	Townhome	Urbana at Citracado Village
1/26/2018	345 Tesoro Glen	Escondido	2	\$380,000	3	3	1,302	\$292	\$210	2006	Townhome	Urbana at Citracado Village
10/30/2019	2577 Casata Gln	Escondido	3	\$427,000	3	3	1,492	\$286	\$260	2007	Townhome	Urbana at Citracado Village
11/20/2018	347 Citracado	Escondido	3	\$427,000	3	3	1,492	\$286	\$248	2006	Townhome	Citracado Village
7/16/2020	759 Trunorth Circle	Escondido	2	\$480,100	3	2	1,690	\$284	\$200	2016	Townhome	Level 15
6/8/2018	391 Brotherton Glen	Escondido	2	\$362,500	3	2	1,286	\$282	\$174	2007	Duplex	Brotherton Square
9/17/2018	380 Tesoro Gln	Escondido	3	\$418,000	3	3	1,492	\$280	\$210	2006	Townhome	Urbana Citricado Village
12/26/2019	215 Antoni Gln	Escondido	3	\$448,000	3	2	1,604	\$279	\$250	2014	Townhome	Contempo
5/23/2018	2533 Casata Glen	Escondido	3	\$430,000	3	3	1,542	\$279	\$210	2006	Townhome	Urbana at Citracado Village
12/18/2018	345 Tesoro Glen	Escondido	3	\$360,000	3	3	1,302	\$276	\$247	2006	Townhome	Urbana at Citracado Village
10/24/2019	321 Brotherton Glen	Escondido	2	\$390,000	3	2	1,411	\$276	\$175	2007	Duplex	Brotherton Glen
8/15/2019	2511 Casata Gln	Escondido	3	\$425,000	3	3	1,543	\$275	\$260	2006	Townhome	Urbana at Citracado Village
8/14/2019	381 Brotherton Gln	Escondido	2	\$380,000	3	2	1,410	\$270	\$175	2007	Duplex	Brotherton Glen
10/15/2019	787 Trunorth Circle	Escondido	2	\$455,000	3	2	1,690	\$269	\$200	2016	Townhome	Level 15
10/5/2018	736 Trunorth Circle	Escondido	2	\$450,000	3	2	1,690	\$266	\$250	2015	Townhome	Level 15
6/7/2019	761 Trunorth Circle	Escondido	2	\$450,000	3	2	1,690	\$266	\$200	2016	Townhome	Level 15
7/8/2019	745 Trunorth Circle	Escondido	3	\$475,000	3	3	1,800	\$264	\$200	2016	Townhome	Level 15
9/8/2018	764 Trunorth Circle	Escondido	2	\$462,000	3	2	1,918	\$241	\$250	2015	Townhome	Level 15
2/28/2018	323 Tesoro Gln	Escondido	3	\$286,000	3	3	1,331	\$215	\$210	2006	Townhome	Urbana at Citracado Village

Minimum	2	\$286,000	2	2	1,162	\$215	\$174	2006
Maximum	3	\$480,100	3	3	1,918	\$344	\$270	2016
Average	3	\$409,611	3	2	1,436	\$288	\$220	2010
Median	3	\$418,500	3	2	1,431	\$283	\$210	2007

(1) Reflects attached home sales in the City of Escondido from October 2018 to present. Excludes homes built before 2005.

WORKSHEET 13

**SURVEY OF APARTMENT RENTS, ESCONDIDO AND SELECT NORTH COUNTY COMMUNITIES
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

Property Name	Property Address	City	Number of Stories	One Bedrooms			Two Bedrooms			Three Bedrooms			All Units - Total/Averages					
				SF	Monthly Rent (1)	Rent/SF	SF	Monthly Rent (1)	Rent/SF	SF	Monthly Rent (1)	Rent/SF	Total	SF	Monthly Rent (1)	Rent/SF	Vacancy Rate	Year Built
Pierside South	115 N. Cleveland	Oceanside	7	840	\$3,077	\$3.66	1,201	\$3,846	\$3.20	---	---	---	110	903	\$3,130	\$3.47	1.8%	2018
SALT	371 N. Cleveland	Oceanside	5	784	\$2,660	\$3.39	1,190	\$3,518	\$2.96	---	---	---	52	909	\$2,924	\$3.22	7.7%	2019
Block C at North City	250 North City Drive	San Marcos	5	628	\$1,954	\$3.11	847	\$2,552	\$3.01	1,338	3,342	\$2.50	263	744	\$2,273	\$3.06	2.7%	2016
The Rylan Apartments	100 Main Street	Vista	5	745	\$2,104	\$2.82	1,453	\$3,059	\$2.11	---	---	---	126	989	\$2,418	\$2.44	33.3%	2020
Anden	152 N. Twin Oaks Valley Road	San Marcos	5	---	---	---	1,235	\$2,928	\$2.37	1,431	3,526	\$2.46	118	1,377	\$3,364	\$2.44	0.9%	2019
Alta Vista	1245 Morning View Drive	Escondido	2	759	\$1,924	\$2.53	1,006	\$2,323	\$2.31	1,528	2,909	\$1.90	102	958	\$2,241	\$2.34	2.9%	2000
Alcove	650 N. Centre City Parkway	Escondido	4	863	\$1,990	\$2.31	1,184	2,576	\$2.18	---	---	---	112	1,012	\$2,262	\$2.24	12.5%	2019
Summit Apartments	444 E. 4th Avenue	Escondido	3	655	\$1,567	\$2.39	906	\$1,899	\$2.10	1,200	\$2,311	\$1.93	128	775	\$1,726	\$2.23	2.3%	1987 (2)
Haven 76	2414 S. Escondido Boulevard	Escondido	3	766	\$1,892	\$2.47	1,100	\$2,272	\$2.07	1,353	\$2,772	\$2.05	76	962	\$2,131	\$2.22	6.6%	2016
El Norte Villas	1051 W. El Norte Parkway	Escondido	2	700	\$1,685	\$2.41	900	\$1,874	\$2.08	---	---	---	236	808	\$1,788	\$2.21	0.9%	1986
Rowan	700 W. Grand Avenue	Escondido (3)	5	649	\$2,068	\$3.19	1,486	\$2,593	\$1.74	1,925	\$3,448	\$1.79	126	1,096	\$2,385	\$2.18	80.2%	2020
Solana at Grand	1501 E. Grand Avenue	Escondido	4	646	\$1,480	\$2.29	967	\$1,834	\$1.90	---	---	---	519	786	\$1,663	\$2.12	1.0%	1986
Forest Glen Apartment	493 Beaumont Glen	Escondido	2	743	\$1,829	\$2.46	1,015	\$2,042	\$2.01	1,200	\$2,390	\$1.99	184	964	\$2,038	\$2.11	0.5%	1986
Summer Creek Apartments	640 W. Lincoln Avenue	Escondido	2	653	\$1,492	\$2.28	944	\$1,840	\$1.95	---	---	---	156	802	\$1,670	\$2.08	2.6%	1987 (4)
Ventana Apartments	18795 Caminito Cantilena	San Diego	2	786	\$1,935	\$2.46	1,148	\$2,274	\$1.98	1,347	\$2,514	\$1.87	114	1,094	\$2,241	\$2.05	0.0%	1998
Morning View Terrace	439 El Norte Parkway	Escondido	3	663	\$1,409	\$2.13	903	\$1,604	\$1.78	998	\$1,873	\$1.88	326	730	\$1,469	\$2.01	5.2%	1987
Hidden Cove Apartments	910 Del Dios Highway	Escondido	2	718	\$1,598	\$2.23	959	\$1,774	\$1.85	---	---	---	452	880	\$1,717	\$1.95	5.1%	1983
The Willows	2460 Bear Valley Parkway	Escondido	2	---	---	---	999	\$1,861	\$1.86	1,100	\$2,329	\$2.12	137	1,029	\$2,001	\$1.94	2.9%	1986 (2)
Mission Terrace Apartments	810-850 N. Juniper	Escondido	2	588	\$1,390	\$2.36	900	\$1,607	\$1.79	1,050	\$1,888	\$1.80	122	847	\$1,617	\$1.91	1.6%	1971
Arezzo Apartment Homes	1400 Oak Hill	Escondido	2	---	---	---	1,000	\$1,906	\$1.91	1,200	\$2,279	\$1.90	62	1,090	\$2,072	\$1.90	14.5%	1975
Casa Grande	425-455 E. Washington Avenue	Escondido	3	822	\$1,488	\$1.81	1,129	\$1,853	\$1.64	1,125	\$2,287	\$2.03	169	815	\$1,548	\$1.90	7.1%	1971
Ridgeview Apartments	1333 E. Grand Avenue	Escondido	2	805	\$1,476	\$1.83	1,079	\$1,877	\$1.74	---	---	---	183	914	\$1,636	\$1.79	5.5%	1972
		Minimum		588	\$1,390	\$1.81	900	\$1,604	\$1.64	998	\$1,873	\$1.79	62	730	\$1,469	\$1.79	0.0%	1971
		Maximum		863	\$2,068	\$3.19	1,486	\$2,593	\$2.31	1,925	\$3,448	\$2.12	519	1,096	\$2,385	\$2.34	80.2%	2020
		Median		718	\$1,598	\$2.36	1,000	\$1,877	\$1.91	1,200	\$2,329	\$1.90	137	914	\$1,788	\$2.08	2.9%	1986
		Average		721	\$1,682	\$2.34	1,037	\$2,001	\$1.93	1,275	\$2,455	\$1.93	188	915	\$1,894	\$2.07	8.9%	1990

(1) Reflects effective rent.

(2) Renovated in 2016.

(3) Subject property used in CoStar search for comparable properties.

(4) Renovated in 2019.

Source: CoStar, as of August 11, 2020.

WORKSHEET 14

**COMPARISON OF ATTACHED HOME SALES PRICES - FOR-SALE DEVELOPMENT PROTOTYPES
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO**

	<u>City</u>	<u>Stories</u>	<u>Year Built</u>	<u>Average Sales Price</u>	<u>Average Unit Size</u>	<u>Price/SF</u>
I. Attached Home Resales, City of Escondido, 2018-Present						
A. Average	Escondido	2.6	2010	\$410,000	1,436 SF	\$288
B. Median	Escondido	3.0	2007	\$419,000	1,431 SF	\$283

II. Adjustment for Escondido Market/Higher-Density Residential Development

	<u>Price/Unit</u>		<u>Price/SF</u>	
	<u>Average</u>	<u>Median</u>	<u>Average</u>	<u>Median</u>
A. Escondido Comparables	\$410,000	\$419,000	\$288	\$283
B. Adjustment Factor				
Location of Property	0.00%	0.00%	0.00%	0.00%
Age of Building	10.00%	10.00%	10.00%	10.00%
Project/Unit Size	5.00%	5.00%	5.00%	5.00%
Amenities	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Adjustment Factor	15.00%	15.00%	15.00%	15.00%
C. Adjusted Sales Price - Escondido Market/Higher-Density Residential Development	\$472,000	\$482,000	\$331	\$325

III. Estimated Sales Prices - For-Sale Development Prototypes

A. Townhomes	Escondido	3.0	---	\$497,000	1,365 SF	\$364
B. Stacked Flats with Tuck-Under	Escondido	4.0	---	\$398,000	900 SF	\$442
C. Stacked Flats with Podium/Subterranean Parking	Escondido	6.0	---	\$475,000	875 SF	\$543

Source: CoStar Group, Inc.

WORKSHEET 15

COMPARISON OF MARKET RENTS - RENTAL DEVELOPMENT PROTOTYPES
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

	<u>City</u>	<u>Stories</u>	<u>Year Built</u>	<u>Monthly Rent</u>	<u>Average Unit Size</u>	<u>Rent/SF/ Month</u>
I. Selected North County Comparables						
A. Pierside South	Oceanside	7	2018	\$3,130	903 SF	\$3.47
B. SALT	Oceanside	5	2019	\$2,924	909 SF	\$3.22
C. Block C at North City	San Marcos	5	2016	\$2,273	744 SF	\$3.06
D. The Rylan Apartments	Vista	5	2020	\$2,418	989 SF	\$2.44
E. Anden	San Marcos	5	2019	\$3,364	1,377 SF	\$2.44
F. Alcove	Escondido	4	2019	\$2,262	1,012 SF	\$2.24
G. Haven 76	Escondido	3	2016	\$2,131	962 SF	\$2.22
H. Rowan	Escondido	<u>5</u>	<u>2020</u>	<u>\$2,385</u>	<u>1,096 SF</u>	<u>\$2.18</u>
I. <i>Average</i>		4.9	2018	\$2,611	999 SF	\$2.66
J. <i>Median</i>		5.0	2019	\$2,402	976 SF	\$2.44

II. Adjustment for Escondido Market	<u>Monthly Rent</u>		<u>Rent/SF/Month</u>	
	<u>Median</u>	<u>Average</u>	<u>Median</u>	<u>Average</u>
A. North County Apartment Comparables	\$2,611	\$2,402	\$2.66	\$2.44
B. Adjustment Factor				
Location of Property	-5.00%	-5.00%	-5.00%	-5.00%
Age of Building	5.00%	5.00%	5.00%	5.00%
Project/Unit Size	5.00%	5.00%	5.00%	5.00%
Amenities	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Adjustment Factor	5.00%	5.00%	5.00%	5.00%
C. Adjusted Rental Rate - Escondido Market	\$2,740	\$2,520	\$2.79	\$2.57

III. Estimated Market Rents - Rental Development Prototypes

A. Garden Apartments	Escondido	3.0	---	\$2,050	890 SF	\$2.30
B. Stacked Flats with Tuck-Under	Escondido	4.0	---	\$2,330	820 SF	\$2.84
C. Stacked Flats with Wrap Parking	Escondido	5.0	---	\$3,150	1,040 SF	\$3.03
D. Stacked Flats with Podium/Subterranean Parking	Escondido	6.0	---	\$2,600	775 SF	\$3.35

Source: CoStar Group, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename i:\Escondido_Sector Feasibility_v4;5/27/2021;lag

WORKSHEET 16

COMPARISON OF INCOME DISTRIBUTION, 2020
RESIDENTIAL SECTOR FEASIBILITY STUDY
CITY OF ESCONDIDO

I. Households by Income (2020)	City of Escondido		County of San Diego	
	Number	% of Total	Number	% of Total
<\$15,000	4,000	8.4%	85,607	7.4%
\$15,000 - \$24,999	4,010	8.4%	72,534	6.3%
\$25,000 - \$34,999	4,674	9.8%	77,843	6.7%
\$35,000 - \$49,999	6,048	12.7%	118,583	10.2%
\$50,000 - \$74,999	8,394	17.6%	182,960	15.8%
\$75,000 - \$99,999	5,882	12.3%	146,250	12.6%
\$100,000 - \$149,999	7,582	15.9%	215,435	18.6%
\$150,000 - \$199,999	3,933	8.2%	122,472	10.6%
\$200,000+	3,189	6.7%	138,332	11.9%
Total	47,712	100.0%	1,160,016	100.0%

II. Household and Per Capital Income	% of County		
	City of Escondido	County of San Diego	
Median Household Income	\$62,973	78%	\$80,917
Average Household Income	\$87,918	79%	\$110,695
Per Capita Income	\$27,390	70%	\$39,060

Source: Esri Business Analyst Online