

DRAFT MEMORANDUM

To: Planning and Building Department,
City of Oakland

From: Benjamin C. Sigman and Michael Nimon, EPS

Subject: DOSP Community Benefits Development Feasibility
Assessment; EPS #191133

Date: November 22, 2019

The Economics of Land Use



The City of Oakland (City) has retained Economic & Planning Systems, Inc. (EPS) to provide advisory services concerning Incentive Zoning Policy as part of the Downtown Oakland Specific Plan (DOSP). Zoning incentives might be used to create value that supports a range of community benefits. The EPS effort consists of several steps, including incentive zoning case study review, development feasibility analysis, developer interviews, and community outreach. EPS will issue a comprehensive study report including policy recommendations once all aspects of the work program have been completed.

The draft DOSP envisions upzoning select areas in downtown that results in increased heights, densities and floor area ratios. This technical memo documents real estate development feasibility analysis and findings regarding the economic viability of mixed-use development in downtown. The analysis evaluates real estate development value created through the DOSP upzoning to inform subsequent “value capture” potential by the City. The analysis reflects current economic conditions, including existing City impact fees that already require new development to contribute funding for affordable housing, transportation, and capital improvements.

The EPS analysis considers eight development prototypes summarized in **Table 1**. These prototypes provide a high-level characterization of typical mixed-use projects.¹ For each prototype, the analysis evaluates the current “base zoning” and an “upzoning” scenario. The prototypes were drawn from different neighborhoods within the City’s downtown and include office, residential, and retail uses. **Figure 1** presents a map of the prototype locations with detailed prototype descriptions shown in **Appendix A**.

¹ “Base zoning” and “upzoning” scenarios are based on existing zoning requirements and proposed intensity allowances.

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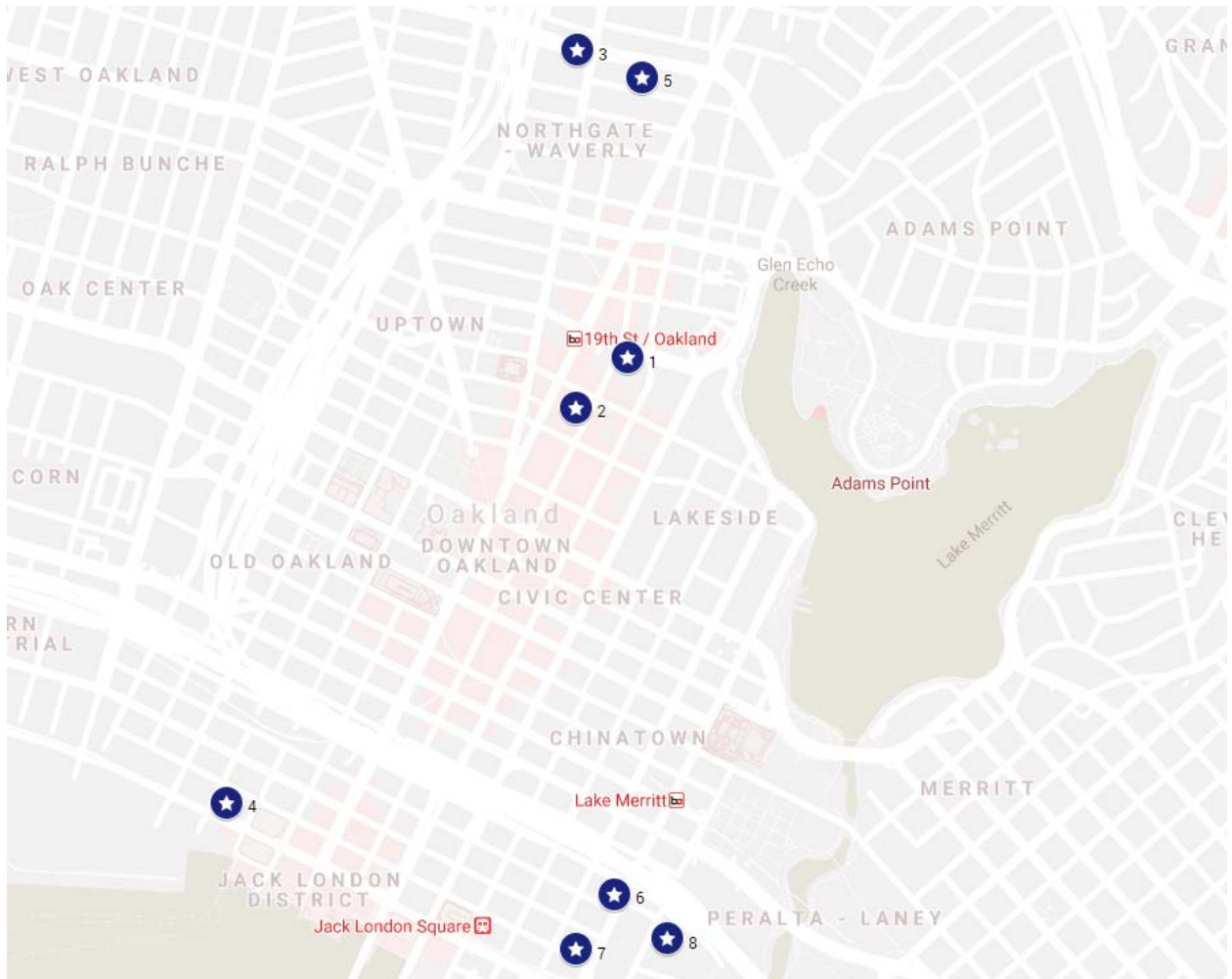
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Table 1 Development Prototypes

Prototype	1	2	3	4	5	6	7	8
Zone	CBD	CBD	RU-4	C-45/S-4	CC-2	M-20/S-4	M-20/S-4	M-20/S-4
Site Assumptions								
Neighborhood	Uptown	Uptown	KONO	London	KONO	Jack London	Jack London	Victory Court
Lot Area (sq. ft.)	54,700	44,718	78,071	59,968	17,348	54,997	33,750	70,100
Acres	1.26	1.03	1.79	1.38	0.40	1.26	0.77	1.61
Primary Use	Office	Residential	Residential	Residential	Residential	"Office" to Res.	"Office" to Res.	"Office" to Res.
Gross Building Sq.Ft.								
Base Zoning	1,094,000	894,360	267,760	77,968	41,551	274,985	168,750	350,500
Upzoning	<u>1,641,000</u>	<u>1,341,540</u>	<u>732,736</u>	<u>563,164</u>	<u>89,740</u>	<u>627,578</u>	<u>316,818</u>	<u>826,747</u>
Net Space Addition	547,000	447,180	464,976	485,196	48,189	352,593	148,068	476,247
As % of Existing	50%	50%	174%	622%	116%	128%	88%	136%
Assumed Construction Type								
Base Zoning	Type I	Type I	Type III	Type V	Type III	Type III	Type III	Type III
Upzoning	Type I	Type I	Type I	Type I	Type III	Type I	Type I	Type I

Sources: City of Oakland and Economic & Planning Systems, Inc.

Figure 1 Downtown Oakland Prototype Map



This financial analysis is based on current EPS market research, including ongoing data analysis and recent project work in Oakland, as well as technical input from developers active in the City, and City staff. Key terms are defined below.

Glossary of Key Terms

Capitalization (Cap) Rate: Rate of return for a real estate investment property that is based on the net operating income, divided by the asset market value to derive a percentage.

Capital Reserve: Balance sheet account to be used for contingencies or to offset capital losses.

Capitalized Revenue: Project value determined by dividing a net revenue stream by its capitalization rate.

Development Impact Fee: Fee imposed on new development as part of the building permit process to fund various community needs (e.g. affordable housing, transportation improvements, and capital facilities).

Full-Service Lease: Commercial lease in which the landlord pays for all tenant-related operating expenses, typically including maintenance, utilities, property insurance, and property taxes.

Modular Construction: Process in which building components or modules are constructed off-site in a factory and shipped to the construction site for assembly.

Pro Forma: Method for calculating the income rate of return from cash flow projections of a real estate project.

Residual Land Value: Calculation of the difference between capitalized revenue and development cost (including construction, indirect cost, and required developer return on investment). The analysis determines what a developer would be willing to pay for land, given a sufficient risk-adjusted return on development investment. When residual land values are positive and on par with (or above) land sale market transactions, new development is deemed feasible.

Tenant Improvements: Customized building alterations to meet the needs of a particular tenant, including changes to walls, floors, ceilings, lighting, etc.

Triple Net Lease (NNN): Commercial lease in which all property expenses are paid by the tenant.

Type I Construction: Building construction category that reflects steel frame development typically seen in projects with occupiable floors exceeding 75 feet in height.

Type III and V Construction: Building construction categories that consist of a combination of concrete-based podium with wood-framed development above. The building typically reaches about 65 to 75 feet depending on configuration and floor heights.

Key Findings

- 1. None of the tested prototypes appears financially feasible under the current market conditions, regardless of the zoning scenario.** Rapid increases in construction and land costs in recent years, fueled by a high level of development activity in the region, have resulted in dampened real estate development conditions. In the current market, development costs commonly exceed anticipated market value, making new development in downtown infeasible in most cases. Additionally, City-imposed costs, such as affordable housing and other development impact fees, have added to the overall cost burden for development in recent years. The EPS pro forma financial feasibility analysis indicates that all eight development prototypes have a negative residual land value, with costs exceeding revenues and developer returns falling below the feasibility threshold, as shown in **Table 2**. In these market conditions, any additional community benefit costs will further depress (or delay) the financial feasibility of new development projects. While there is evidence of recent feasibility that can be observed through the construction activity in downtown, these projects broke ground before fees had been introduced or escalated.
- 2. Development may become feasible for certain prototypes if real estate economics improve.** Real estate cycles dictate the financial feasibility of new development, with various market factors that evolve over time creating and eliminating opportunities to make at-risk investments in new construction. To address the cyclical nature of real estate development, EPS constructed hypothetical scenarios to test development economics of projects that become feasible in the future (i.e., "market upside"). One such test assumes a 25 percent

increase in rents.² The hypothetical market shift illustrates potential future real estate economics for the eight tested prototypes. **Table 3** presents the feasibility of various prototypes under the market upside conditions.

- 3. Once market conditions improve sufficiently to support the feasibility of new development, new community benefits may become viable.** While all eight tested prototypes are feasible under base zoning and upzoning with market upside conditions, EPS finds that the upzoning adds value to four of the eight tested prototypes. Specifically, one office (the sole office prototype tested) and three residential prototypes experience a range of residual land value gains. The analysis finds that upzoning prototypes 1, 2, 4, and 5 will strengthen development economics and may support a higher level of additional community benefits under improved market conditions. The extent of the value creation varies by prototype with results shown in **Table 4**.
- 4. For some upzoning scenarios, shifting to more costly construction type or changing land use (i.e., from commercial to residential) results in diminished value despite increased project density.** Increased density for residential prototype 3 shifts it to a more expensive construction type due to upzoning, which reduces its residual land value. The land value reduction from upzoning also takes place in all three prototypes converted from office to residential use due to higher construction cost for residential high-rise relative to office low-rise. In the scenarios tested, upzoning of prototypes 5 through 8 is not likely to result in additional community benefits.

Detailed static pro formas for the base zoning scenario are shown in **Appendix B** and upzoned scenario are shown in **Appendix C**. All pro formas are reflective of the current baseline market conditions.

² The 25 percent increase in rents should be considered a proxy for what will likely be a more complex shift of various development revenue and cost factors affecting development feasibility.

Table 2 Summary of Feasibility Results—Baseline Market Conditions

Prototype	1	2	3	4	5	6	7	8
BASE ZONING								
Total Revenue	\$844,906,101	\$311,075,493	\$154,464,859	\$45,814,012	\$23,966,719	\$193,571,753	\$118,824,157	\$246,738,141
Total Cost	<u>\$919,498,963</u>	<u>\$361,959,162</u>	<u>\$169,653,765</u>	<u>\$47,871,290</u>	<u>\$27,677,491</u>	<u>\$209,615,714</u>	<u>\$128,631,731</u>	<u>\$266,759,719</u>
Residual Land Value	(\$74,592,862)	(\$50,883,669)	(\$15,188,906)	(\$2,057,277)	(\$3,710,772)	(\$16,043,961)	(\$9,807,575)	(\$20,021,578)
Residual Land Value per Acre	(\$51,085,337)	(\$42,627,000)	(\$7,288,000)	(\$1,285,000)	(\$8,014,000)	(\$10,928,459)	(\$10,886,146)	(\$16,772,672)
UPZONED SCENARIO								
Total Revenue	\$1,340,219,984	\$425,840,277	\$431,347,486	\$338,791,447	\$51,657,517	\$377,620,964	\$190,572,902	\$497,462,451
Total Cost	<u>\$1,423,238,982</u>	<u>\$501,959,765</u>	<u>\$520,295,782</u>	<u>\$399,929,371</u>	<u>\$57,237,524</u>	<u>\$445,024,075</u>	<u>\$227,309,528</u>	<u>\$586,124,972</u>
Residual Land Value	(\$83,018,997)	(\$76,119,488)	(\$88,948,296)	(\$61,137,924)	(\$5,580,007)	(\$67,403,111)	(\$36,736,626)	(\$88,662,521)
Residual Land Value per Acre	(\$56,856,023)	(\$63,767,000)	(\$42,681,000)	(\$38,192,000)	(\$12,050,000)	(\$45,912,000)	(\$40,777,000)	(\$47,382,000)
VALUE CREATION								
% of Base Zoning Value	(\$5,770,686) NA	(\$21,140,000) NA	(\$35,393,000) NA	(\$36,907,000) NA	(\$4,036,000) NA	(\$34,983,541) NA	(\$29,890,854) NA	(\$30,609,328) NA

Table 3 Summary of Feasibility Results—Market Upside Conditions

Prototype	1	2	3	4	5	6	7	8
BASE ZONING								
Total Revenue	\$1,045,442,931	\$382,971,975	\$188,279,716	\$54,298,537	\$29,292,754	\$238,212,674	\$146,240,627	\$303,643,507
Total Cost	<u>\$919,498,963</u>	<u>\$361,959,162</u>	<u>\$169,653,765</u>	<u>\$47,871,290</u>	<u>\$27,677,491</u>	<u>\$209,615,714</u>	<u>\$128,631,731</u>	<u>\$266,759,719</u>
Residual Land Value	\$125,943,968	\$21,012,813	\$18,625,951	\$6,427,247	\$1,615,263	\$28,596,960	\$17,608,895	\$36,883,788
Residual Land Value per Acre	\$86,253,429	\$17,603,000	\$8,938,000	\$4,015,000	\$3,487,000	\$19,479,024	\$19,545,404	\$30,898,647
UPZONED SCENARIO								
Total Revenue	\$1,659,274,915	\$527,731,581	\$534,126,708	\$419,553,231	\$63,929,857	\$468,147,419	\$236,025,647	\$616,827,668
Total Cost	<u>\$1,423,238,982</u>	<u>\$501,959,765</u>	<u>\$520,295,782</u>	<u>\$399,929,371</u>	<u>\$57,237,524</u>	<u>\$445,024,075</u>	<u>\$227,309,528</u>	<u>\$586,124,972</u>
Residual Land Value	\$236,035,933	\$25,771,816	\$13,830,926	\$19,623,860	\$6,692,333	\$23,123,344	\$8,716,119	\$30,702,696
Residual Land Value per Acre	\$161,650,525	\$21,590,000	\$6,637,000	\$12,259,000	\$14,451,000	\$15,750,000	\$9,675,000	\$16,408,000
VALUE CREATION								
% of Base Zoning Value	\$75,397,096 87%	\$3,987,000 23%	(\$2,301,000) -26%	\$8,244,000 205%	\$10,964,000 314%	(\$3,729,024) -19%	(\$9,870,404) -50%	(\$14,490,647) -47%

Table 4 Summary of Value Creation—Market Upside Conditions (Prototypes 1, 2, 4, and 5)

Prototype	1	2	4	5
BASE ZONING				
Residual Land Value per Acre	\$86,253,429	\$17,603,000	\$4,015,000	\$3,487,000
Residual Land Value per Building Sq.Ft.	\$99	\$35	\$71	\$33
UPZONED SCENARIO				
Residual Land Value per Acre	\$161,650,525	\$21,590,000	\$12,259,000	\$14,451,000
Residual Land Value per Building Sq.Ft.	\$124	\$31	\$30	\$64
VALUE CREATION				
Per Acre	\$75,397,096	\$3,987,000	\$8,244,000	\$10,964,000
Per Building Sq.Ft. of Added Space	\$173	\$9	\$23	\$91

Feasibility Analysis Methodology

Residual Land Value Results

The EPS analysis relies on eight mixed-use development prototypes identified by City of Oakland planning staff, as shown in **Table 1** and **Appendix A**. EPS prepared a “static” (i.e., stabilized year) pro forma financial feasibility model for each prototype. The models solve for residual land value, a common measure of real estate development feasibility. Determination of land value for mixed-use development is complicated by a wide range of factors, including market speculation, anticipated land use policy changes, development cost structure (e.g., phasing of affordable housing fees), regional economic and employment dynamics, capital markets, and other variables.

This analysis is focused on prototypical projects and prevalent market and cost conditions, but there are a range of unique project-specific factors that may make some development projects more (or less) feasible. Factors that may benefit certain projects include strong localized market potential, tenant prospects (e.g., build to suit rather than spec space for office), anticipation of future improvements in market conditions, access to low-cost financing, innovative construction methods (e.g., blended construction types or modular construction), low cost land, or lower return threshold (e.g., long-term investment strategy), among others.

Revenues

Lease rates used in this analysis are based on independent market research of recent leasing at new buildings in downtown Oakland and interviews with developers active in the market. These value assumptions reflect current top-of-market rent levels for office and residential uses. The rent assumptions are specific to prototype locations within the City as well as potential view premiums likely to be supported by taller buildings. Office rents are full-service, whereas retail rents are triple-net. **Table 5** presents baseline, current market rent assumptions. The market upside sensitivity test reflects a 25 percent rent increase on office and residential rents, shown in **Table 3**. The market upside rents illustrate market conditions in which development is feasible.

This analysis assumes net parking monthly revenue (after parking taxes and expenses) of \$125 per space for residential and \$185 per space for office uses under the base zoning scenario. Given increased density in the upzoning scenario, higher parking revenues of \$140 per space for residential and \$200 for office reflects an increasingly scarce parking supply. These parking revenue estimates are based on parking rates determined through market research and developer interviews, and are typical of the range observed in downtown Oakland.

This analysis assumes cap rates of 5.75 percent for office and 4.5 percent for residential uses across all prototypes once they have been developed and reached stabilized occupancy. These estimates are based on market research and developer interviews, and are consistent with the broader market average observed for typical institutional investors. Office is increasingly perceived as a strong, mature, and well-established real estate market with return requirements reflective of downtown Oakland's central location within the Bay Area region. Housing is perceived as the lower risk asset relative to commercial uses given the regional housing shortage and strong demand.

Financial return requirements are market-based, with investors facing a range of potential choices reflective of a wide range of risk factors and expected returns. With 10-year treasury yields (largely perceived as the safest and minimal risk investment that mirrors inflation) offering returns of about 2.5 percent a year, other investments with higher risk, such as real estate, require a higher return in the capital market. While returns on investment vary based on a range of factors such as investor-specific risk tolerance and cost of capital, real estate market conditions, building uses, financial stability and strength of tenants, and other factors, each investor has different return requirements based on its business structure, access to capital, risk tolerance, and other business-specific factors.

Operating Expenses and Vacancy

Commercial operating expenses depend on the lease rate structure for each asset type. Office operating costs reflect 27.5 percent of full-service rents and residential operating costs reflect 30 percent of gross rents. These expenses typically cover property management, administration, maintenance, utilities, insurance, building amenities, and property taxes. Additionally, leasing commissions are assumed at 2.5 percent of gross annual revenue for office uses to account for typical fees paid to leasing brokers. Operating expenses for retail are assumed to be recoverable from the tenant, consistent with a triple-net lease structure. Parking is based on net revenues referenced above. This analysis reflects a vacancy rate of 5 percent for office and 4 percent for residential uses. These are optimistic assumptions, with vacancy rate for office uses historically ranging between 5 and 10 percent. Additionally, an annual capital reserve cost is assumed at \$0.50 per square foot for all uses. **Table 6** summarizes pro forma financial operating assumptions.

Table 6 Key Operating and Development Cost Assumptions

Prototype	1	2	3	4	5	6	7	8
Neighborhood	Uptown	Uptown	KONO	Jack London	KONO	Jack London	Jack London	Victory Court
Primary Use	Office	Residential	Residential	Residential	Residential	"Office" to Res.	"Office" to Res.	"Office" to Res.
Site Acreage	1.3	1.0	1.8	1.4	0.4	1.3	0.8	1.6
Average Net Unit Size	na	na	800	800	800	800	800	800
BASE ZONING								
Building Height - Max	no limit	no limit	90'	45'	45'	65'	65'	65'
Building Height - Estimated Actual	25	15	5	2	3	7	7	7
Efficiency Ratio	90%	78%	78%	78%	78%	90%	90%	90%
Operating Costs								
Operating Expenses	27.5%	27.5%	30.0%	30.0%	30.0%	27.5%	27.5%	27.5%
Vacancy Rate	5.0%	5.0%	4.0%	4.0%	4.0%	5.0%	5.0%	5.0%
Capital Reserves	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
Development Costs								
Assumed Construction Type	Type I	Type I	Type III	Type V	Type III	Type III	Type III	Type III
Building Cost (per gross sq.ft.)	\$370	\$400	\$320	\$290	\$350	\$320	\$320	\$320
Parking (per space)	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Demo/Site Improvement (per land sq. ft.)	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Tenant Improvements								
Office (1)	\$75	\$75	na	na	na	\$75	\$75	\$75
Retail (1)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Architecture and Engineering	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Other Expenses (Legal, Inspections)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
General and Administrative	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Property Tax During Construction	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Financing	6.0%	6.0%	5.0%	4.0%	5.0%	5.0%	5.0%	5.0%
Contingency	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Required Return on Investment	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
UPZONED SCENARIO								
Building Height - Max	no limit	no limit	175'	175'	85'	275'	175'	450'
Building Height - Estimated Actual	38	20	12	12	7	15	12	15
Efficiency Ratio	90%	78%	78%	78%	78%	78%	78%	78%
Operating Costs								
Operating Expenses	27.5%	27.5%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Vacancy Rate	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Capital Reserves	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
Development Costs								
Assumed Construction Type	Type I	Type I	Type I	Type I	Type III	Type I	Type I	Type I
Building Cost (per gross sq.ft.)	\$380	\$400	\$400	\$400	\$350	\$400	\$405	\$400
Parking (per space)	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Demo/Site Improvement (per land sq. ft.)	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Tenant Improvements								
Office (1)	\$75	\$75	na	na	na	na	na	na
Retail (1)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Architecture and Engineering	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Other Expenses	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
General and Administrative	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Property Tax During Construction	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Financing	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Contingency	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Required Return on Investment	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%

(1) Reflects the landlord portion of the improvements; tenants typically contribute additional funds towards higher levels of overall improvements.

Development Costs

Development costs consist of direct construction costs, indirect costs (including fees), project contingency, and investment return, with key cost assumptions summarized in **Table 6**. Total costs (excluding land value) range between about \$614 (residential Type V construction) and \$867 (office Type I construction) per square foot depending on the prototype. The direct cost for new construction has rapidly increased over the past several years in the Bay Area due to strong growth in the economy, large-scale development activity, and resulting demand for construction services and materials. This analysis assumes direct construction costs range between \$290 and \$370 per square foot in the base zoning and between \$350 and \$405 per square foot in the upzoned scenario. These cost estimates reflect market research and developer interviews and incorporate differences in size, height, density, and construction type between the prototypes. Parking costs are estimated at \$60,000 per space across all prototypes, assuming parking is provided in a podium.

Indirect costs include tenant improvements (\$75 per square foot for office and \$100 per square foot for retail), architecture and engineering (6 percent of direct costs), other professional expenses (3 percent of direct costs), general and administrative (3 percent of direct costs), property tax during construction (range between 2 and 3 percent of direct costs), financing (range of 4 to 7 percent of direct costs), and development fees. Development fees include the Jobs Housing Impact (on residential uses) and Jobs Housing Linkage Fee (on commercial uses), Transportation, School Impact Fee, and other fees (e.g., building construction, planning permits, special district development impact fees, and other related charges). Cost estimates are based on the City of Oakland fee schedule effective July 1, 2020 with other fees based on developer interviews. Indirect costs also include a 7 percent contingency and a 14 percent return on investment across all prototypes.

Next Steps

The EPS effort consists of several ongoing research and analysis tasks, including:

- incentive zoning case study review;
- development feasibility analysis;
- developer interviews; and
- community outreach.

EPS will issue a comprehensive study report including policy recommendations once all aspects of the work program have been completed.

APPENDIX A
Detailed Prototypes



Table A-1
Summary of Development Prototypes

Prototype	1 1951-57 Webster; 1970 Franklin	2 1731 Franklin	3 533 27th St.; 2633 Telegraph	4 101 Clay St.	5 404 26th St.	6 112 4th St.; 105 5th St.; 412 Madison St.;	7 128 2nd St.; 132 2nd St.; 138 2nd St.; 119 3rd St.;	8 49 4th St.
Zone	CBD	CBD	RU-4	C-45/S-4	CC-2	M-20/S-4	M-20/S-4	M-20/S-4
Site Assumptions								
Neighborhood	Uptown	Uptown	KONO	Jack London	KONO	Jack London	Jack London	Victory Court
Lot Area (sq. ft., rounded)	54,700	44,718	78,071	59,968	17,348	54,997	33,750	70,100
Acres	1.26	1.03	1.79	1.38	0.40	1.26	0.77	1.61
Primary Use	Office	Residential	Residential	Residential	Residential	"Office" to Res.	"Office" to Res.	"Office" to Res.
BASE ZONING								
Building Assumptions (1)								
Building Height	no limit	no limit	90'	45'	45'	65'	65'	65'
Floor Area Ratio (FAR)	20.0					5.0	5.0	5.0
Residential Density		90	225	1,000	450			
Total Gross Floor Area (w/o parking) (sq. ft.)	1,094,000	516,867	267,760	77,968	41,551	274,985	168,750	350,500
Office	1,069,500	0	0	0	0	258,485	158,750	329,500
Retail	24,500	20,000	23,000	18,000	3,000	16,500	10,000	21,000
Residential	0	496,867	244,760	59,968	38,551	0	0	0
Residential Units	0	497	245	60	39	0	0	0
Primary Use Efficiency Ratio	90%	78%	78%	78%	78%	90%	90%	90%
Retail Efficiency Ratio	90%	90%	90%	90%	90%	90%	90%	90%
Total Net Floor Area (w/o parking) (sq. ft.)	984,600	405,556	211,613	62,975	32,770	247,487	151,875	315,450
Office	962,550	0	0	0	0	232,637	142,875	296,550
Retail	22,050	18,000	20,700	16,200	2,700	14,850	9,000	18,900
Residential	0	387,556	190,913	46,775	30,070	0	0	0
Community Space	0	0	0	0	0	0	0	0
Parking Spaces (2)	1,094	268	283	90	39	275	169	351
UPZONING								
Building Assumptions (1)								
Building Height	no limit	no limit	175'	175'	85'	275'	175'	450'
Floor Area Ratio (FAR)	30.0							
Residential Density		65.0	110	110	200	90	110	87
Total Gross Floor Area (w/o parking) (sq. ft.)	1,641,000	707,969	732,736	563,164	89,740	627,578	316,818	826,747
Office	1,616,500	0	0	0	0	0	0	0
Retail	24,500	20,000	23,000	18,000	3,000	16,500	10,000	21,000
Residential	0	687,969	709,736	545,164	86,740	611,078	306,818	805,747
Residential Units	0	688	710	545	87	611	307	806
Primary Use Efficiency Ratio	90%	78%	78%	78%	78%	78%	78%	78%
Retail Efficiency Ratio	90%	90%	90%	90%	90%	90%	90%	90%
Total Net Floor Area (w/o parking) (sq. ft.)	1,476,900	554,616	574,294	441,428	70,357	491,491	248,318	647,383
Office	1,454,850	0	0	0	0	0	0	0
Retail	22,050	18,000	20,700	16,200	2,700	14,850	9,000	18,900
Residential	0	536,616	553,594	425,228	67,657	476,641	239,318	628,483
Community Space	0	0	0	0	0	0	0	0
Parking Spaces (3)	1,641	364	378	291	46	322	163	424

(1) Estimated by the Oakland Planning Department.

(2) For prototypes 1, 2, 6, 7, and 8, parking is based on the following ratios provided by the City: 0.5 spaces per residential unit, 1 space per 1000 sq.ft. of retail, and 1 space per 1000 sq. ft. of office. For prototypes 3 and 4, parking requirements are higher and are based on the planning code as follows: 1 space for each 600 sq.ft. of retail residential and 1 space per unit. For prototype 5, the retail portion is exempt with only the 1 space per residential unit applied. The higher parking requirements for prototypes 3-5 are based on the minimum ratios per the City's Planning code.

(3) Based on the following parking ratios assumed by the City: 0.5 spaces per residential unit, 1 space per 1000 sq.ft. of retail, and 1 space per 1000 sq. ft. of office. Note: DOSP does not specify parking ratio and these ratios are generally reflective of the expectation for what the market may provide.

Sources: City of Oakland and Economic & Planning Systems, Inc.

APPENDIX B

Base Zoning Scenario Pro Formas / Baseline Market Conditions



Prototype 1
1951-57 Webster; 1970 Franklin

Base Zoning

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.3 acres	54,700 sq.ft.
Gross Building Area (excl. parking)		1,094,000 sq.ft.
Net Area	90% efficiency ratio	984,600 sq.ft.
Office		962,550 sq.ft.
Retail		22,050 sq.ft.
Community Space		0 sq.ft.
Parking Spaces		1,094 spaces
Spaces Excluding Retail		1,070 spaces
REVENUE		
Office (Full-Service)	\$76.00 per net sq. ft. per year	\$73,153,800
Retail (NNN)	\$32.00 per net sq. ft. per year	<u>\$705,600</u>
Gross Annual Revenue		\$73,859,400
(less) Operating Expenses	27.5% of office full-service revenue	(\$20,117,295)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$3,692,970)
(less) Capital Reserves	\$0.50 per net sq.ft.	(\$492,300)
(less) Commissions	2.5% of gross annual revenue	<u>(\$1,846,485)</u>
Net Operating Income		\$47,710,350
Net Parking Revenue	\$185 per space per month	\$2,374,290
Total NOI		\$50,084,640
Capitalized Value	5.8% cap rate	\$871,037,217
(less) Cost of Sale/Marketing	3.0%	<u>(\$26,131,117)</u>
Net Project Value		\$844,906,101
DEVELOPMENT COST		
Direct Costs		
Building Construction Cost	\$370 per gross sq. ft.	\$404,780,000
Parking Construction Cost	\$60,000 per space	\$65,640,000
Demo/Site Improvement Cost	\$10 per land sq.ft.	<u>\$547,000</u>
Total Direct Costs		\$470,967,000
Indirect Costs		
Tenant Improvements (office)	\$75 per sq.ft.	\$72,191,250
Tenant Improvements (retail)	\$100 per sq.ft.	\$2,205,000
Architecture and Engineering	6.0% of direct costs	\$28,258,000
Other Expenses	3.0% of direct costs	\$14,129,000
General and Administrative	3.0% of direct costs	\$14,129,000
Property Tax During Construction	2.0% of direct costs	\$9,419,300
Financing	6.0% of direct costs	<u>\$28,258,000</u>
Subtotal Indirect Costs excluding Fees		\$168,589,550
Fees		
Capital Improvements (1)	\$2.00 avg. per gross sq. ft.	\$2,188,000
Jobs Housing Impact Fee (1)	\$5.77 avg. per gross sq. ft.	\$6,313,798
Transportation - Office (1)	\$2.00 avg. per gross sq. ft.	\$2,139,000
Transportation - Retail (1)	\$0.75 avg. per gross sq. ft.	\$18,375
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$612,640
Other Fees (2)	<u>\$25.00</u> avg. per gross sq. ft.	<u>\$27,350,000</u>
Subtotal Fees	\$35.30 avg. per gross sq. ft.	\$38,621,813
Total Indirect Costs		\$207,211,363
Subtotal, Direct and Indirect Costs		\$678,178,363
Contingency	7.0% of direct and indirect costs	\$80,440,200
Required Return on Investment	14.0% of direct and indirect costs	\$160,880,400
Total Costs		\$919,498,963
Residual Land Value (Net Project Value - Total Costs)		(\$74,592,862)
(less) Return on Residual Land Value	14%	\$10,443,001
Net Residual Land Value		(\$64,149,861)
Residual Land Value per Acre		(\$51,085,337)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

**Prototype 2
1731 Franklin**

Base Zoning

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.03 acres	44,718
Total Units	497 units	
Total Building Area	1,000 per unit	516,867
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	387,556
Net Retail Area		18,000
Podium Parking Spaces		268
Spaces Excluding Retail		497
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.25 /nsf per month	\$19,765,356
(less) Operating Expenses (Residential)	27.5%	(\$5,435,473)
(less) Vacancy	5.0%	(\$988,268)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$193,778)</u>
Residential NOI		\$13,147,837
Gross Retail Revenue	\$32.00 /nsf per year	\$576,000
(less) Vacancy	5.0%	(\$28,800)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$9,000)</u>
Retail NOI		\$538,200
Net Parking Revenue	\$125 /space per month	\$745,300
Total NOI		\$14,431,337
Effective Capitalized Value (1)	4.5% cap rate	\$320,696,384
(less) Cost of Sale/Marketing	3.0% of capitalized value	<u>(\$9,620,892)</u>
Net Value		\$311,075,493
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$400 per gross sq. ft.	\$206,746,667
Parking Construction Cost	\$60,000 per space	\$16,106,000
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	<u>\$447,180</u>
Total Direct Costs		\$223,299,847
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$1,800,000
Architecture and Engineering	6.0% of direct costs	\$13,397,991
Other Expenses	3.0% of direct costs	\$6,698,995
General and Administrative	3.0% of direct costs	\$6,698,995
Property Tax During Construction	2.0% of direct costs	\$4,465,997
Financing	6.0% of direct costs	<u>\$13,397,991</u>
Subtotal Indirect Costs excluding Fees		\$46,459,969
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$10,931,067
Jobs Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$133,184
Capital Improvement (1)	\$1,250 per unit	\$621,083
Transportation - Residential (1)	\$750 per unit	\$372,650
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$17,308
School Impact Fee	\$3.48 per gross sq. ft.	\$1,798,696
Other Fees (2)	\$30.00 per gross sq. ft.	<u>\$15,506,000</u>
Subtotal Fees		\$29,379,987
Total Indirect Costs		\$75,839,957
Subtotal, Direct and Indirect Costs		\$299,139,803
Contingency	7.0% of direct and indirect costs	\$20,939,786
Required Return on Investment	14.0% of direct and indirect costs	<u>\$41,879,572</u>
Total Costs		\$361,959,162
Residual Land Value (Net Project Value - Total Costs)		(\$50,884,000)
(less) Return on Residual Land Value	14.0%	\$7,123,760
Net Residual Land Value		(\$43,760,240)
Residual Land Value per Acre		(\$42,627,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

Prototype 3
533 27th St.; 2633 Telegraph

Base Zoning

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.79 acres	78,071
Total Units	245 units	
Total Building Area	1,000 per unit	267,760
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	190,913
Net Retail Area		20,700
Podium Parking Spaces		283
Spaces Excluding Retail		245
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.15 /nsf per month	\$9,507,457
(less) Operating Expenses (Residential)	30.0%	(\$2,852,237)
(less) Vacancy	4.0%	(\$380,298)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$95,456)</u>
Residential NOI		\$6,179,466
Gross Retail Revenue	\$32.00 /nsf per year	\$662,400
(less) Vacancy	5.0%	(\$33,120)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$10,350)</u>
Retail NOI		\$618,930
Net Parking Revenue	\$125 /space per month	\$367,500
Total NOI		\$7,165,896
Effective Capitalized Value (1)	4.5% cap rate	\$159,242,122
(less) Cost of Sale/Marketing	3.0% of capitalized value	<u>(\$4,777,264)</u>
Net Value		\$154,464,859
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$320 per gross sq. ft.	\$85,683,200
Parking Construction Cost	\$60,000 per space	\$17,000,000
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	<u>\$780,710</u>
Total Direct Costs		\$103,463,910
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$2,070,000
Architecture and Engineering	6.0% of direct costs	\$6,207,835
Other Expenses	3.0% of direct costs	\$3,103,917
General and Administrative	3.0% of direct costs	\$3,103,917
Property Tax During Construction	2.0% of direct costs	\$2,069,278
Financing	5.0% of direct costs	<u>\$5,173,196</u>
Subtotal Indirect Costs excluding Fees		\$21,728,143
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$5,390,000
Jobs Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$153,161
Capital Improvement (1)	\$1,250 per unit	\$306,250
Transportation - Residential (1)	\$750 per unit	\$183,750
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$19,904
School Impact Fee	\$3.48 per gross sq. ft.	\$931,805
Other Fees (2)	\$30.00 per gross sq. ft.	<u>\$8,032,800</u>
Subtotal Fees		\$15,017,670
Total Indirect Costs		\$36,745,813
Subtotal, Direct and Indirect Costs		\$140,209,723
Contingency	7.0% of direct and indirect costs	\$9,814,681
Required Return on Investment	14.0% of direct and indirect costs	<u>\$19,629,361</u>
Total Costs		\$169,653,765
Residual Land Value (Net Project Value - Total Costs)		(\$15,189,000)
(less) Return on Residual Land Value	14.0%	\$2,126,460
Net Residual Land Value		(\$13,062,540)
Residual Land Value per Acre		(\$7,288,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

**Prototype 4
101 Clay St.**

Base Zoning

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.38 acres	59,968
Total Units	60 units	
Total Building Area	1,000 per unit	77,968
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	46,775
Net Retail Area		16,200
Podium Parking Spaces		90
Spaces Excluding Retail		60
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.25 /nsf per month	\$2,385,527
(less) Operating Expenses (Residential)	30.0%	(\$715,658)
(less) Vacancy	4.0%	(\$95,421)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$23,388)</u>
Residential NOI		\$1,551,060
Gross Retail Revenue	\$32.00 /nsf per year	\$518,400
(less) Vacancy	5.0%	(\$25,920)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$8,100)</u>
Retail NOI		\$484,380
Net Parking Revenue	\$125 /space per month	\$89,952
Total NOI		\$2,125,392
Effective Capitalized Value (1)	4.5% cap rate	\$47,230,941
(less) Cost of Sale/Marketing	3.0% of capitalized value	<u>(\$1,416,928)</u>
Net Value		\$45,814,012
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$290 per gross sq. ft.	\$22,610,720
Parking Construction Cost	\$60,000 per space	\$5,398,080
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	<u>\$599,680</u>
Total Direct Costs		\$28,608,480
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$1,620,000
Architecture and Engineering	6.0% of direct costs	\$1,716,509
Other Expenses	3.0% of direct costs	\$858,254
General and Administrative	3.0% of direct costs	\$858,254
Property Tax During Construction	2.0% of direct costs	\$572,170
Financing	4.0% of direct costs	<u>\$1,144,339</u>
Subtotal Indirect Costs excluding Fees		\$6,769,526
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$1,319,296
Jobs Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$119,865
Capital Improvement (1)	\$1,250 per unit	\$74,960
Transportation - Residential (1)	\$750 per unit	\$44,976
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$15,577
School Impact Fee	\$3.48 per gross sq. ft.	\$271,329
Other Fees (2)	\$30.00 per gross sq. ft.	<u>\$2,339,040</u>
Subtotal Fees		\$4,185,043
Total Indirect Costs		\$10,954,569
Subtotal, Direct and Indirect Costs		\$39,563,049
Contingency	7.0% of direct and indirect costs	\$2,769,413
Required Return on Investment	14.0% of direct and indirect costs	<u>\$5,538,827</u>
Total Costs		\$47,871,290
Residual Land Value (Net Project Value - Total Costs)		(\$2,057,000)
(less) Return on Residual Land Value	14.0%	\$287,980
Net Residual Land Value		(\$1,769,020)
Residual Land Value per Acre		(\$1,285,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

**Prototype 5
404 26th St.**

Base Zoning

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	0.40 acres	17,348
Total Units	39 units	
Total Building Area	1,000 per unit	41,551
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	30,070
Net Retail Area		2,700
Podium Parking Spaces		39
Spaces Excluding Retail		39
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.15 /nsf per month	\$1,497,479
(less) Operating Expenses (Residential)	30.0%	(\$449,244)
(less) Vacancy	4.0%	(\$59,899)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$15,035)</u>
Residential NOI		\$973,301
Gross Retail Revenue	\$32.00 /nsf per year	\$86,400
(less) Vacancy	5.0%	(\$4,320)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$1,350)</u>
Retail NOI		\$80,730
Net Parking Revenue	\$125 /space per month	\$57,827
Total NOI		\$1,111,858
Effective Capitalized Value (1)	4.5% cap rate	\$24,707,958
(less) Cost of Sale/Marketing	3.0% of capitalized value	<u>(\$741,239)</u>
Net Value		\$23,966,719
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$350 per gross sq. ft.	\$14,542,889
Parking Construction Cost	\$60,000 per space	\$2,313,067
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	<u>\$173,480</u>
Total Direct Costs		\$17,029,436
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$270,000
Architecture and Engineering	6.0% of direct costs	\$1,021,766
Other Expenses	3.0% of direct costs	\$510,883
General and Administrative	3.0% of direct costs	\$510,883
Property Tax During Construction	2.0% of direct costs	\$340,589
Financing	5.0% of direct costs	<u>\$851,472</u>
Subtotal Indirect Costs excluding Fees		\$3,505,593
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$848,124
Jobs Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$19,978
Capital Improvement (1)	\$1,250 per unit	\$48,189
Transportation - Residential (1)	\$750 per unit	\$28,913
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$2,596
School Impact Fee	\$3.48 per gross sq. ft.	\$144,598
Other Fees (2)	\$30.00 per gross sq. ft.	<u>\$1,246,533</u>
Subtotal Fees		\$2,338,932
Total Indirect Costs		\$5,844,524
Subtotal, Direct and Indirect Costs		\$22,873,960
Contingency	7.0% of direct and indirect costs	\$1,601,177
Required Return on Investment	14.0% of direct and indirect costs	<u>\$3,202,354</u>
Total Costs		\$27,677,491
Residual Land Value (Net Project Value - Total Costs)		(\$3,711,000)
(less) Return on Residual Land Value	14.0%	<u>\$519,540</u>
Net Residual Land Value		(\$3,191,460)
Residual Land Value per Acre		(\$8,014,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

Prototype 6
112 4th St.; 105 5th St.; 412 Madison St.;

Base Zoning

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.3 acres	54,997 sq.ft.
Gross Building Area (excl. parking)		274,985 sq.ft.
Net Area	90% efficiency ratio	247,487 sq.ft.
Office		232,637 sq.ft.
Retail		14,850 sq.ft.
Community Space		0 sq.ft.
Parking Spaces		275 spaces
Spaces Excluding Retail		258 spaces
REVENUE		
Office (Full-Service)	\$70.00 per net sq. ft. per year	\$16,284,555
Retail (NNN)	\$32.00 per net sq. ft. per year	<u>\$475,200</u>
Gross Annual Revenue		\$16,759,755
(less) Operating Expenses	27.5% of office full-service revenue	(\$4,478,253)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$837,988)
(less) Capital Reserves	\$0.50 per net sq.ft.	(\$123,743)
(less) Commissions	2.5% of gross annual revenue	<u>(\$418,994)</u>
Net Operating Income		\$10,900,778
Net Parking Revenue	\$185 per space per month	\$573,837
Total NOI		\$11,474,614
Capitalized Value	5.8% cap rate	\$199,558,508
(less) Cost of Sale/Marketing	3.0%	<u>(\$5,986,755)</u>
Net Project Value		\$193,571,753
DEVELOPMENT COST		
Direct Costs		
Building Construction Cost	\$320 per gross sq. ft.	\$87,995,200
Parking Construction Cost	\$60,000 per space	\$16,499,100
Demo/Site Improvement Cost	\$10 per land sq.ft.	<u>\$550,000</u>
Total Direct Costs		\$105,044,300
Indirect Costs		
Tenant Improvements (office)	\$75 per sq.ft.	\$17,447,738
Tenant Improvements (retail)	\$100 per sq.ft.	\$1,485,000
Architecture and Engineering	6.0% of direct costs	\$6,302,700
Other Expenses	3.0% of direct costs	\$3,151,300
General and Administrative	3.0% of direct costs	\$3,151,300
Property Tax During Construction	2.0% of direct costs	\$2,100,900
Financing	5.0% of direct costs	<u>\$5,252,200</u>
Subtotal Indirect Costs excluding Fees		\$38,891,138
Fees		
Capital Improvements (1)	\$2.00 avg. per gross sq. ft.	\$549,970
Jobs Housing Impact Fee (1)	\$5.77 avg. per gross sq. ft.	\$1,587,020
Transportation - Office (1)	\$2.00 avg. per gross sq. ft.	\$516,970
Transportation - Retail (1)	\$0.75 avg. per gross sq. ft.	\$12,375
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$153,992
Other Fees (2)	<u>\$30.00</u> avg. per gross sq. ft.	<u>\$8,249,550</u>
Subtotal Fees	\$40.26 avg. per gross sq. ft.	\$11,069,876
Total Indirect Costs		\$49,961,014
Subtotal, Direct and Indirect Costs		\$155,005,314
Contingency	7.0% of direct and indirect costs	\$18,203,500
Required Return on Investment	14.0% of direct and indirect costs	\$36,406,900
Total Costs		\$209,615,714
Residual Land Value (Net Project Value - Total Costs)		(\$16,043,961)
(less) Return on Residual Land Value	14%	<u>\$2,246,155</u>
Net Residual Land Value		(\$13,797,807)
Residual Land Value per Acre		(\$10,928,459)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

Prototype 7
128 2nd St.; 132 2nd St.; 138 2nd St.; 119 3rd St.; 100-10 2nd St;

Base Zoning

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	0.8 acres	33,750 sq.ft.
Gross Building Area (excl. parking)		168,750 sq.ft.
Net Area	90% efficiency ratio	151,875 sq.ft.
Office		142,875 sq.ft.
Retail		9,000 sq.ft.
Community Space		0 sq.ft.
Parking Spaces		169 spaces
Spaces Excluding Retail		159 spaces
REVENUE		
Office (Full-Service)	\$70.00 per net sq. ft. per year	\$10,001,250
Retail (NNN)	\$32.00 per net sq. ft. per year	<u>\$288,000</u>
Gross Annual Revenue		\$10,289,250
(less) Operating Expenses	27.5% of office full-service revenue	(\$2,750,344)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$514,463)
(less) Capital Reserves	\$0.50 per net sq.ft.	(\$75,938)
(less) Commissions	2.5% of gross annual revenue	<u>(\$257,231)</u>
Net Operating Income		\$6,691,275
Net Parking Revenue	\$185 per space per month	\$352,425
Total NOI		\$7,043,700
Capitalized Value	5.8% cap rate	\$122,499,130
(less) Cost of Sale/Marketing	3.0%	<u>(\$3,674,974)</u>
Net Project Value		\$118,824,157
DEVELOPMENT COST		
Direct Costs		
Building Construction Cost	\$320 per gross sq. ft.	\$54,000,000
Parking Construction Cost	\$60,000 per space	\$10,125,000
Demo/Site Improvement Cost	\$10 per land sq.ft.	<u>\$337,500</u>
Total Direct Costs		\$64,462,500
Indirect Costs		
Tenant Improvements (office)	\$75 per sq.ft.	\$10,715,625
Tenant Improvements (retail)	\$100 per sq.ft.	\$900,000
Architecture and Engineering	6.0% of direct costs	\$3,867,800
Other Expenses	3.0% of direct costs	\$1,933,900
General and Administrative	3.0% of direct costs	\$1,933,900
Property Tax During Construction	2.0% of direct costs	\$1,289,300
Financing	5.0% of direct costs	<u>\$3,223,100</u>
Subtotal Indirect Costs excluding Fees		\$23,863,625
Fees		
Capital Improvements (1)	\$2.00 avg. per gross sq. ft.	\$337,500
Jobs Housing Impact Fee (1)	\$5.77 avg. per gross sq. ft.	\$973,906
Transportation - Office (1)	\$2.00 avg. per gross sq. ft.	\$317,500
Transportation - Retail (1)	\$0.75 avg. per gross sq. ft.	\$7,500
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$94,500
Other Fees (2)	<u>\$30.00</u> avg. per gross sq. ft.	<u>\$5,062,500</u>
Subtotal Fees	\$40.26 avg. per gross sq. ft.	\$6,793,406
Total Indirect Costs		\$30,657,031
Subtotal, Direct and Indirect Costs		\$95,119,531
Contingency	7.0% of direct and indirect costs	\$11,170,700
Required Return on Investment	14.0% of direct and indirect costs	\$22,341,500
Total Costs		\$128,631,731
Residual Land Value (Net Project Value - Total Costs)		(\$9,807,575)
(less) Return on Residual Land Value	14%	<u>\$1,373,060</u>
Net Residual Land Value		(\$8,434,514)
Residual Land Value per Acre		(\$10,886,146)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

**Prototype 8
49 4th St.**

Base Zoning

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.0 acres	44,718 sq.ft.
Gross Building Area (excl. parking)		350,500 sq.ft.
Net Area	90% efficiency ratio	315,450 sq.ft.
Office		296,550 sq.ft.
Retail		18,900 sq.ft.
Community Space		0 sq.ft.
Parking Spaces		351 spaces
Spaces Excluding Retail		330 spaces
REVENUE		
Office (Full-Service)	\$70.00 per net sq. ft. per year	\$20,758,500
Retail (NNN)	\$32.00 per net sq. ft. per year	<u>\$604,800</u>
Gross Annual Revenue		\$21,363,300
(less) Operating Expenses	27.5% of office full-service revenue	(\$5,708,588)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$1,068,165)
(less) Capital Reserves	\$0.50 per net sq.ft.	(\$157,725)
(less) Commissions	2.5% of gross annual revenue	<u>(\$534,083)</u>
Net Operating Income		\$13,894,740
Net Parking Revenue (excludes retail)	\$185 per space per month	\$731,490
Total NOI		\$14,626,230
Capitalized Value	5.8% cap rate	\$254,369,217
(less) Cost of Sale/Marketing	3.0%	<u>(\$7,631,077)</u>
Net Project Value		\$246,738,141
DEVELOPMENT COST		
Direct Costs		
Building Construction Cost	\$320 per gross sq. ft.	\$112,160,000
Parking Construction Cost	\$60,000 per space	\$21,030,000
Demo/Site Improvement Cost	\$10 per land sq.ft.	<u>\$447,200</u>
Total Direct Costs		\$133,637,200
Indirect Costs		
Tenant Improvements (office)	\$75 per sq.ft.	\$22,241,250
Tenant Improvements (retail)	\$100 per sq.ft.	\$1,890,000
Architecture and Engineering	6.0% of direct costs	\$8,018,200
Other Expenses	3.0% of direct costs	\$4,009,100
General and Administrative	3.0% of direct costs	\$4,009,100
Property Tax During Construction	2.0% of direct costs	\$2,672,700
Financing	5.0% of direct costs	<u>\$6,681,900</u>
Subtotal Indirect Costs excluding Fees		\$49,522,250
Fees		
Jobs Housing Impact Fee (1)	\$5.77 per gross sq. ft.	\$2,022,839
Capital Improvements (1)	\$2.00 per gross sq. ft.	\$701,000
Transportation - Office (1)	\$2.00 per gross sq. ft.	\$659,000
Transportation - Retail (1)	\$0.75 per gross sq. ft.	\$15,750
School Impact Fee	\$0.56 per gross sq. ft.	\$196,280
Other Fees (2)	<u>\$30.00</u> per gross sq. ft.	<u>\$10,515,000</u>
Subtotal Fees	\$40.26 per gross sq. ft.	\$14,109,869
Total Indirect Costs		\$63,632,119
Subtotal, Direct and Indirect Costs		\$197,269,319
Contingency	7.0% of direct and indirect costs	\$23,163,500
Required Return on Investment	14.0% of direct and indirect costs	\$46,326,900
Total Costs		\$266,759,719
Residual Land Value (Net Project Value - Total Costs)		
(less) Return on Residual Land Value	14%	<u>(\$20,021,578)</u>
Net Residual Land Value		(\$2,803,021)
Residual Land Value per Acre		(\$16,772,672)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.



APPENDIX C
Upzoning Scenario Pro Formas /
Baseline Market Conditions

Prototype 1
1951-57 Webster; 1970 Franklin

Upzoning Scenario

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.3 acres	54,700 sq.ft.
Gross Building Area (excl. parking)		1,641,000 sq.ft.
Net Area	90% efficiency ratio	1,476,900 sq.ft.
Office		1,454,850 sq.ft.
Retail		22,050 sq.ft.
Community Space		0 sq.ft.
Parking Spaces		1,641 spaces
Spaces Excluding Retail		1,617 spaces
REVENUE		
Office (Full-Service)	\$80.00 per net sq. ft. per year	\$116,388,000
Retail (NNN)	\$32.00 per net sq. ft. per year	<u>\$705,600</u>
Gross Annual Revenue		\$117,093,600
(less) Operating Expenses	27.5% of office full-service revenue	(\$32,006,700)
(less) Vacancy Rate	5.0% of gross annual revenue	(\$5,854,680)
(less) Capital Reserves	\$0.50 per net sq.ft.	(\$738,450)
(less) Commissions	2.5% of gross annual revenue	<u>(\$2,927,340)</u>
Net Operating Income		\$75,566,430
Net Parking Revenue	\$200 per space per month	\$3,879,600
Total NOI		\$79,446,030
Capitalized Value	5.75% cap rate	\$1,381,670,087
(less) Cost of Sale/Marketing	3.0%	<u>(\$41,450,103)</u>
Net Project Value		\$1,340,219,984
DEVELOPMENT COST		
Direct Costs		
Building Construction Cost	\$380 per gross sq. ft.	\$623,580,000
Parking Construction Cost	\$60,000 per space	\$98,460,000
Demo/Site Improvement Cost	\$10.0 per land sq.ft.	<u>\$547,000</u>
Total Direct Costs		\$722,587,000
Indirect Costs		
Tenant Improvements (office)	\$75 per sq.ft.	\$109,113,750
Tenant Improvements (retail)	\$100 per sq.ft.	\$2,205,000
Architecture and Engineering	6.0% of direct costs	\$43,355,200
Other Expenses	3.0% of direct costs	\$21,677,600
General and Administrative	3.0% of direct costs	\$21,677,600
Property Tax During Construction	3.0% of direct costs	\$21,677,600
Financing	7.0% of direct costs	<u>\$50,581,100</u>
Subtotal Indirect Costs excluding Fees		\$270,287,850
Fees		
Jobs Housing Impact Fee (1)	\$2.00 avg. per gross sq. ft.	\$3,282,000
Jobs Housing Linkage Fee (1)	\$5.77 avg. per gross sq. ft.	\$9,470,697
Transportation - Office (1)	\$2.00 avg. per gross sq. ft.	\$3,233,000
Transportation - Retail (1)	\$0.75 avg. per gross sq. ft.	\$18,375
School Impact Fee	\$0.56 avg. per gross sq. ft.	\$918,960
Other Fees (2)	<u>\$25.00</u> avg. per gross sq. ft.	<u>\$41,025,000</u>
Subtotal Fees	\$35.31 avg. per gross sq. ft.	\$57,948,032
Total Indirect Costs		\$328,235,882
Subtotal, Direct and Indirect Costs		\$1,050,822,882
Contingency	7.0% of direct and indirect costs	\$124,138,700
Required Return on Investment	14.0% of direct and indirect costs	\$248,277,400
Total Costs		\$1,423,238,982
Residual Land Value (Net Project Value - Total Costs)		
(less) Return on Residual Land Value	14%	<u>(\$83,018,997)</u>
Net Residual Land Value		(\$71,396,338)
Residual Land Value per Acre		(\$56,856,023)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

**Prototype 2
1731 Franklin**

Upzoning Scenario

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.03 acres	44,718
Total Units	688 units	
Total Building Area	1,000 per unit	707,969
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	536,616
Net Retail Area		18,000
Podium Parking Spaces		364
Spaces Excluding Retail		344
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.35 /nsf per month	\$28,011,355
(less) Operating Expenses (Residential)	27.5%	(\$7,703,123)
(less) Vacancy	5.0%	(\$1,400,568)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$268,308)</u>
Residential NOI		\$18,639,357
Gross Retail Revenue	\$32.00 /nsf per year	\$576,000
(less) Vacancy	5.0%	(\$28,800)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$9,000)</u>
Retail NOI		\$538,200
Net Parking Revenue	\$140 /space per month	\$577,920
Total NOI		\$19,755,477
Effective Capitalized Value (1)	4.5% cap rate	\$439,010,595
(less) Cost of Sale/Marketing	3.0% of capitalized value	<u>(\$13,170,318)</u>
Net Value		\$425,840,277
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$400 per gross sq. ft.	\$283,187,692
Parking Construction Cost	\$60,000 per space	\$21,839,077
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	<u>\$447,180</u>
Total Direct Costs		\$305,473,949
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$1,800,000
Architecture and Engineering	6.0% of direct costs	\$18,328,437
Other Expenses	3.0% of direct costs	\$9,164,218
General and Administrative	3.0% of direct costs	\$9,164,218
Property Tax During Construction	3.0% of direct costs	\$9,164,218
Financing	7.0% of direct costs	<u>\$21,383,176</u>
Subtotal Indirect Costs excluding Fees		\$69,004,269
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$15,135,323
Jobs Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$133,184
Capital Improvement (1)	\$1,250 per unit	\$859,962
Transportation - Residential (1)	\$750 per unit	\$515,977
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$17,308
School Impact Fee	\$3.48 per gross sq. ft.	\$2,463,733
Other Fees (2)	\$30.00 per gross sq. ft.	<u>\$21,239,077</u>
Subtotal Fees		\$40,364,563
Total Indirect Costs		\$109,368,832
Subtotal, Direct and Indirect Costs		\$414,842,781
Contingency	7.0% of direct and indirect costs	\$29,038,995
Required Return on Investment	14.0% of direct and indirect costs	<u>\$58,077,989</u>
Total Costs		\$501,959,765
Residual Land Value (Net Project Value - Total Costs)		(\$76,119,000)
(less) Return on Residual Land Value	14.0%	<u>\$10,656,660</u>
Net Residual Land Value		(\$65,462,340)
Residual Land Value per Acre		(\$63,767,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

Prototype 3
533 27th St.; 2633 Telegraph

Upzoning Scenario

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.79 acres	78,071
Total Units	710 units	
Total Building Area	1,000 per unit	732,736
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	553,594
Net Retail Area		20,700
Podium Parking Spaces		378
Spaces Excluding Retail		355
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.35 /nsf per month	\$28,897,626
(less) Operating Expenses (Residential)	30.0%	(\$8,669,288)
(less) Vacancy	4.0%	(\$1,155,905)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$276,797)</u>
Residential NOI		\$18,795,636
Gross Retail Revenue	\$32.00 /nsf per year	\$662,400
(less) Vacancy	5.0%	(\$33,120)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$10,350)</u>
Retail NOI		\$618,930
Net Parking Revenue	\$140 /space per month	\$596,400
Total NOI		\$20,010,966
Effective Capitalized Value (1)	4.5% cap rate	\$444,688,130
(less) Cost of Sale/Marketing	3.0% of capitalized value	<u>(\$13,340,644)</u>
Net Value		\$431,347,486
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$400 per gross sq. ft.	\$293,094,545
Parking Construction Cost	\$60,000 per space	\$22,672,091
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	<u>\$780,710</u>
Total Direct Costs		\$316,547,346
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$2,070,000
Architecture and Engineering	6.0% of direct costs	\$18,992,841
Other Expenses	3.0% of direct costs	\$9,496,420
General and Administrative	3.0% of direct costs	\$9,496,420
Property Tax During Construction	3.0% of direct costs	\$9,496,420
Financing	7.0% of direct costs	<u>\$22,158,314</u>
Subtotal Indirect Costs excluding Fees		\$71,710,416
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$15,614,200
Jobs Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$153,161
Capital Improvement (1)	\$1,250 per unit	\$887,170
Transportation - Residential (1)	\$750 per unit	\$532,302
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$19,904
School Impact Fee	\$3.48 per gross sq. ft.	\$2,549,923
Other Fees (2)	\$30.00 per gross sq. ft.	<u>\$21,982,091</u>
Subtotal Fees		\$41,738,751
Total Indirect Costs		\$113,449,168
Subtotal, Direct and Indirect Costs		\$429,996,514
Contingency	7.0% of direct and indirect costs	\$30,099,756
Required Return on Investment	14.0% of direct and indirect costs	<u>\$60,199,512</u>
Total Costs		\$520,295,782
Residual Land Value (Net Project Value - Total Costs)		(\$88,948,000)
(less) Return on Residual Land Value	14.0%	<u>\$12,452,720</u>
Net Residual Land Value		(\$76,495,280)
Residual Land Value per Acre		(\$42,681,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

**Prototype 4
101 Clay St.**

Upzoning Scenario

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.38 acres	59,968
Total Units	545 units	
Total Building Area	1,000 per unit	563,164
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	425,228
Net Retail Area		16,200
Podium Parking Spaces		291
Spaces Excluding Retail		273
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.45 /nsf per month	\$22,707,156
(less) Operating Expenses (Residential)	30.0%	(\$6,812,147)
(less) Vacancy	4.0%	(\$908,286)
(less) Capital Reserves	\$0.50 /nsf	(\$212,614)
Residential NOI		\$14,774,109
Gross Retail Revenue	\$32.00 /nsf per year	\$518,400
(less) Vacancy	5.0%	(\$25,920)
(less) Capital Reserves	\$0.50 /nsf	(\$8,100)
Retail NOI		\$484,380
Net Parking Revenue (excludes retail)	\$140 /space per month	\$458,640
Total NOI		\$15,717,129
Effective Capitalized Value (1)	4.5% cap rate	\$349,269,533
(less) Cost of Sale/Marketing	3.0% of capitalized value	(\$10,478,086)
Net Value		\$338,791,447
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$400 per gross sq. ft.	\$225,265,455
Parking Construction Cost	\$60,000 per space	\$17,434,909
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	\$599,680
Total Direct Costs		\$243,300,044
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$1,620,000
Architecture and Engineering	6.0% of direct costs	\$14,598,003
Other Expenses	3.0% of direct costs	\$7,299,001
General and Administrative	3.0% of direct costs	\$7,299,001
Property Tax During Construction	3.0% of direct costs	\$7,299,001
Financing	7.0% of direct costs	\$17,031,003
Subtotal Indirect Costs excluding Fees		\$55,146,010
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$11,993,600
Jobs/Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$119,865
Capital Improvement (1)	\$1,250 per unit	\$681,455
Transportation - Residential (1)	\$750 per unit	\$408,873
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$15,577
School Impact Fee	\$3.48 per gross sq. ft.	\$1,959,809
Other Fees (2)	\$30.00 per gross sq. ft.	\$16,894,909
Subtotal Fees		\$32,074,088
Total Indirect Costs		\$87,220,098
Subtotal, Direct and Indirect Costs		\$330,520,141
Contingency	7.0% of direct and indirect costs	\$23,136,410
Required Return on Investment	14.0% of direct and indirect costs	\$46,272,820
Total Costs		\$399,929,371
Residual Land Value (Net Project Value - Total Costs)		(\$61,138,000)
(less) Return on Residual Land Value	14.0%	\$8,559,320
Net Residual Land Value		(\$52,578,680)
Residual Land Value per Acre		(\$38,192,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

**Prototype 5
404 26th St.**

Upzoning Scenario

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	0.40 acres	17,348
Total Units	87 units	
Total Building Area	1,000 per unit	89,740
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	67,657
Net Retail Area		2,700
Podium Parking Spaces		46
Spaces Excluding Retail		43
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.25 /nsf per month	\$3,450,517
(less) Operating Expenses (Residential)	30.0%	(\$1,035,155)
(less) Vacancy	4.0%	(\$138,021)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$33,829)</u>
Residential NOI		\$2,243,513
Gross Retail Revenue	\$32.00 /nsf per year	\$86,400
(less) Vacancy	5.0%	(\$4,320)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$1,350)</u>
Retail NOI		\$80,730
Net Parking Revenue	\$140 /space per month	\$72,240
Total NOI		\$2,396,483
Effective Capitalized Value (1)	4.5% cap rate	\$53,255,172
(less) Cost of Sale/Marketing	3.0% of capitalized value	<u>(\$1,597,655)</u>
Net Value		\$51,657,517
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$350 per gross sq. ft.	\$31,409,000
Parking Construction Cost	\$60,000 per space	\$2,782,200
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	<u>\$173,480</u>
Total Direct Costs		\$34,364,680
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$270,000
Architecture and Engineering	6.0% of direct costs	\$2,061,881
Other Expenses	3.0% of direct costs	\$1,030,940
General and Administrative	3.0% of direct costs	\$1,030,940
Property Tax During Construction	3.0% of direct costs	\$1,030,940
Financing	7.0% of direct costs	<u>\$2,405,528</u>
Subtotal Indirect Costs excluding Fees		\$7,830,230
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$1,908,280
Jobs/Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$19,978
Capital Improvement (1)	\$1,250 per unit	\$108,425
Transportation - Residential (1)	\$750 per unit	\$65,055
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$2,596
School Impact Fee	\$3.48 per gross sq. ft.	\$312,295
Other Fees (2)	\$30.00 per gross sq. ft.	<u>\$2,692,200</u>
Subtotal Fees		\$5,108,829
Total Indirect Costs		\$12,939,059
Subtotal, Direct and Indirect Costs		\$47,303,739
Contingency	7.0% of direct and indirect costs	\$3,311,262
Required Return on Investment	14.0% of direct and indirect costs	<u>\$6,622,523</u>
Total Costs		\$57,237,524
Residual Land Value (Net Project Value - Total Costs)		(\$5,580,000)
(less) Return on Residual Land Value	14.0%	\$781,200
Net Residual Land Value		(\$4,798,800)
Residual Land Value per Acre		(\$12,050,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

Prototype 6
112 4th St.; 105 5th St.; 412 Madison St.;

Upzoning Scenario

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.26 acres	54,997
Total Units	611 units	
Total Building Area	1,000 per unit	627,578
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	476,641
Net Retail Area		14,850
Podium Parking Spaces		322
Spaces Excluding Retail		306
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.45 /nsf per month	\$25,452,612
(less) Operating Expenses (Residential)	30.0%	(\$7,635,783)
(less) Vacancy	4.0%	(\$1,018,104)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$238,320)</u>
Residential NOI		\$16,560,403
Gross Retail Revenue	\$32.00 /nsf per year	\$475,200
(less) Vacancy	5.0%	(\$23,760)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$7,425)</u>
Retail NOI		\$444,015
Net Parking Revenue	\$140 /space per month	\$514,080
Total NOI		\$17,518,498
Effective Capitalized Value (1)	4.5% cap rate	\$389,299,963
(less) Cost of Sale/Marketing	3.0% of capitalized value	<u>(\$11,678,999)</u>
Net Value		\$377,620,964
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$400 per gross sq. ft.	\$251,031,111
Parking Construction Cost	\$60,000 per space	\$19,322,333
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	<u>\$549,970</u>
Total Direct Costs		\$270,903,414
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$1,485,000
Architecture and Engineering	6.0% of direct costs	\$16,254,205
Other Expenses	3.0% of direct costs	\$8,127,102
General and Administrative	3.0% of direct costs	\$8,127,102
Property Tax During Construction	3.0% of direct costs	\$8,127,102
Financing	7.0% of direct costs	<u>\$18,963,239</u>
Subtotal Indirect Costs excluding Fees		\$61,083,751
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$13,443,711
Jobs/Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$109,877
Capital Improvement (1)	\$1,250 per unit	\$763,847
Transportation - Residential (1)	\$750 per unit	\$458,308
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$14,279
School Impact Fee	\$3.48 per gross sq. ft.	\$2,183,971
Other Fees (2)	\$30.00 per gross sq. ft.	<u>\$18,827,333</u>
Subtotal Fees		\$35,801,326
Total Indirect Costs		\$96,885,077
Subtotal, Direct and Indirect Costs		\$367,788,492
Contingency	7.0% of direct and indirect costs	\$25,745,194
Required Return on Investment	14.0% of direct and indirect costs	<u>\$51,490,389</u>
Total Costs		\$445,024,075
Residual Land Value (Net Project Value - Total Costs)		(\$67,403,000)
(less) Return on Residual Land Value	14.0%	<u>\$9,436,420</u>
Net Residual Land Value		(\$57,966,580)
Residual Land Value per Acre		(\$45,912,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

Prototype 7
128 2nd St.; 132 2nd St.; 138 2nd St.; 119 3rd St.; 100-10 2nd St;

Upzoning Scenario

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	0.77 acres	33,750
Total Units	307 units	
Total Building Area	1,000 per unit	316,818
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	239,318
Net Retail Area		9,000
Podium Parking Spaces		163
Spaces Excluding Retail		153
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.45 /nsf per month	\$12,779,591
(less) Operating Expenses (Residential)	30.0%	(\$3,833,877)
(less) Vacancy	4.0%	(\$511,184)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$119,659)</u>
Residential NOI		\$8,314,871
Gross Retail Revenue	\$32.00 /nsf per year	\$288,000
(less) Vacancy	5.0%	(\$14,400)
(less) Capital Reserves	\$0.50 /nsf	<u>(\$4,500)</u>
Retail NOI		\$269,100
Net Parking Revenue (excludes retail)	\$140 /space per month	\$257,040
Total NOI		\$8,841,011
Effective Capitalized Value (1)	4.5% cap rate	\$196,466,909
(less) Cost of Sale/Marketing	3.0% of capitalized value	<u>(\$5,894,007)</u>
Net Value		\$190,572,902
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$405 per gross sq. ft.	\$128,311,364
Parking Construction Cost	\$60,000 per space	\$9,804,545
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	<u>\$337,500</u>
Total Direct Costs		\$138,453,409
Indirect Costs		
Tenant Improvements	\$100 per net sq.ft.	\$900,000
Architecture and Engineering	6.0% of direct costs	\$8,307,205
Other Expenses	3.0% of direct costs	\$4,153,602
General and Administrative	3.0% of direct costs	\$4,153,602
Property Tax During Construction	3.0% of direct costs	\$4,153,602
Financing	7.0% of direct costs	<u>\$9,691,739</u>
Subtotal Indirect Costs excluding Fees		\$31,359,750
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$6,750,000
Jobs/Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$66,592
Capital Improvement (1)	\$1,250 per unit	\$383,523
Transportation - Residential (1)	\$750 per unit	\$230,114
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$8,654
School Impact Fee	\$3.48 per gross sq. ft.	\$1,102,527
Other Fees (2)	\$30.00 per gross sq. ft.	<u>\$9,504,545</u>
Subtotal Fees		\$18,045,955
Total Indirect Costs		\$49,405,705
Subtotal, Direct and Indirect Costs		\$187,859,114
Contingency	7.0% of direct and indirect costs	\$13,150,138
Required Return on Investment	14.0% of direct and indirect costs	<u>\$26,300,276</u>
Total Costs		\$227,309,528
Residual Land Value (Net Project Value - Total Costs)		(\$36,737,000)
(less) Return on Residual Land Value	14.0%	\$5,143,180
Net Residual Land Value		(\$31,593,820)
Residual Land Value per Acre		(\$40,777,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

(2) Reflect building construction, planning permits, special district development impact fees, and other related charges.

**Prototype 8
49 4th St.**

Upzoning Scenario

Item	Assumption	Total
DEVELOPMENT PROGRAM		
Lot Size	1.61 acres	70,100
Total Units	806 units	
Total Building Area	1,000 per unit	826,747
Percent On-Site BMR	0%	
Net Residential Unit Area	78%	628,483
Net Retail Area		18,900
Podium Parking Spaces		424
Spaces Excluding Retail		403
REVENUE ASSUMPTIONS		
Gross Rental Revenue	\$4.45 /nsf per month	\$33,560,979
(less) Operating Expenses (Residential)	30.0%	(\$10,068,294)
(less) Vacancy	4.0%	(\$1,342,439)
(less) Capital Reserves	\$0.50 /nsf	(\$314,241)
Residential NOI		\$21,836,005
Gross Retail Revenue	\$32.00 /nsf per year	\$604,800
(less) Vacancy	5.0%	(\$30,240)
(less) Capital Reserves	\$0.50 /nsf	(\$9,450)
Retail NOI		\$565,110
Net Parking Revenue (excludes retail)	\$140 /space per month	\$677,040
Total NOI		\$23,078,155
Effective Capitalized Value (1)	4.5% cap rate	\$512,847,888
(less) Cost of Sale/Marketing	3.0% of capitalized value	(\$15,385,437)
Net Value		\$497,462,451
DEVELOPMENT COSTS		
Direct Costs		
Building Construction Cost	\$400 per gross sq. ft.	\$330,698,851
Parking Construction Cost	\$60,000 per space	\$25,432,414
Demo/Site Improvement Cost	\$10.0 per land sq. ft.	\$701,000
Total Direct Costs		\$356,832,264
Indirect Costs		
Tenant Improvements	\$100 per retail sq.ft.	\$1,890,000
Architecture and Engineering	6.0% of direct costs	\$21,409,936
Other Expenses	3.0% of direct costs	\$10,704,968
General and Administrative	3.0% of direct costs	\$10,704,968
Property Tax During Construction	3.0% of direct costs	\$10,704,968
Financing	7.0% of direct costs	\$24,978,259
Subtotal Indirect Costs excluding Fees		\$80,393,098
Fees		
Affordable Housing Fee (1)	\$22,000 per unit	\$17,726,437
Jobs/Housing Impact Fee (1)	\$5.77 per retail sq.ft.	\$139,843
Capital Improvement (1)	\$1,250 per unit	\$1,007,184
Transportation - Residential (1)	\$750 per unit	\$604,310
Transportation - Retail (1)	\$0.75 per retail sq.ft.	\$18,173
School Impact Fee	\$3.48 per gross sq. ft.	\$2,877,080
Other Fees (2)	\$30.00 per gross sq. ft.	\$24,802,414
Subtotal Fees		\$47,175,441
Total Indirect Costs		\$127,568,539
Subtotal, Direct and Indirect Costs		\$484,400,803
Contingency	7.0% of direct and indirect costs	\$33,908,056
Required Return on Investment	14.0% of direct and indirect costs	\$67,816,112
Total Costs		\$586,124,972
Residual Land Value (Net Project Value - Total Costs)		(\$88,663,000)
(less) Return on Residual Land Value	14.0%	\$12,412,820
Net Residual Land Value		(\$76,250,180)
Residual Land Value per Acre		(\$47,382,000)

(1) Assumes the City of Oakland's fee schedule tier after 7/1/2020.

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