



**TECHNICAL APPENDIX
FOR
DEVELOPMENT FEASIBILITY
AND VALUE CAPTURE ANALYSIS**

SUPPLEMENT TO REPORT:

**ECONOMIC ANALYSIS FOR
DOSP ZONING INCENTIVE PROGRAM**

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PURPOSE

This appendix supplements the report by Hausrath Economics Group released in August 2022 entitled: “Economic Analysis for DOSP Zoning Incentive Program”. The appendix does the following.

- ◆ Summarizes and highlights key findings and considerations regarding development feasibility and the potential capture of real estate value for community benefits.
- ◆ Provides more detail on the methodology and assumptions for assessing development feasibility, the real estate value created by higher intensity development, and potential value capture for community benefits.
- ◆ Presents the real estate pro forma analyses and related tables for representative residential and office development projects covering the range of combinations of base zoning and higher intensity zoning proposed throughout the DOSP area under the Zoning Incentive Program (ZIP).

ORGANIZATION

The appendix is organized into five sections.

- I. Highlights of key findings and considerations regarding development feasibility and the potential capture of real estate value for community benefits.
- II. Explanation of the methodology and key components of the analysis.
- III. Overview of appendix material for representative development prototypes presented in Section IV and Section V.
- IV. Documentation for the analysis of downtown Residential Development Projects: tables, map of benefit areas, and representative real estate pro formas.
- V. Documentation for the analysis of downtown Office Development Projects: tables, map of benefit areas, and representative real estate pro formas.

SECTION I
KEY FINDINGS AND CONSIDERATIONS REGRADING
DEVELOPMENT FEASIBILITY AND VALUE CAPTURE
FOR COMMUNITY BENEFITS

The following key findings from the economic analysis of the DOSP Zoning Incentive Program (ZIP) address development feasibility in downtown Oakland, what these development economics mean for higher-intensity development desired downtown, and how they serve as the foundation for a value capture program for community benefits under the ZIP. The findings have implications for structuring the value capture program and for the success of the ZIP program over time.

- ◆ **Finding: Higher-intensity development is not feasible under current economic conditions. Thus, higher-intensity development under the ZIP and the potential capture of additional value for community benefits will only occur in the FUTURE when development conditions improve and projects become feasible. The timing for the return of feasibility is uncertain.**

The real estate pro forma analyses identify that higher-intensity residential and office development in downtown Oakland are not feasible under current real estate market and development cost conditions. These findings are consistent with a slowing of real estate development activity. Construction costs are high and have increased substantially, while rents declined and vacancies increased during and following the COVID-19 Pandemic. The timing for economic recovery is uncertain. Furthermore, it is not certain how pandemic-related adaptations in workplace and residence locations will play out over the long term in the regional real estate market.

Finding that developments are not now feasible, this analysis proceeded to identify conditions when projects could become feasible in the future as real estate economics improve and the gap between costs and revenues closes. The analysis identifies both the likely thresholds for feasibility and the potential increases in value from higher-intensity development under the ZIP once feasibility is restored. However, the timing for return to feasibility remains uncertain.

For higher-intensity residential and office development projects, the analysis identifies a feasibility threshold of approximately +20 percent over current conditions. For ease of analysis, the pro forma analysis models feasibility by testing percentage increases in rents/revenues until feasibility is reached. This is a proxy for a more complex set of changes in various development revenue and cost factors that would support feasibility over time. The larger the threshold for feasibility, the longer the time it could take for project feasibility to be reached.

- ◆ **Finding: The success of the ZIP in facilitating higher-intensity development and providing community benefits depends on the feasibility of higher-intensity development, the timing for return of feasibility, and the strength of the real estate market. The specifics of the value capture program itself could affect the timing for return of feasibility and even the density of development built, as well as the overall success of the ZIP program over time.**

Reaching project feasibility for downtown development projects requires closing the gap between development costs and revenues. The timing and the nature of the value capture program have both positive and negative implications for the ability to close this gap.

- Allowing additional density under the ZIP can provide an incentive for higher-intensity development downtown.
- However, additional development costs to achieve that density can offset some of that incentive.
- Within the current market context, costs of community benefits under the value capture program could increase the time needed to achieve project feasibility. The costs also could lead to development at lower density than would otherwise occur.
- Within the current market context, amounts of value capture for community benefits should be at levels that support the return of project feasibility and provide incentives for higher-intensity development.
- The timing for implementation of a value capture program should also be considered. There could be benefits of delaying implementation until real estate market conditions improve and show signs of approaching feasibility.

Differences in the types and extent of upzoning proposed under the ZIP also affect development outcomes, feasibility, and the timing of higher intensity development.

- In many locations, the base zoning supports mid-rise/low-rise development, and the higher-intensity zoning encourages larger high-rise development. The increase in density in these situations requires changes to more costly types of construction, there are higher financing/holding costs for the larger buildings, and their feasibility requires higher rents. Thus, these types of projects typically take longer to reach feasibility and to be built, particularly in locations without existing high-density development nearby. As a result, development feasibility for these upzoning situations is likely to be more sensitive to the costs and timing of a value capture program for community benefits as well as to the broader real estate market context affecting feasibility.
- Other increases in density under the ZIP allow larger, taller high-rises in areas where the base zoning already allows high-rise construction, and allow larger, taller mid-rise development where base zoning supports lower mid-rise or low-rise development. Both situations generally involve smaller changes in density than those described above, and there are fewer changes required in underlying development economics. For these rezoning situations, issues of development feasibility and timing are primarily those of the local and regional real estate market context.

◆ **Finding: For a successful zoning incentive program to provide community benefits, the additional value from higher-intensity development needs to be shared among the developer, the landowner, and the community.**

The economic analysis identifies *one-third of the additional value* from higher-density development as a reasonable “value capture” for community benefits. The intent is to provide

community benefits and retain incentives for developers and landowners to undertake higher-intensity development projects. The successful capture of value for community benefits from higher intensity development is only possible with:

- Incentives for developers to gain value from building larger buildings (that are more costly and more risky); and
- Incentives for landowners to gain value from selling their properties for larger developments (without holding on to them to capture perceived higher/speculative values).

The economic analysis estimates “value capture” for community benefits under the ZIP based on the economics of *feasible development projects in the future*. There is no value to capture until higher-intensity projects are feasible to build in the future. Until development feasibility is restored, the assumed one-third share of additional value from higher density development could be aggressive when/where market conditions remain weak and feasibility is marginal.

Even in the future with return of stronger real estate market conditions, a more aggressive value capture program could have adverse effects on incentives for building the types of high-density projects desired under the DOSP, resulting in less development than would otherwise be the case. This outcome would have negative implications for the broad range of benefits provided by high-intensity development in downtown Oakland that are behind the higher densities in the DOSP. These include benefits for the local community as well as the larger region, including growth of jobs and local business activity, increased housing opportunities, increased tax base providing services and other benefits citywide, greater efficiency of local and regional transportation, and environmental and air quality benefits from the concentration of population and business activity in a high-density urban core at the center of the region.

SECTION II

METHODOLOGY AND KEY COMPONENTS OF ANALYSIS TO ASSESS FEASIBILITY AND ESTIMATE INCREASED VALUE FROM HIGHER-INTENSITY DEVELOPMENT UNDER THE ZIP

This section describes the methodology for the key components of the economic analysis of the ZIP. It provides more detail than covered in the Economic Analysis report.

Development of pro forma financial feasibility models and identification of representative development prototypes

The economic analysis developed pro forma financial feasibility models and representative development prototypes for each of the proposed combinations of base zoning and maximum intensity zoning.

- Prototype developments were defined spatially considering physical site characteristics and market factors appropriate in the DOSP and its subareas, along with proposed densities of development.
- Cost and economic variables were quantified specific to development types, maximum development intensities, and locations within the DOSP subareas, including costs, rents, and financial parameters. Sources included data from major Oakland development projects, analysis from the earlier EPS study¹, consultation with a cost estimator for a large construction contractor focused on the costs of higher intensity development, and rent data for downtown Oakland development projects.²
- Pro forma financial feasibility models and development prototypes were created for residential developments and for office developments in the DOSP subareas.

Analysis to Estimate Increased Real Estate Value from Higher-Intensity Development

Figure A-1 outlines the step-by-step methodology for this analysis.

- First, the value created by development at the base zoning is calculated.
- Second, the value created by development at the maximum intensity zoning is calculated.

¹ Economic Planning & Systems Inc., *Downtown Oakland Specific Plan: Incentive Program Feasibility Study*, July 10, 2020.

² While inputs for the costs and revenues of development are specific to downtown Oakland, the analysis does not include site or infrastructure costs specific to individual sites and locations. Examples include possible costs for site clean-up, flood control and resiliency improvements, or additional infrastructure and/or amenity improvements beyond those typical of downtown development more generally.

Figure A-1:

**Methodology for Estimating Increased Real Estate Value
from Higher-Intensity Development under the ZIP**

- A. Use **pro forma feasibility models** with Oakland costs and revenues to identify:
 - Value created by development at Base Zoning
 - Value created by development at Maximum Intensity Zoning

 - B. Assess **feasibility**
 - If not now feasible, adjust to identify feasible projects

 - C. Calculate **increase in value** from higher intensity development as difference between Base Zoning and Maximum Intensity Zoning cases (assuming feasible projects)
 - \$ per additional building sq. ft.
 - \$ per additional dwelling unit

 - D. Identify **value capture for community benefits** as share of additional real estate value that could be contributed while retaining incentives for developers and landowners to build at higher intensity

 - E. Do **large number of analyses** due to large number of zoning combinations proposed

 - F. **Generalize** results to facilitate implementation
-

- Each of the above results is evaluated to assess feasibility based on development costs and revenues at the time of analysis.³ If the development is not feasible with current revenues and costs, the analysis iterates to identify a feasible project and identifies the percentage change in revenues over costs needed for feasibility. The pro forma models assess feasibility by solving for residual land value, a common measure of real estate development feasibility.
- Then, the *increase in value* from the additional, higher-intensity development is calculated as the difference in the value of development under maximum intensity zoning compared to base zoning, assuming feasibility in both cases.
- The value creation from higher-intensity development is expressed as “dollars per building square foot of added development”. For residential development, the results are reported as “dollars per dwelling unit added”. In that way, the results expressed per unit of additional development can be applied over a range of actual projects with similar development characteristics but different amounts of additional development.
- The estimate of “value capture” available for community benefits is then identified as one-third of the increase in value from the higher-intensity development. As discussed above, for a successful zoning incentive program to provide community benefits, the additional value from higher-intensity development needs to be shared among the developer, the landowner, and the community so as to retain incentives for developers and landowners to build larger projects that are more costly and more risky to develop.

Following the steps outlined above, four pro formas are run for each proposed combination of base zoning and maximum intensity zoning, one set (base and maximum intensity) assuming 2021/2022 revenues and costs and one set (base and maximum intensity) adjusted to reflect feasible projects in the future.

Results are Generalized for Implementation

The economic analysis described above provides the basis for generalizations as to the amounts of increased real estate value from greater intensity development that could be allocated for community benefits in exchange for approval to build at a higher intensity than otherwise allowed. A location-based approach was used to identify locations where outcomes are relatively similar based on proposed zoning, market factors, and land use/site characteristics. Summary results identified groups of locations that can be combined for implementation. The generalized results reflect the fact that the estimates of value capture for community benefits are approximate and future development outcomes will vary around the values identified for proposed ZIP intensities in different parts of the downtown.

³ The economic analysis was originally done in 2021 and then expanded and modified as proposed base zoning and intensity area zoning were changed and refined over time during 2022.

SECTION III
OVERVIEW OF DOCUMENTATION FOR REAL ESTATE ANALYSIS
IN SECTION IV AND SECTION V

The last two sections of this appendix provide documentation for the real estate analyses of residential development projects and office development projects covering the range of base and maximum intensity zoning combinations proposed throughout the DOSP area.

- ◆ **Section IV** provides documentation for the analysis of **Residential Development**, presenting the real estate pro formas and related data for 10 development cases representative of the 26 combinations of base zoning and maximum-intensity zoning under the ZIP.
- ◆ **Section V** provides documentation for the analysis of **Office Development**, presenting the real estate pro formas and related data for 10 development cases representative of the 27 combinations of base zoning and maximum-intensity zoning under the ZIP.

Each section includes documentation for the following components of the real estate analysis in the order listed:

- Summary table of estimated value capture for community benefits for all cases with the option of building higher-intensity development under the ZIP, identifying the Representative Development Cases with detailed results presented in this appendix.
- Map of community benefit areas identified for use in implementation of the ZIP. Three Benefit Areas or zones are identified for residential development and three Benefit Areas or zones for office/commercial development. The maps also identify the value of community benefits per additional unit of development in each Benefit Area to be required in exchange for the right to build higher-intensity development under the ZIP. These results are based on generalizations of value capture outcomes for all cases as reported in the first table identified above.
- Summaries of the pro forma analyses of project feasibility for the Representative Development Cases *under current market conditions* and *under feasible market conditions in the future*. Separate tables are presented for the development cases under base zoning and under maximum intensity zoning.
- Table identifying the development program assumptions for Representative Development Prototypes/Cases.
- Pro formas for Representative Development Cases assuming feasible projects in the future:
 - Pro forma under base zoning
 - Pro forma with maximum intensity zoning, showing estimated increase in real estate value under upzoning, and estimated value capture for community benefits.
- Table of key revenue and cost inputs for Representative Development Prototypes/Cases.
- Table of parking assumptions for development projects.

SECTION IV

DOCUMENTATION FOR REAL ESTATE ANALYSIS OF RESIDENTIAL DEVELOPMENT

DEVELOPMENT FEASIBILITY AND VALUE CAPTURE ANALYSIS DOSP ZONING INCENTIVE PROGRAM

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APPENDIX TABLE A-1: DOSP Zoning Intensity Program

**Summary of Estimated Value Capture for Community Benefits from Higher-Intensity RESIDENTIAL DEVELOPMENT
By Development Type, Intensity Increase, and Subarea**

I. Downtown CBD Intensity Areas

| Intensity Type for Residential Development | Development Case No. | VALUE CAPTURE for Community Benefits | | Base Density | | ZIP Maximum Density | | Increase in Density | Intensity Subarea(s) |
|--|----------------------|--------------------------------------|--------------|--------------|-------------|---------------------|-------------|---------------------|---|
| | | per add'l bldg. SF | per add'l DU | SF per DU | DU per acre | SF per DU | DU per acre | | |
| Greater Intensity High-Rise <i>Type I construction</i> | ◆I-1 | \$23 | \$23,000 | 90 | 484 | 65 | 670 | +38% | Lake Merritt Office Broadway City Center |
| | I-2 | \$23 | \$23,000 | 90 | 484 | 80 | 545 | +13% | Broadway City Center 14 th Street West |
| | I-3 | \$23 | \$23,000 | 100 | 436 | 90 | 484 | +11% | City Center 14 th Street West |
| | I-4 | \$23 | \$23,000 | 110 | 396 | 90 | 484 | +22% | 14 th Street East |
| Low-/Mid-Rise to High-Rise Development <i>Type V/III to Type I construction</i> | I-5 | \$18 | \$18,000 | 450 | 97 | 110 | 396 | +308% | 14 th Street East |
| | ◆I-6 | \$18 | \$18,000 | 225 | 194 | 110 | 396 | +104% | City Center/11 th St. West 14 th Street East 14 th Street West |
| No Change in Density | – | – | – | 110 | 396 | 110 | 396 | 0 | 14 th Street East |

APPENDIX TABLE A-1: DOSP Zoning Intensity Program (continued)

**Summary of Estimated Value Capture for Community Benefits from Higher Intensity RESIDENTIAL DEVELOPMENT
By Development Type, Intensity Increase, and Subarea**

II. Jack London/Victory Court Intensity Areas

| Intensity Type for Residential Development | Development Case No. | VALUE CAPTURE for Community Benefits | | Base Density | | ZIP Maximum Density | | Increase in Density | Intensity Subarea(s) |
|---|----------------------|--------------------------------------|--------------|--------------|-------------|---------------------|-------------|---------------------|-----------------------------------|
| | | per add'l bldg. SF | per add'l DU | SF per DU | DU per acre | SF per DU | DU per acre | | |
| Low-Rise to High-Rise Development <i>Type V to Type I construction</i> | ◆II-1 | \$15 | \$15,000 | 1000 | 44 | 110 | 396 | +800% | Jack London West |
| | II-2 | \$10-12 | \$10K-12K | 900 | 48 | 100 | 436 | +808% | Jack London West |
| | ◆II-3 | \$10 | \$10,000 | 900 | 48 | 110 | 396 | +725% | Jack London West |
| | II-4 | \$15 | \$15,000 | 900 | 48 | 110 | 396 | +725% | JL East - Waterfront |
| Mid-Rise to High-Rise Development <i>Type III to Type I</i> | ◆II-5 | \$12 | \$12,000 | 250 | 174 | 90 | 484 | +178% | Victory Court |
| | II-6 | \$15 | \$15,000 | 260 | 168 | 100 | 436 | +160% | Jack London West |
| | II-7 | \$12 | \$12,000 | 250 | 174 | 100 | 436 | +150% | Jack London East |
| | II-8 | \$11 | \$11,000 | 250 | 174 | 100 | 436 | +150% | Victory Court |
| | ◆II-9 | \$13 | \$13,000 | 250 | 174 | 110 | 396 | +128% | Jack London East Victory Court |
| Greater Intensity High-Rise | II-10A | \$24 | \$24,000 | 100 | 436 | 90 | 484 | +11% | Jack London West |
| | ◆II-10B | \$19 | \$19,000 | 100 | 436 | 90 | 484 | +11% | Victory Court |
| Greater Intensity Mid-Rise | ◆II-11 | \$12 | \$12,000 | 250 | 174 | 200 | 218 | +25% | Jack London East |
| Low-Rise to Mid-Rise Development – Waterfront | II-12 | \$15 | \$15,000 | 1000 | 44 | 200 | 218 | +395% | JL East & West – Waterfront |
| | II-13 | \$15 | \$15,000 | 900 | 48 | 200 | 218 | +355% | JL East – Waterfront |
| Greater Intensity Mid-Rise -- Waterfront | II-14 | \$21 | \$21,000 | 250 | 174 | 200 | 218 | +25% | JL East - Waterfront |

APPENDIX TABLE A-1: DOSP Zoning Intensity Program (continued)

**Summary of Estimated Value Capture for Community Benefits from Higher Intensity RESIDENTIAL DEVELOPMENT
By Development Type, Intensity Increase, and Subarea**

III. KONO/Art & Garage District Intensity Areas

| Intensity Type for Residential Development | Development Case No. | VALUE CAPTURE for Community Benefits | | Base Density | | ZIP Maximum Density | | Increase in Density | Intensity Subarea(s) |
|--|----------------------|--------------------------------------|--------------|--------------|-------------|---------------------|-------------|---------------------|--|
| | | per add'l bldg. SF | per add'l DU | SF per DU | DU per acre | SF per DU | DU per acre | | |
| Low-/Mid-Rise to High-Rise Development <i>Type V/III to Type I construction</i> | ◆III-1 | \$9.40 | \$9,400 | 450 | 97 | 110 | 396 | +308% | KONO – West of Telegraph |
| | III-2 | \$13.50 | \$13,500 | 450 | 97 | 110 | 396 | +308% | KONO – Telegraph & East |
| Mid-Rise to High-Rise Development <i>Type III to Type I construction</i> | III-3 | \$14.30 | \$14,300 | 225 | 194 | 110 | 396 | +104% | KONO – larger sites / higher heights |
| | ◆III-4 | \$15.70 | \$15,700 | 225 | 194 | 110 | 396 | +104% | KONO – Rest; primarily east of Telegraph |
| Greater Intensity Mid-Rise | III-5 | \$15.00 | \$15,000 | 450 | 97 | 250 | 174 | +79% | Garage District and KONO |

◆ Indicates this is one of the 10 Representative Development Cases documented in Section IV of the Technical Appendix.

APPENDIX TABLE A-2.1: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Residential Development Under BASE ZONING

| Development Case HEG Prototype | I-1 2 | | I-6 20 | | II-1 4A | | II-3 4B | | II-5 25 | |
|---|---|--|------------------------------|--|--|--|------------------------------|--|------------------------------|--|
| Intensity Area | CBD | | CBD | | JL/VC | | JL/VC | | JL/VC | |
| Subarea(s) | Lake Merritt Office, Broadway, City Center | | 14th St. East | | Jack London West, Waterfront and nearby | | Jack London West, Inland | | Victory Court | |
| Benefit Area | R-A | | R-B | | R-B | | R-C | | R-C | |
| Development Characteristics | | | | | | | | | | |
| Residential Density (minimum lot area per unit) | 90 | | 225 | | 1,000 | | 900 | | 250 | |
| Building Type | High-rise | | Mid-rise | | Low-rise | | Low-rise | | Mid-rise | |
| Lot Size | 44,720 | | 20,400 | | 60,000 | | 60,000 | | 60,000 | |
| Total Building Area | 517,000 | | 105,000 | | 78,000 | | 85,000 | | 252,000 | |
| Residential Units | 497 | | 91 | | 60 | | 67 | | 240 | |
| Retail (net floor area) | 18,000 | | 12,600 | | 16,200 | | 16,200 | | 10,800 | |
| Residential (net floor area) | 387,660 | | 70,980 | | 52,260 | | 52,260 | | 187,200 | |
| Parking Spaces (residential only) | 323 | | 82 | | 60 | | 67 | | 240 | |
| | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ |
| Revenue Factors | | | | | | | | | | |
| Residential Rent per net sq. ft. per month | \$5.38 | \$6.45 | \$4.90 | \$5.88 | \$4.80 | \$5.76 | \$4.70 | \$5.65 | \$4.75 | \$5.70 |
| Retail Rent per net sq. ft. per year | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 |
| Parking Revenue per space per month (without retail pkg.) | \$150 | \$150 | \$150 | \$150 | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 |
| Net Project Value | \$389,497,917 | \$465,353,318 | \$69,914,194 | \$83,440,866 | \$50,460,025 | \$60,253,253 | \$54,236,709 | \$64,835,597 | \$165,438,544 | \$197,214,817 |
| Total Development Cost | \$424,031,016 | \$424,031,016 | \$79,189,811 | \$79,189,811 | \$52,708,196 | \$52,708,196 | \$57,237,921 | \$57,237,921 | \$190,331,408 | \$190,331,408 |
| Residual Land Value (Net Project Value - Total Cost) | (\$34,533,099) | \$41,322,302 | (\$9,275,617) | \$4,251,055 | (\$2,248,171) | \$7,545,057 | (\$3,001,212) | \$7,597,676 | (\$24,892,864) | \$6,883,409 |
| (less) Return on Residual Land Value | \$0 | (\$6,611,568) | \$0 | (\$595,148) | \$0 | (\$905,407) | \$0 | (\$911,721) | \$0 | (\$963,677) |
| Net Residual Land Value | (\$34,533,099) | \$34,710,734 | (\$9,275,617) | \$3,655,907 | (\$2,248,171) | \$6,639,650 | (\$3,001,212) | \$6,685,955 | (\$24,892,864) | \$5,919,732 |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables R.1 - R.10.

/b/ See Appendix Tables R.1 - R.10 for the detailed pro forma real estate analysis under these revenue assumptions.

APPENDIX TABLE A-2.1: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Residential Development Under BASE ZONING

| Development Case HEG Prototype | II-9 6 | | II-10B 22 | | II-11 24 | | III-1 3A | | III-4 3B | |
|---|---------------------------------|--|------------------------------|--|------------------------------|--|------------------------------|--|------------------------------|--|
| Intensity Area | JL/VC | | JL/VC | | JL/VC | | KONO | | KONO | |
| Subarea(s) | Jack London East, Victory Court | | Victory Court | | Jack London East | | Largely west of Telegraph | | Largely east of Telegraph | |
| Benefit Area | R-C | | R-B | | R-C | | R-C | | R-B | |
| Development Characteristics | | | | | | | | | | |
| Residential Density (minimum lot area per unit) | 250 | | 100 | | 250 | | 450 | | 225 | |
| Building Type | Mid-rise | | Mid-rise | | Mid-rise | | Low-rise | | Mid-rise | |
| Lot Size | 55,000 | | 45,000 | | 60,060 | | 40,000 | | 20,000 | |
| Total Building Area | 236,500 | | 462,000 | | 252,000 | | 104,000 | | 104,000 | |
| Residential Units | 220 | | 450 | | 240 | | 89 | | 89 | |
| Retail (net floor area) | 14,850 | | 10,800 | | 10,800 | | 13,500 | | 13,500 | |
| Residential (net floor area) | 171,600 | | 351,000 | | 187,200 | | 69,420 | | 69,420 | |
| Parking Spaces (residential only) | 220 | | 450 | | 240 | | 80 | | 80 | |
| | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ |
| Revenue Factors | | | | | | | | | | |
| Residential Rent per net sq. ft. per month | \$4.75 | \$5.70 | \$5.17 | \$6.20 | \$4.72 | \$5.66 | \$4.55 | \$5.46 | \$4.85 | \$5.82 |
| Retail Rent per net sq. ft. per year | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 |
| Parking Revenue per space per month (without retail pkg.) | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 |
| Net Project Value | \$154,842,329 | \$184,619,303 | \$341,009,040 | \$406,482,768 | \$164,479,796 | \$195,936,465 | \$64,773,561 | \$77,327,603 | \$68,328,977 | \$81,594,093 |
| Total Development Cost | \$179,064,530 | \$179,064,530 | \$386,323,549 | \$386,323,549 | \$190,332,258 | \$190,332,258 | \$73,130,347 | \$73,130,347 | \$79,251,823 | \$79,251,823 |
| Residual Land Value (Net Project Value - Total Cost) | (\$24,222,201) | \$5,554,773 | (\$45,314,509) | \$20,159,219 | (\$25,852,462) | \$5,604,207 | (\$8,356,786) | \$4,197,256 | (\$10,922,846) | \$2,342,270 |
| (less) Return on Residual Land Value | \$0 | (\$777,668) | \$0 | (\$3,225,475) | \$0 | (\$784,589) | \$0 | (\$503,671) | \$0 | (\$327,918) |
| Net Residual Land Value | (\$24,222,201) | \$4,777,105 | (\$45,314,509) | \$16,933,744 | (\$25,852,462) | \$4,819,618 | (\$8,356,786) | \$3,693,585 | (\$10,922,846) | \$2,014,352 |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables R.1 - R.10.

/b/ See Appendix Tables R.1 - R.10 for the detailed pro forma real estate analysis under these revenue assumptions.

APPENDIX TABLE A-2.2: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Residential Development Under UPZONING

| Development Case HEG Prototype | I-1 2 | I-6 20 | II-1 4A | II-3 4B | II-5 25 | | | | | |
|---|---|--|--|--|------------------------------|--|-----------------------|----------------------|-----------------------|----------------------|
| Intensity Area | CBD | CBD | JL/VC | JL/VC | JL/VC | | | | | |
| Subarea(s) | Lake Merritt Office, Broadway, City Center | 14th St. East and West | Jack London West, Waterfront and nearby | Jack London West, Inland | Victory Court | | | | | |
| Benefit Area | R-A | R-B | R-B | R-C | R-C | | | | | |
| Development Characteristics | | | | | | | | | | |
| Residential Density (minimum lot area per unit) | 65 | 110 | 110 | 110 | 90 | | | | | |
| Building Type | High-rise | High-rise | High-rise | High-rise | High-rise | | | | | |
| Lot Size | 44,720 | 20,400 | 60,000 | 60,000 | 60,000 | | | | | |
| Total Building Area | 708,000 | 200,000 | 563,000 | 563,000 | 675,000 | | | | | |
| Residential Units | 688 | 185 | 545 | 545 | 667 | | | | | |
| Retail (net floor area) | 18,000 | 13,500 | 16,200 | 16,200 | 7,200 | | | | | |
| Residential (net floor area) | 536,640 | 144,300 | 425,100 | 425,100 | 520,260 | | | | | |
| Parking Spaces (residential only) | 447 | 120 | 463 | 463 | 567 | | | | | |
| | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | | | | |
| Revenue Factors | | | | | | | | | | |
| Residential Rent per net sq. ft. per month | \$5.45 | \$6.54 | \$5.25 | \$6.30 | \$5.30 | \$6.36 | | | | |
| Retail Rent per net sq. ft. per year | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 | | | | |
| Parking Revenue per space per month (without retail pkg.) | \$150 | \$150 | \$150 | \$150 | \$140 | \$140 | | | | |
| Net Project Value | \$541,376,745 | \$647,378,927 | \$146,033,845 | \$174,649,578 | \$421,833,104 | \$503,797,609 | \$414,300,882 | \$494,758,955 | \$494,309,327 | \$590,201,587 |
| Total Development Cost | \$589,746,966 | \$589,746,966 | \$164,286,020 | \$164,286,020 | \$469,379,679 | \$469,379,679 | \$469,379,679 | \$469,379,679 | \$563,305,215 | \$563,305,215 |
| Residual Land Value (Net Project Value - Total Cost) | (\$48,370,221) | \$57,631,961 | (\$18,252,175) | \$10,363,558 | (\$47,546,575) | \$34,417,930 | (\$55,078,797) | \$25,379,276 | (\$68,995,888) | \$26,896,372 |
| (less) Return on Residual Land Value | \$0 | (\$9,797,433) | \$0 | (\$1,658,169) | \$0 | (\$5,506,869) | \$0 | (\$4,060,684) | \$0 | (\$4,303,420) |
| Net Residual Land Value | (\$48,370,221) | \$47,834,528 | (\$18,252,175) | \$8,705,389 | (\$47,546,575) | \$28,911,061 | (\$55,078,797) | \$21,318,592 | (\$68,995,888) | \$22,592,952 |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables R.1 - R.10.

/b/ See Appendix Tables R.1 - R.10 for the detailed pro forma real estate analysis under these revenue assumptions.

APPENDIX TABLE A-2.2: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Residential Development Under UPZONING

| Development Case HEG Prototype | II-9 6 | | II-10B 22 | | II-11 24 | | III-1 3A | | III-4 3B | |
|---|---------------------------------|--|------------------------------|--|------------------------------|--|------------------------------|--|------------------------------|--|
| Intensity Area | JL/VC | | JL/VC | | JL/VC | | KONO | | KONO | |
| Subarea(s) | Jack London East, Victory Court | | Victory Court | | Jack London East | | Largely west of Telegraph | | Largely east of Telegraph | |
| Benefit Area | R-C | | R-B | | R-C | | R-C | | R-B | |
| Development Characteristics | | | | | | | | | | |
| Residential Density (minimum lot area per unit) | 110 | | 90 | | 200 | | 110 | | 110 | |
| Building Type | High-rise | | High-rise | | Mid-rise | | High-rise | | High-rise | |
| Lot Size | 55,000 | | 45,000 | | 60,060 | | 40,000 | | 20,000 | |
| Total Building Area | 516,500 | | 512,000 | | 312,000 | | 379,000 | | 197,000 | |
| Residential Units | 500 | | 500 | | 300 | | 364 | | 182 | |
| Retail (net floor area) | 14,850 | | 10,800 | | 10,800 | | 13,500 | | 13,500 | |
| Residential (net floor area) | 390,000 | | 390,000 | | 234,000 | | 283,920 | | 141,960 | |
| Parking Spaces (residential only) | 425 | | 425 | | 300 | | 273 | | 137 | |
| | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ |
| Revenue Factors | | | | | | | | | | |
| Residential Rent per net sq. ft. per month | \$5.15 | \$6.18 | \$5.20 | \$6.24 | \$4.78 | \$5.73 | \$5.13 | \$6.15 | \$5.21 | \$6.25 |
| Retail Rent per net sq. ft. per year | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 | \$32.00 | \$38.40 |
| Parking Revenue per space per month (without retail pkg.) | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 |
| Net Project Value | \$376,637,743 | \$449,759,835 | \$377,482,613 | \$450,764,949 | \$206,256,446 | \$245,622,926 | \$273,601,175 | \$326,683,455 | \$143,181,420 | \$171,110,263 |
| Total Development Cost | \$430,673,993 | \$430,673,993 | \$427,823,609 | \$427,823,609 | \$237,429,126 | \$237,429,126 | \$313,072,036 | \$313,072,036 | \$163,502,896 | \$163,502,896 |
| Residual Land Value (Net Project Value - Total Cost) | (\$54,036,250) | \$19,085,842 | (\$50,340,996) | \$22,941,340 | (\$31,172,680) | \$8,193,800 | (\$39,470,861) | \$13,611,419 | (\$20,321,476) | \$7,607,367 |
| (less) Return on Residual Land Value | \$0 | (\$3,053,735) | \$0 | (\$3,670,614) | \$0 | (\$1,147,132) | \$0 | (\$2,177,827) | \$0 | (\$1,217,179) |
| Net Residual Land Value | (\$54,036,250) | \$16,032,107 | (\$50,340,996) | \$19,270,726 | (\$31,172,680) | \$7,046,668 | (\$39,470,861) | \$11,433,592 | (\$20,321,476) | \$6,390,188 |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables R.1 - R.10.

/b/ See Appendix Tables R.1 - R.10 for the detailed pro forma real estate analysis under these revenue assumptions.

APPENDIX TABLE A-3: Development Program Assumptions for Representative RESIDENTIAL Development Prototypes / Cases

| Development Case HEG Prototype | I-1 2 | I-6 20 | II-1 4A | II-3 4B | II-5 25 | II-9 6 | II-10B 22 | II-11 24 | III-1 3A | III-4 3B |
|--|--|---------------------------|---------------------------------------|--------------------------|--------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------|------------------------------|
| Intensity Area | CBD | CBD | JL/VC | JL/VC | JL/VC | JL/VC | JL/VC | JL/VC | KONO | KONO |
| Subarea(s) | Lake Merritt Office, Broadway, City Center | 14th St. East and West | Jack London West | Jack London West | Victory Court | Jack London East, Victory Court | Victory Court | Jack London East | KONO | KONO |
| Intensity Type | Greater intensity high-rise | Mid-rise to high- rise | Low-rise to high-rise | Low-rise to high-rise | Mid-rise to high-rise | Mid-rise to high- rise | Greater intensity high- rise | Greater intensity mid- rise | Low-rise to high-rise | Mid-rise to high- rise |
| | | | Waterfront and nearby locations | Inland locations | | | | Inland locations | Largely west of Telegraph | Largely east of Telegraph |
| Benefit Area | R-A | R-B | R-B | R-C | R-C | R-C | R-B | R-C | R-C | R-B |
| Lot Area (sq. ft., rounded) | 44,720 | 20,400 | 60,000 | 60,000 | 60,000 | 55,000 | 45,000 | 60,060 | 40,000 | 20,000 |
| Acres | 1.03 | 0.47 | 1.38 | 1.38 | 1.38 | 1.26 | 1.03 | 1.38 | 0.92 | 0.46 |
| BASE ZONING | | | | | | | | | | |
| Construction Type | Type I | Type III | Type V | Type V | Type III | Type III | Type I | Type III | Type V | Type III |
| Building Height Maximum | no limit | 85' | 45' | 45' | 135' | 65' | 275' | 65' | 45' | 90' |
| Building Height Estimated (# of stories) | 15+ | 6 | 2 | 2 | 6 | 5 | 12+ | 5 | 3 | 6 |
| Residential Density (min. lot area per unit) | 90 | 225 | 1,000 | 900 | 250 | 250 | 100 | 250 | 450 | 225 |
| Residential Density (units per acre) | 484 | 194 | 44 | 49 | 174 | 174 | 436 | | 97 | 194 |
| Gross Floor Area per Unit | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Total Gross Floor Area (w/o pkg.) sq. ft. | 517,000 | 105,000 | 78,000 | 85,000 | 252,000 | 236,500 | 462,000 | 252,000 | 104,000 | 104,000 |
| Office | - | - | - | - | - | - | - | - | - | - |
| Retail | 20,000 | 14,000 | 18,000 | 18,000 | 12,000 | 16,500 | 12,000 | 12,000 | 15,000 | 15,000 |
| Residential | 497,000 | 91,000 | 60,000 | 67,000 | 240,000 | 220,000 | 450,000 | 240,000 | 89,000 | 89,000 |
| Residential Units | 497 | 91 | 60 | 67 | 240 | 220 | 450 | 240 | 89 | 89 |
| Residential Efficiency Ratio | 78% | 78% | 78% | 78% | 78% | 78% | 78% | 78% | 78% | 78% |
| Retail Efficiency Ratio | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| Total Net Floor Area (w/o pkg.) sq. ft. | 405,660 | 83,580 | 63,000 | 68,460 | 198,000 | 186,450 | 361,800 | 198,000 | 82,920 | 82,920 |
| Office | - | - | - | - | - | - | - | - | - | - |
| Retail | 18,000 | 12,600 | 16,200 | 16,200 | 10,800 | 14,850 | 10,800 | 10,800 | 13,500 | 13,500 |
| Residential | 387,660 | 70,980 | 46,800 | 52,260 | 187,200 | 171,600 | 351,000 | 187,200 | 69,420 | 69,420 |
| Parking Spaces | 343 | 96 | 78 | 85 | 252 | 237 | 462 | 252 | 95 | 95 |
| UPZONING | | | | | | | | | | |
| Construction Type | Type I | Type I | Type I | Type I | Type 1 | Type I | Type I | Type III | Type I | Type I |
| Building Height Maximum | no limit | 85' | 175' | 175' | 275' / 450' | 175' | 275' | 90' | 90' | 175' |
| Building Height Estimated (# of stories) | 20+ | 12 | 12 | 12 | 14-18 | 12 | 15+ | 6 | 10 | 10-12 |
| Residential Density (min. lot area per unit) | 65 | 110 | 110 | 110 | 90 | 110 | 90 | 200 | 110 | 110 |
| Residential Density (units per acre) | 670 | 394 | 396 | 396 | 484 | 396 | 484 | 218 | 396 | 396 |
| Gross Floor Area per Unit | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Total Gross Floor Area (w/o pkg.) sq. ft. | 708,000 | 200,000 | 563,000 | 563,000 | 675,000 | 516,500 | 512,000 | 312,000 | 379,000 | 197,000 |
| Office | - | - | - | - | - | - | - | - | - | - |
| Retail | 20,000 | 15,000 | 18,000 | 18,000 | 8,000 | 16,500 | 12,000 | 12,000 | 15,000 | 15,000 |
| Residential | 688,000 | 185,000 | 545,000 | 545,000 | 667,000 | 500,000 | 500,000 | 300,000 | 364,000 | 182,000 |
| Residential Units | 688 | 185 | 545 | 545 | 667 | 500 | 500 | 300 | 364 | 182 |
| Residential Efficiency Ratio | 78% | 78% | 78% | 78% | 78% | 78% | 78% | 78% | 78% | 78% |
| Retail Efficiency Ratio | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| Total Net Floor Area (w/o pkg.) sq. ft. | 554,640 | 157,800 | 441,300 | 441,300 | 527,460 | 404,850 | 400,800 | 244,800 | 297,420 | 155,460 |
| Office | - | - | - | - | - | - | - | - | - | - |
| Retail | 18,000 | 13,500 | 16,200 | 16,200 | 7,200 | 14,850 | 10,800 | 10,800 | 13,500 | 13,500 |
| Residential | 536,640 | 144,300 | 425,100 | 425,100 | 520,260 | 390,000 | 390,000 | 234,000 | 283,920 | 141,960 |
| Parking Spaces | 467 | 135 | 481 | 481 | 575 | 442 | 437 | 312 | 288 | 152 |
| Increase in Residential Units | 191 | 94 | 485 | 478 | 427 | 280 | 50 | 60 | 275 | 93 |
| Percent Increase in Residential Density | 38% | 105% | 809% | 718% | 178% | 127% | 11% | 25% | 309% | 105% |

**APPENDIX TABLE R.1
Development Case I-1 (HEG Prototype 2)
BASE ZONING**

Intensity Area: CBD - Lake Merritt Office, Broadway, and City Center subareas

Generalized Location: CBD - Franklin St.

| | Assumption | Total |
|--|-------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.03 acres | 44,720 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | no limit (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 15+ (not used in calculations) | |
| Residential Density (min. lot area per unit) | 90 (not used in calculations) | 484 DU per acre |
| Total Units | 497 units | |
| Total Building Area | 1,040 sq. ft. per unit, calculated | 517,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 387,660 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 18,000 sq. ft. |
| Podium Parking Spaces | | 343 spaces |
| Spaces Excluding Retail | | 323 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.45 per net sq. ft. per month | \$30,004,884 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$8,251,343) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$1,200,195) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$193,830) |
| Residential NOI | | \$20,359,516 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$691,200 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$34,560) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$9,000) |
| Retail NOI | | \$647,640 |
| Net Parking Revenue (without retail parking) | \$150 per space per month | \$581,400 |
| Total NOI | | \$21,588,556 |
| Capitalized Value | 4.50% cap rate | \$479,745,689 |
| (less) Cost of Sale/Marketing | 3.0% | (\$14,392,371) |
| Net Project Value | | \$465,353,318 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$472 per gross sq. ft. | \$244,024,000 |
| Parking Construction Cost | \$60,000 per space | \$20,580,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$447,200 |
| Total Direct Costs | | \$265,051,200 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,800,000 |
| Architecture and Engineering | 6.0% of direct costs | \$15,903,072 |
| Other Expenses | 3.0% of direct costs | \$7,951,536 |
| General and Administrative | 3.0% of direct costs | \$7,951,536 |
| Property Tax During Construction | 2.5% of direct costs | \$6,626,280 |
| Financing | 6.0% of direct costs | \$15,903,072 |
| Subtotal Indirect Costs excluding Fees | | \$56,135,496 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$10,934,000 |
| Capital Improvements | \$1,250 per unit | \$621,250 |
| Transportation - Residential | \$750 per unit | \$372,750 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$15,000 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$1,799,160 |
| Other Fees | \$30.00 per gross sq. ft. | \$15,510,000 |
| Subtotal Fees | | \$29,252,160 |
| Total Indirect Costs | | \$85,387,656 |
| Subtotal, Direct and Indirect Costs | | \$350,438,856 |
| Contingency | 5.0% of direct and indirect costs | \$17,521,943 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$56,070,217 |
| Total Costs | | \$424,031,016 |
| Residual Land Value (Net Project Value - Total Costs) | | \$41,322,302 |
| (less) Return on Residual Land Value | 16.0% | (\$6,611,568) |
| Net Residual Land Value | | \$34,710,734 |

APPENDIX TABLE R.1
Development Case I-1 (HEG Prototype 2)
UPZONING

Intensity Area: CBD - Lake Merritt Office, Broadway, and City Center subareas

Generalized Location: CBD - Franklin St.

| | Assumption | Total |
|--|-------------------------------------|---|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.03 acres | 44,720 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | no limit (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 20+ (not used in calculations) | |
| Residential Density (min. lot area per unit) | 65 (not used in calculations) | 670 DU per acre |
| Total Units | 688 units | |
| Total Building Area | 1,029 sq. ft. per unit, calculated | 708,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 536,640 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 18,000 sq. ft. |
| Podium Parking Spaces | | 467 spaces |
| Spaces Excluding Retail | | 447 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.54 per net sq. ft. per month | \$42,115,507 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$11,581,764) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$1,684,620) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$268,320) |
| Residential NOI | | \$28,580,803 |
| Gross Retail Revenue | \$38.40 | \$691,200 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$34,560) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$9,000) |
| Retail NOI | | \$647,640 |
| Net Parking Revenue (without retail parking) | \$150 per space per month | \$804,600 |
| Total NOI | | \$30,033,043 |
| Capitalized Value | 4.50% cap rate | \$667,400,956 |
| (less) Cost of Sale/Marketing | 3.0% | (\$20,022,029) |
| Net Project Value | | \$647,378,927 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$475 per gross sq. ft. | \$336,300,000 |
| Parking Construction Cost | \$60,000 per space | \$28,020,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$447,200 |
| Total Direct Costs | | \$364,767,200 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,800,000 |
| Architecture and Engineering | 6.0% of direct costs | \$21,886,032 |
| Other Expenses | 3.0% of direct costs | \$10,943,016 |
| General and Administrative | 3.0% of direct costs | \$10,943,016 |
| Property Tax During Construction | 2.5% of direct costs | \$9,119,180 |
| Financing | 6.5% of direct costs | \$23,709,868 |
| Subtotal Indirect Costs excluding Fees | | \$78,401,112 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$15,136,000 |
| Capital Improvements | \$1,250 per unit | \$860,000 |
| Transportation - Residential | \$750 per unit | \$516,000 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$15,000 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$2,463,840 |
| Other Fees | \$30.00 per gross sq. ft. | \$21,240,000 |
| Subtotal Fees | | \$40,230,840 |
| Total Indirect Costs | | \$118,631,952 |
| Subtotal, Direct and Indirect Costs | | \$483,399,152 |
| Contingency | 5.0% of direct and indirect costs | \$24,169,958 |
| Required Return on Investment | 17.0% of direct and indirect costs | \$82,177,856 |
| Total Costs | | \$589,746,966 |
| Residual Land Value (Net Project Value - Total Costs) | | \$57,631,961 |
| (less) Return on Residual Land Value | 17.0% | (\$9,797,433) |
| Net Residual Land Value | | \$47,834,528 |
| Incremental Development | | |
| Building Space | 191,000 | Base Case \$34,710,734 \$776 per sf land \$69,841 per DU |
| Dwelling Units | 191 | Upzoning \$47,834,528 \$1,070 per sf land \$69,527 per DU |
| | | Increase \$13,123,794 \$68.71 per add'l bldg SF \$68,711 per add'l DU |
| | | 1/3 of Increase \$4,374,598 \$22.90 per add'l bldg SF \$22,904 per add'l DU |

APPENDIX TABLE R.2
Development Case I-6 (HEG Prototype 20)
BASE ZONING

Intensity Area: CBD - 14th Street East and West subareas

Generalized Location: 14th Street East & West

| | Assumption | Total |
|--|-------------------------------------|---------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.47 acres | 20,400 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 90' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 6.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 225 (not used in calculations) | 194 DU per acre |
| Total Units | 91 units | |
| Total Building Area | 1,154 sq. ft. per unit, calculated | 105,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 70,980 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 12,600 sq. ft. |
| Podium Parking Spaces | | 96 spaces |
| Spaces Excluding Retail | | 82 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$5.88 per net sq. ft. per month | \$5,008,349 |
| (less) Operating Expenses (Residential) | 30.0% of residential revenue | (\$1,502,505) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$200,334) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$35,490) |
| Residential NOI | | \$3,270,020 |
| Gross Retail Revenue | \$38.40 40 | \$483,840 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$24,192) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$6,300) |
| Retail NOI | | \$453,348 |
| Net Parking Revenue (without retail parking) | \$150 per space per month | \$147,600 |
| Total NOI | | \$3,870,968 |
| Capitalized Value | 4.50% cap rate | \$86,021,511 |
| (less) Cost of Sale/Marketing | 3.0% | (\$2,580,645) |
| Net Project Value | | \$83,440,866 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$420 per gross sq. ft. | \$44,100,000 |
| Parking Construction Cost | \$60,000 per space | \$5,760,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$204,000 |
| Total Direct Costs | | \$50,064,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,260,000 |
| Architecture and Engineering | 6.0% of direct costs | \$3,003,840 |
| Other Expenses | 3.0% of direct costs | \$1,501,920 |
| General and Administrative | 3.0% of direct costs | \$1,501,920 |
| Property Tax During Construction | 2.0% of direct costs | \$1,001,280 |
| Financing | 5.0% of direct costs | \$2,503,200 |
| Subtotal Indirect Costs excluding Fees | | \$10,772,160 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$2,002,000 |
| Capital Improvements | \$1,250 per unit | \$113,750 |
| Transportation - Residential | \$750 per unit | \$68,250 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$10,500 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$365,400 |
| Other Fees | \$30.00 per gross sq. ft. | \$3,150,000 |
| Subtotal Fees | | \$5,709,900 |
| Total Indirect Costs | | \$16,482,060 |
| Subtotal, Direct and Indirect Costs | | \$66,546,060 |
| Contingency | 5.0% of direct and indirect costs | \$3,327,303 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$9,316,448 |
| Total Costs | | \$79,189,811 |
| Residual Land Value (Net Project Value - Total Costs) | | \$4,251,055 |
| (less) Return on Residual Land Value | 14.0% | (\$595,148) |
| Net Residual Land Value | | \$3,655,907 |

APPENDIX TABLE R.2
Development Case I-6 (HEG Prototype 20)
UPZONING

Intensity Area: CBD - 14th Street East and West subareas

Generalized Location: 14th Street East & West

| | Assumption | Total |
|--|---------------------------------------|---|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.47 acres | 20,400 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 90' - 175' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 12.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 110 (not used in calculations) | 395 DU per acre |
| Total Units | 185 units | |
| Total Building Area | 1,081 sq. ft. per unit, calculated | 200,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 144,300 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 13,500 sq. ft. |
| Podium Parking Spaces | | 135 spaces |
| Spaces Excluding Retail | | 120 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.30 per net sq. ft. per month | \$10,909,080 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$2,999,997) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$436,363) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$72,150) |
| Residential NOI | | \$7,400,570 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$518,400 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$25,920) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$6,750) |
| Retail NOI | | \$485,730 |
| Net Parking Revenue (without retail parking) | \$150 per space per month | \$216,000 |
| Total NOI | | \$8,102,300 |
| Capitalized Value | 4.50% cap rate | \$180,051,111 |
| (less) Cost of Sale/Marketing | 3.0% | (\$5,401,533) |
| Net Project Value | | \$174,649,578 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$470 per gross sq. ft. | \$94,000,000 |
| Parking Construction Cost | \$60,000 per space | \$8,100,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$204,000 |
| Total Direct Costs | | \$102,304,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,350,000 |
| Architecture and Engineering | 6.0% of direct costs | \$6,138,240 |
| Other Expenses | 3.0% of direct costs | \$3,069,120 |
| General and Administrative | 3.0% of direct costs | \$3,069,120 |
| Property Tax During Construction | 2.5% of direct costs | \$2,557,600 |
| Financing | 6.0% of direct costs | \$6,138,240 |
| Subtotal Indirect Costs excluding Fees | | \$22,322,320 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$4,070,000 |
| Capital Improvements | \$1,250 per unit | \$231,250 |
| Transportation - Residential | \$750 per unit | \$138,750 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$11,250 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$696,000 |
| Other Fees | \$30.00 per gross sq. ft. | \$6,000,000 |
| Subtotal Fees | | \$11,147,250 |
| Total Indirect Costs | | \$33,469,570 |
| Subtotal, Direct and Indirect Costs | | \$135,773,570 |
| Contingency | 5.0% of direct and indirect costs | \$6,788,679 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$21,723,771 |
| Total Costs | | \$164,286,020 |
| Residual Land Value (Net Project Value - Total Costs) | | \$10,363,558 |
| (less) Return on Residual Land Value | 16.0% | (\$1,658,169) |
| Net Residual Land Value | | \$8,705,389 |
| Residual Land Value per Acre | | \$18,588,566 |
| Incremental Development | | |
| | | Net Residual Land Value |
| Building Space | 95,000 | Base Case \$3,655,907 \$179 per sf land \$40,175 per DU |
| Dwelling Units | 94 | Upzoning \$8,705,389 \$427 per sf land \$47,056 per DU |
| | | Increase \$5,049,482 \$53.15 per add'l bldg SF \$53,718 per add'l DU |
| | | 1/3 of Increase \$1,683,161 \$17.72 per add'l bldg SF \$17,906 per add'l DU |

**APPENDIX TABLE R.3
Development Case II-1 (HEG Prototype 4A)
BASE ZONING**

Intensity Area: JL/VC - Jack London West subarea

Generalized Location: JLWest Blocks on

| Waterfront & nearby | Assumption | Total |
|--|------------------------------------|---------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,000 sq. ft. |
| Construction Type | Type V (not used in calculations) | |
| Building Height | 45' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 2.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 1,000 (not used in calculations) | 44 DU per acre |
| Total Units | 60 units | |
| Total Building Area | 1,300 sq. ft. per unit, calculated | 78,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 46,800 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 16,200 sq. ft. |
| Podium Parking Spaces | | 78 spaces |
| Spaces Excluding Retail | | 60 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$5.76 per net sq. ft. per month | \$3,234,816 |
| (less) Operating Expenses (Residential) | 30.0% of residential revenue | (\$970,445) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$129,393) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$23,400) |
| Residential NOI | | \$2,111,578 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$622,080 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$31,104) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$8,100) |
| Retail NOI | | \$582,876 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$100,800 |
| Total NOI | | \$2,795,254 |
| Capitalized Value | 4.50% cap rate | \$62,116,756 |
| (less) Cost of Sale/Marketing | 3.0% | (\$1,863,503) |
| Net Project Value | | \$60,253,253 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$360 per gross sq. ft. | \$28,080,000 |
| Parking Construction Cost | \$60,000 per space | \$4,680,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,000 |
| Total Direct Costs | | \$33,360,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,620,000 |
| Architecture and Engineering | 6.0% of direct costs | \$2,001,600 |
| Other Expenses | 3.0% of direct costs | \$1,000,800 |
| General and Administrative | 3.0% of direct costs | \$1,000,800 |
| Property Tax During Construction | 2.0% of direct costs | \$667,200 |
| Financing | 4.0% of direct costs | \$1,334,400 |
| Subtotal Indirect Costs excluding Fees | | \$7,624,800 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$1,320,000 |
| Capital Improvements | \$1,250 per unit | \$75,000 |
| Transportation - Residential | \$750 per unit | \$45,000 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$13,500 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$271,440 |
| Other Fees | \$30.00 per gross sq. ft. | \$2,340,000 |
| Subtotal Fees | | \$4,064,940 |
| Total Indirect Costs | | \$11,689,740 |
| Subtotal, Direct and Indirect Costs | | \$45,049,740 |
| Contingency | 5.0% of direct and indirect costs | \$2,252,487 |
| Required Return on Investment | 12.0% of direct and indirect costs | \$5,405,969 |
| Total Costs | | \$52,708,196 |
| Residual Land Value (Net Project Value - Total Costs) | | \$7,545,057 |
| (less) Return on Residual Land Value | 12.0% | (\$905,407) |
| Net Residual Land Value | | \$6,639,650 |

**APPENDIX TABLE R.3
Development Case II-1 (HEG Prototype 4A)
UPZONING**

Intensity Area: JL/VC - Jack London West subarea

Generalized Location: JLWest Blocks on

Waterfront & nearby

| | Assumption | Total |
|--|------------------------------------|---|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 175' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 12.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 110 (not used in calculations) | 396 DU per acre |
| Total Units | 545 units | |
| Total Building Area | 1,033 sq. ft. per unit, calculated | 563,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 425,100 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 16,200 sq. ft. |
| Podium Parking Spaces | | 481 spaces |
| Spaces Excluding Retail | | 463 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.36 per net sq. ft. per month | \$32,443,632 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$8,921,999) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$1,297,745) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$212,550) |
| Residential NOI | | \$22,011,338 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$622,080 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$31,104) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$8,100) |
| Retail NOI | | \$582,876 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$777,840 |
| Total NOI | | \$23,372,054 |
| Capitalized Value | 4.50% cap rate | \$519,378,978 |
| (less) Cost of Sale/Marketing | 3.0% | (\$15,581,369) |
| Net Project Value | | \$503,797,609 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$470 per gross sq. ft. | \$264,610,000 |
| Parking Construction Cost | \$60,000 per space | \$28,860,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,000 |
| Total Direct Costs | | \$294,070,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,620,000 |
| Architecture and Engineering | 6.0% of direct costs | \$17,644,200 |
| Other Expenses | 3.0% of direct costs | \$8,822,100 |
| General and Administrative | 3.0% of direct costs | \$8,822,100 |
| Property Tax During Construction | 2.5% of direct costs | \$7,351,750 |
| Financing | 6.0% of direct costs | \$17,644,200 |
| Subtotal Indirect Costs excluding Fees | | \$61,904,350 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$11,990,000 |
| Capital Improvements | \$1,250 per unit | \$681,250 |
| Transportation - Residential | \$750 per unit | \$408,750 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$13,500 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$1,959,240 |
| Other Fees | \$30.00 per gross sq. ft. | \$16,890,000 |
| Subtotal Fees | | \$31,942,740 |
| Total Indirect Costs | | \$93,847,090 |
| Subtotal, Direct and Indirect Costs | | \$387,917,090 |
| Contingency | 5.0% of direct and indirect costs | \$19,395,855 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$62,066,734 |
| Total Costs | | \$469,379,679 |
| Residual Land Value (Net Project Value - Total Costs) | | \$34,417,930 |
| (less) Return on Residual Land Value | 16.0% | (\$5,506,869) |
| Net Residual Land Value | | \$28,911,061 |
| Incremental Development | | |
| | | Net Residual Land Value |
| Building Space | 485,000 | Base Case \$6,639,650 |
| Dwelling Units | 485 | Upzoning \$28,911,061 |
| | | Increase \$22,271,411 |
| | | 1/3 of Increase \$7,423,804 |
| | | \$111 per sf land \$110,661 per DU |
| | | \$482 per sf land \$53,048 per DU |
| | | \$45.92 per add'l bldg SF \$45,920 per add'l DU |
| | | \$15.31 per add'l bldg SF \$15,307 per add'l DU |

APPENDIX TABLE R.4
Development Case II-3 (HEG Prototype 4B)
BASE ZONING
Intensity Area: JL/VC - Jack London West subarea

| Generalized Location: JL West - Inland blocks | Assumption | Total |
|--|------------------------------------|---------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,000 sq. ft. |
| Construction Type | Type V (not used in calculations) | |
| Building Height | 45' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 2.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 900 (not used in calculations) | 49 DU per acre |
| Total Units | 67 units | |
| Total Building Area | 1,269 sq. ft. per unit, calculated | 85,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 52,260 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 16,200 sq. ft. |
| Podium Parking Spaces | | 85 spaces |
| Spaces Excluding Retail | | 67 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$5.65 per net sq. ft. per month | \$3,543,228 |
| (less) Operating Expenses (Residential) | 30.0% of residential revenue | (\$1,062,968) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$141,729) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$26,130) |
| Residential NOI | | \$2,312,401 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$622,080 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$31,104) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$8,100) |
| Retail NOI | | \$582,876 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$112,560 |
| Total NOI | | \$3,007,837 |
| Capitalized Value | 4.50% cap rate | \$66,840,822 |
| (less) Cost of Sale/Marketing | 3.0% | (\$2,005,225) |
| Net Project Value | | \$64,835,597 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$360 per gross sq. ft. | \$30,600,000 |
| Parking Construction Cost | \$60,000 per space | \$5,100,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,000 |
| Total Direct Costs | | \$36,300,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,620,000 |
| Architecture and Engineering | 6.0% of direct costs | \$2,178,000 |
| Other Expenses | 3.0% of direct costs | \$1,089,000 |
| General and Administrative | 3.0% of direct costs | \$1,089,000 |
| Property Tax During Construction | 2.0% of direct costs | \$726,000 |
| Financing | 4.0% of direct costs | \$1,452,000 |
| Subtotal Indirect Costs excluding Fees | | \$8,154,000 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$1,474,000 |
| Capital Improvements | \$1,250 per unit | \$83,750 |
| Transportation - Residential | \$750 per unit | \$50,250 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$13,500 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$295,800 |
| Other Fees | \$30.00 per gross sq. ft. | \$2,550,000 |
| Subtotal Fees | | \$4,467,300 |
| Total Indirect Costs | | \$12,621,300 |
| Subtotal, Direct and Indirect Costs | | \$48,921,300 |
| Contingency | 5.0% of direct and indirect costs | \$2,446,065 |
| Required Return on Investment | 12.0% of direct and indirect costs | \$5,870,556 |
| Total Costs | | \$57,237,921 |
| Residual Land Value (Net Project Value - Total Costs) | | \$7,597,676 |
| (less) Return on Residual Land Value | 12.0% | (\$911,721) |
| Net Residual Land Value | | \$6,685,955 |

APPENDIX TABLE R.4
Development Case II-3 (HEG Prototype 4B)
UPZONING
Intensity Area: JL/VC - Jack London West subarea

Generalized Location: JL West - Inland blocks

| | Assumption | Total |
|--|------------------------------------|---|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 175' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 12.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 110 (not used in calculations) | 396 DU per acre |
| Total Units | 545 units | |
| Total Building Area | 1,033 sq. ft. per unit, calculated | 563,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 425,100 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 16,200 sq. ft. |
| Podium Parking Spaces | | 481 spaces |
| Spaces Excluding Retail | | 463 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.24 per net sq. ft. per month | \$31,831,488 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$8,753,659) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$1,273,260) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$212,550) |
| Residential NOI | | \$21,592,019 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$622,080 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$31,104) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$8,100) |
| Retail NOI | | \$582,876 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$777,840 |
| Total NOI | | \$22,952,735 |
| Capitalized Value | 4.50% cap rate | \$510,060,778 |
| (less) Cost of Sale/Marketing | 3.0% | (\$15,301,823) |
| Net Project Value | | \$494,758,955 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$470 per gross sq. ft. | \$264,610,000 |
| Parking Construction Cost | \$60,000 per space | \$28,860,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,000 |
| Total Direct Costs | | \$294,070,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,620,000 |
| Architecture and Engineering | 6.0% of direct costs | \$17,644,200 |
| Other Expenses | 3.0% of direct costs | \$8,822,100 |
| General and Administrative | 3.0% of direct costs | \$8,822,100 |
| Property Tax During Construction | 2.5% of direct costs | \$7,351,750 |
| Financing | 6.0% of direct costs | \$17,644,200 |
| Subtotal Indirect Costs excluding Fees | | \$61,904,350 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$11,990,000 |
| Capital Improvements | \$1,250 per unit | \$681,250 |
| Transportation - Residential | \$750 per unit | \$408,750 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$13,500 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$1,959,240 |
| Other Fees | \$30.00 per gross sq. ft. | \$16,890,000 |
| Subtotal Fees | | \$31,942,740 |
| Total Indirect Costs | | \$93,847,090 |
| Subtotal, Direct and Indirect Costs | | \$387,917,090 |
| Contingency | 5.0% of direct and indirect costs | \$19,395,855 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$62,066,734 |
| Total Costs | | \$469,379,679 |
| Residual Land Value (Net Project Value - Total Costs) | | \$25,379,276 |
| (less) Return on Residual Land Value | 16.0% | (\$4,060,684) |
| Net Residual Land Value | | \$21,318,592 |
| Incremental Development | | |
| | | Net Residual Land Value |
| Building Space | 478,000 | Base Case \$6,685,955 |
| Dwelling Units | 478 | Upzoning \$21,318,592 |
| | | Increase \$14,632,637 |
| | | 1/3 of Increase \$4,877,546 |
| | | \$111 per sf land \$99,790 per DU |
| | | \$355 per sf land \$39,117 per DU |
| | | \$30.61 per add'l bldg SF \$30,612 per add'l DU |
| | | \$10.20 per add'l bldg SF \$10,204 per add'l DU |

**APPENDIX TABLE R.5
Development Case II-5 (HEG Prototype 25)
BASE ZONING**

Intensity Area: JL/VC - Victory Court subarea

Generalized Location: Near Fallon and 4th

| | Assumption | Total |
|--|-------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 65'-135' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 6.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 250 (not used in calculations) | 174 DU per acre |
| Total Units | 240 units | |
| Total Building Area | 1,050 sq. ft. per unit, calculated | 252,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 187,200 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 10,800 sq. ft. |
| Podium Parking Spaces | | 252 spaces |
| Spaces Excluding Retail | | 240 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$5.70 per net sq. ft. per month | \$12,804,480 |
| (less) Operating Expenses (Residential) | 30.0% of residential revenue | (\$3,841,344) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$512,179) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$93,600) |
| Residential NOI | | \$8,357,357 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$414,720 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$20,736) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$5,400) |
| Retail NOI | | \$388,584 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$403,200 |
| Total NOI | | \$9,149,141 |
| Capitalized Value | 4.50% cap rate | \$203,314,244 |
| (less) Cost of Sale/Marketing | 3.0% | (\$6,099,427) |
| Net Project Value | | \$197,214,817 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$420 per gross sq. ft. | \$105,840,000 |
| Parking Construction Cost | \$60,000 per space | \$15,120,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,000 |
| Total Direct Costs | | \$121,560,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,080,000 |
| Architecture and Engineering | 6.0% of direct costs | \$7,293,600 |
| Other Expenses | 3.0% of direct costs | \$3,646,800 |
| General and Administrative | 3.0% of direct costs | \$3,646,800 |
| Property Tax During Construction | 2.0% of direct costs | \$2,431,200 |
| Financing | 5.0% of direct costs | \$6,078,000 |
| Subtotal Indirect Costs excluding Fees | | \$24,176,400 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$5,280,000 |
| Capital Improvements | \$1,250 per unit | \$300,000 |
| Transportation - Residential | \$750 per unit | \$180,000 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$9,000 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$876,960 |
| Other Fees | \$30.00 per gross sq. ft. | \$7,560,000 |
| Subtotal Fees | | \$14,205,960 |
| Total Indirect Costs | | \$38,382,360 |
| Subtotal, Direct and Indirect Costs | | \$159,942,360 |
| Contingency | 5.0% of direct and indirect costs | \$7,997,118 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$22,391,930 |
| Total Costs | | \$190,331,408 |
| Residual Land Value (Net Project Value - Total Costs) | | \$6,883,409 |
| (less) Return on Residual Land Value | 14.0% | (\$963,677) |
| Net Residual Land Value | | \$5,919,732 |

APPENDIX TABLE R.5
Development Case II-5 (HEG Prototype 25)
UPZONING
Intensity Area: JL/VC - Victory Court subarea

Generalized Location: Near Fallon and 4th

| | Assumption | Total |
|--|-------------------------------------|---|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,000 sq. ft. |
| Construction Type | Type 1 (not used in calculations) | |
| Building Height | 275-450' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 14-18 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 90 (not used in calculations) | 484 DU per acre |
| Total Units | 667 units | |
| Total Building Area | 1,012 sq. ft. per unit, calculated | 675,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 520,260 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 7,200 sq. ft. |
| Podium Parking Spaces | | 575 spaces |
| Spaces Excluding Retail | | 567 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.18 per net sq. ft. per month | \$38,582,482 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$10,610,183) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$1,543,299) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$260,130) |
| Residential NOI | | \$26,168,870 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$276,480 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$13,824) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$3,600) |
| Retail NOI | | \$259,056 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$952,560 |
| Total NOI | | \$27,380,486 |
| Capitalized Value | 4.50% cap rate | \$608,455,244 |
| (less) Cost of Sale/Marketing | 3.0% | (\$18,253,657) |
| Net Project Value | | \$590,201,587 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$472 per gross sq. ft. | \$318,600,000 |
| Parking Construction Cost | \$60,000 per space | \$34,500,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,000 |
| Total Direct Costs | | \$353,700,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$720,000 |
| Architecture and Engineering | 6.0% of direct costs | \$21,222,000 |
| Other Expenses | 3.0% of direct costs | \$10,611,000 |
| General and Administrative | 3.0% of direct costs | \$10,611,000 |
| Property Tax During Construction | 2.5% of direct costs | \$8,842,500 |
| Financing | 6.0% of direct costs | \$21,222,000 |
| Subtotal Indirect Costs excluding Fees | | \$73,228,500 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$14,674,000 |
| Capital Improvements | \$1,250 per unit | \$833,750 |
| Transportation - Residential | \$750 per unit | \$500,250 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$6,000 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$2,349,000 |
| Other Fees | \$30.00 per gross sq. ft. | \$20,250,000 |
| Subtotal Fees | | \$38,613,000 |
| Total Indirect Costs | | \$111,841,500 |
| Subtotal, Direct and Indirect Costs | | \$465,541,500 |
| Contingency | 5.0% of direct and indirect costs | \$23,277,075 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$74,486,640 |
| Total Costs | | \$563,305,215 |
| Residual Land Value (Net Project Value - Total Costs) | | \$26,896,372 |
| (less) Return on Residual Land Value | 16.0% | (\$4,303,420) |
| Net Residual Land Value | | \$22,592,952 |
| Incremental Development | | |
| | | Net Residual Land Value |
| Building Space | 423,000 | Base Case \$5,919,732 |
| Dwelling Units | 427 | Upzoning \$22,592,952 |
| | | Increase \$16,673,220 |
| | | 1/3 of Increase \$5,557,740 |
| | | \$99 per sf land \$24,666 per DU |
| | | \$377 per sf land \$33,872 per DU |
| | | \$39.42 per add'l bldg SF \$39,047 per add'l DU |
| | | \$13.14 per add'l bldg SF \$13,016 per add'l DU |

**APPENDIX TABLE R.6
Development Case II-9 (HEG Prototype 6)
BASE ZONING**

Intensity Area: JL/VC - Jack London East and Victory Court subareas

Generalized Location: Madison, Oak, Fallon, VC

| below fwy. | Assumption | Total |
|--|-------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.26 acres | 55,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 65' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 5.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 250 (not used in calculations) | 174 DU per acre |
| Total Units | 220 units | |
| Total Building Area | 1,075 sq. ft. per unit, calculated | 236,500 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 171,600 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 14,850 sq. ft. |
| Podium Parking Spaces | | 237 spaces |
| Spaces Excluding Retail | | 220 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$5.70 per net sq. ft. per month | \$11,737,440 |
| (less) Operating Expenses (Residential) | 30.0% of residential revenue | (\$3,521,232) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$469,498) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$85,800) |
| Residential NOI | | \$7,660,910 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$570,240 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$28,512) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$7,425) |
| Retail NOI | | \$534,303 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$369,600 |
| Total NOI | | \$8,564,813 |
| Capitalized Value | 4.50% cap rate | \$190,329,178 |
| (less) Cost of Sale/Marketing | 3.0% | (\$5,709,875) |
| Net Project Value | | \$184,619,303 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$420 per gross sq. ft. | \$99,330,000 |
| Parking Construction Cost | \$60,000 per space | \$14,220,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$550,000 |
| Total Direct Costs | | \$114,100,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,485,000 |
| Architecture and Engineering | 6.0% of direct costs | \$6,846,000 |
| Other Expenses | 3.0% of direct costs | \$3,423,000 |
| General and Administrative | 3.0% of direct costs | \$3,423,000 |
| Property Tax During Construction | 2.0% of direct costs | \$2,282,000 |
| Financing | 5.0% of direct costs | \$5,705,000 |
| Subtotal Indirect Costs excluding Fees | | \$23,164,000 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$4,840,000 |
| Capital Improvements | \$1,250 per unit | \$275,000 |
| Transportation - Residential | \$750 per unit | \$165,000 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$12,375 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$823,020 |
| Other Fees | \$30.00 per gross sq. ft. | \$7,095,000 |
| Subtotal Fees | | \$13,210,395 |
| Total Indirect Costs | | \$36,374,395 |
| Subtotal, Direct and Indirect Costs | | \$150,474,395 |
| Contingency | 5.0% of direct and indirect costs | \$7,523,720 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$21,066,415 |
| Total Costs | | \$179,064,530 |
| Residual Land Value (Net Project Value - Total Costs) | | \$5,554,773 |
| (less) Return on Residual Land Value | 14.0% | (\$777,668) |
| Net Residual Land Value | | \$4,777,105 |

**APPENDIX TABLE R.6
Development Case II-9 (HEG Prototype 6)
UPZONING**

Intensity Area: JL/VC - Jack London East and Victory Court subareas

Generalized Location: Madison, Oak, Fallon, VC
below fwy.

| | Assumption | Total |
|--|------------------------------------|---|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.26 acres | 55,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 175' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 12.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 110 (not used in calculations) | 396 DU per acre |
| Total Units | 500 units | |
| Total Building Area | 1,033 sq. ft. per unit, calculated | 516,500 sq. ft. |
| Percent On-Site BMR | 0% | |
| Net Residential Unit Area | 78% efficiency ratio | 390,000 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 14,850 sq. ft. |
| Podium Parking Spaces | | 442 spaces |
| Spaces Excluding Retail | | 425 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.18 per net sq. ft. per month | \$28,922,400 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$7,953,660) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$1,156,896) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$195,000) |
| Residential NOI | | \$19,616,844 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$570,240 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$28,512) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$7,425) |
| Retail NOI | | \$534,303 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$714,000 |
| Total NOI | | \$20,865,147 |
| Capitalized Value | 4.50% cap rate | \$463,669,933 |
| (less) Cost of Sale/Marketing | 3.0% | (\$13,910,098) |
| Net Project Value | | \$449,759,835 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$470 per gross sq. ft. | \$242,755,000 |
| Parking Construction Cost | \$60,000 per space | \$26,520,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$550,000 |
| Total Direct Costs | | \$269,825,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,485,000 |
| Architecture and Engineering | 6.0% of direct costs | \$16,189,500 |
| Other Expenses | 3.0% of direct costs | \$8,094,750 |
| General and Administrative | 3.0% of direct costs | \$8,094,750 |
| Property Tax During Construction | 2.5% of direct costs | \$6,745,625 |
| Financing | 6.0% of direct costs | \$16,189,500 |
| Subtotal Indirect Costs excluding Fees | | \$56,799,125 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$11,000,000 |
| Capital Improvements | \$1,250 per unit | \$625,000 |
| Transportation - Residential | \$750 per unit | \$375,000 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$12,375 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$1,797,420 |
| Other Fees | \$30.00 per gross sq. ft. | \$15,495,000 |
| Subtotal Fees | | \$29,304,795 |
| Total Indirect Costs | | \$86,103,920 |
| Subtotal, Direct and Indirect Costs | | \$355,928,920 |
| Contingency | 5.0% of direct and indirect costs | \$17,796,446 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$56,948,627 |
| Total Costs | | \$430,673,993 |
| Residual Land Value (Net Project Value - Total Costs) | | \$19,085,842 |
| (less) Return on Residual Land Value | 16.0% | (\$3,053,735) |
| Net Residual Land Value | | \$16,032,107 |
| Incremental Development | | Net Residual Land Value |
| Building Space | 280,000 | Base Case \$4,777,105 \$87 per sf land \$21,714 per DU |
| Dwelling Units | 280 | Upzoning \$16,032,107 \$291 per sf land \$32,064 per DU |
| | | Increase \$11,255,002 \$40.20 per add'l bldg SF \$40,196 per add'l DU |
| | | 1/3 of Increase \$3,751,667 \$13.40 per add'l bldg SF \$13,399 per add'l DU |

**APPENDIX TABLE R.7
Development Case II-10B (HEG Prototype 22)
BASE ZONING**

Intensity Area: JL/VC - Victory Court subarea

Generalized Location: Victory Court - Fwy to

7th; Fallon to 5th

| | Assumption | Total |
|--|------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.03 acres | 45,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 275' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 12+ (not used in calculations) | |
| Residential Density (min. lot area per unit) | 100 (not used in calculations) | 436 DU per acre |
| Total Units | 450 units | |
| Total Building Area | 1,027 sq. ft. per unit, calculated | 462,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 351,000 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 10,800 sq. ft. |
| Podium Parking Spaces | | 462 spaces |
| Spaces Excluding Retail | | 450 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.20 per net sq. ft. per month | \$26,114,400 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$7,181,460) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$1,044,576) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$175,500) |
| Residential NOI | | \$17,712,864 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$414,720 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$20,736) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$5,400) |
| Retail NOI | | \$388,584 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$756,000 |
| Total NOI | | \$18,857,448 |
| Capitalized Value | 4.50% cap rate | \$419,054,400 |
| (less) Cost of Sale/Marketing | 3.0% | (\$12,571,632) |
| Net Project Value | | \$406,482,768 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$470 per gross sq. ft. | \$217,140,000 |
| Parking Construction Cost | \$60,000 per space | \$27,720,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$450,000 |
| Total Direct Costs | | \$245,310,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,080,000 |
| Architecture and Engineering | 6.0% of direct costs | \$14,718,600 |
| Other Expenses | 3.0% of direct costs | \$7,359,300 |
| General and Administrative | 3.0% of direct costs | \$7,359,300 |
| Property Tax During Construction | 2.0% of direct costs | \$4,906,200 |
| Financing | 5.0% of direct costs | \$12,265,500 |
| Subtotal Indirect Costs excluding Fees | | \$47,688,900 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$9,900,000 |
| Capital Improvements | \$1,250 per unit | \$562,500 |
| Transportation - Residential | \$750 per unit | \$337,500 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$9,000 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$1,607,760 |
| Other Fees | \$30.00 per gross sq. ft. | \$13,860,000 |
| Subtotal Fees | | \$26,276,760 |
| Total Indirect Costs | | \$73,965,660 |
| Subtotal, Direct and Indirect Costs | | \$319,275,660 |
| Contingency | 5.0% of direct and indirect costs | \$15,963,783 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$51,084,106 |
| Total Costs | | \$386,323,549 |
| Residual Land Value (Net Project Value - Total Costs) | | \$20,159,219 |
| (less) Return on Residual Land Value | 16.0% | (\$3,225,475) |
| Net Residual Land Value | | \$16,933,744 |

**APPENDIX TABLE R.7
Development Case II-10B (HEG Prototype 22)
UPZONING**

Intensity Area: JL/VC - Victory Court subarea

Generalized Location: Victory Court - Fwy to 7th;

Fallon to 5th

| | Assumption | Total |
|--|------------------------------------|--------------------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.03 acres | 45,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 275' (not used in calculations) | |
| Building Height Estimated Actual (#of stories) | 15+ (not used in calculations) | |
| Residential Density (min. lot area per unit) | 90 (not used in calculations) | 484 DU per acre |
| Total Units | 500 units | |
| Total Building Area | 1,024 sq. ft. per unit, calculated | 512,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 390,000 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 10,800 sq. ft. |
| Podium Parking Spaces | | 437 spaces |
| Spaces Excluding Retail | | 425 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.25 per net sq. ft. per month | \$29,250,000 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$8,043,750) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$1,170,000) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$195,000) |
| Residential NOI | | \$19,841,250 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$414,720 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$20,736) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$5,400) |
| Retail NOI | | \$388,584 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$714,000 |
| Total NOI | | \$20,943,834 |
| Capitalized Value | 4.50% cap rate | \$465,418,533 |
| (less) Cost of Sale/Marketing | 3.0% | (\$13,962,556) |
| Net Project Value | | \$451,455,977 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$472 per gross sq. ft. | \$241,664,000 |
| Parking Construction Cost | \$60,000 per space | \$26,220,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$450,000 |
| Total Direct Costs | | \$268,334,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,080,000 |
| Architecture and Engineering | 6.0% of direct costs | \$16,100,040 |
| Other Expenses | 3.0% of direct costs | \$8,050,020 |
| General and Administrative | 3.0% of direct costs | \$8,050,020 |
| Property Tax During Construction | 2.5% of direct costs | \$6,708,350 |
| Financing | 6.0% of direct costs | \$16,100,040 |
| Subtotal Indirect Costs excluding Fees | | \$56,088,470 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$11,000,000 |
| Capital Improvements | \$1,250 per unit | \$625,000 |
| Transportation - Residential | \$750 per unit | \$375,000 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$9,000 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$1,781,760 |
| Other Fees | \$30.00 per gross sq. ft. | \$15,360,000 |
| Subtotal Fees | | \$29,150,760 |
| Total Indirect Costs | | \$85,239,230 |
| Subtotal, Direct and Indirect Costs | | \$353,573,230 |
| Contingency | 5.0% of direct and indirect costs | \$17,678,662 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$56,571,717 |
| Total Costs | | \$427,823,609 |
| Residual Land Value (Net Project Value - Total Costs) | | \$23,632,368 |
| (less) Return on Residual Land Value | 16.0% | (\$3,781,179) |
| Net Residual Land Value | | \$19,851,189 |
| Incremental Development | | |
| | | Net Residual Land Value |
| Building Space | 50,000 | Base Case |
| Dwelling Units | 50 | Upzoning |
| | | Increase |
| | | 1/3 of Increase |
| | | \$16,933,744 |
| | | \$19,851,189 |
| | | \$2,917,445 |
| | | \$972,482 |
| | | \$376 per sf land |
| | | \$441 per sf land |
| | | \$58.35 per add'l bldg SF |
| | | \$19.45 per add'l bldg SF |
| | | \$37,631 per DU |
| | | \$39,702 per DU |
| | | \$58,349 per add'l DU |
| | | \$19,450 per add'l DU |

APPENDIX TABLE R.8
Development Case II-11 (HEG Prototype 24)
BASE ZONING
Intensity Area: JL/VC - Jack London East subarea

**Generalized Location: Above Embarcadero,
Webster to Madison**

| | Assumption | Total |
|--|-------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,060 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 65' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 5.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 250 (not used in calculations) | 174 DU per acre |
| Total Units | 240 units | 4.94 |
| Total Building Area | 1,050 sq. ft. per unit, calculated | 252,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 187,200 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 10,800 sq. ft. |
| Podium Parking Spaces | | 252 spaces |
| Spaces Excluding Retail | | 240 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$5.66 per net sq. ft. per month | \$12,714,624 |
| (less) Operating Expenses (Residential) | 30.0% of residential revenue | (\$3,814,387) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$508,585) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$93,600) |
| Residential NOI | | \$8,298,052 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$414,720 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$20,736) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$5,400) |
| Retail NOI | | \$388,584 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$403,200 |
| Total NOI | | \$9,089,836 |
| Capitalized Value | 4.50% cap rate | \$201,996,356 |
| (less) Cost of Sale/Marketing | 3.0% | (\$6,059,891) |
| Net Project Value | | \$195,936,465 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$420 per gross sq. ft. | \$105,840,000 |
| Parking Construction Cost | \$60,000 per space | \$15,120,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,600 |
| Total Direct Costs | | \$121,560,600 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,080,000 |
| Architecture and Engineering | 6.0% of direct costs | \$7,293,636 |
| Other Expenses | 3.0% of direct costs | \$3,646,818 |
| General and Administrative | 3.0% of direct costs | \$3,646,818 |
| Property Tax During Construction | 2.0% of direct costs | \$2,431,212 |
| Financing | 5.0% of direct costs | \$6,078,030 |
| Subtotal Indirect Costs excluding Fees | | \$24,176,514 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$5,280,000 |
| Capital Improvements | \$1,250 per unit | \$300,000 |
| Transportation - Residential | \$750 per unit | \$180,000 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$9,000 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$876,960 |
| Other Fees | \$30.00 per gross sq. ft. | \$7,560,000 |
| Subtotal Fees | | \$14,205,960 |
| Total Indirect Costs | | \$38,382,474 |
| Subtotal, Direct and Indirect Costs | | \$159,943,074 |
| Contingency | 5.0% of direct and indirect costs | \$7,997,154 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$22,392,030 |
| Total Costs | | \$190,332,258 |
| Residual Land Value (Net Project Value - Total Costs) | | \$5,604,207 |
| (less) Return on Residual Land Value | 14.0% | (\$784,589) |
| Net Residual Land Value | | \$4,819,618 |

**APPENDIX TABLE R.8
Development Case II-11 (HEG Prototype 24)
UPZONING**

Intensity Area: JL/VC - Jack London East subarea

Generalized Location: Above Embarcadero,
Webster to Madison

| | Assumption | Total |
|--|-------------------------------------|---|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,060 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 90' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 6.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 200 (not used in calculations) | 218 DU per acre |
| Total Units | 300 units | |
| Total Building Area | 1,040 sq. ft. per unit, calculated | 312,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 234,000 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 10,800 sq. ft. |
| Podium Parking Spaces | | 312 spaces |
| Spaces Excluding Retail | | 300 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$5.73 per net sq. ft. per month | \$16,089,840 |
| (less) Operating Expenses (Residential) | 30.0% of residential revenue | (\$4,826,952) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$643,594) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$117,000) |
| Residential NOI | | \$10,502,294 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$414,720 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$20,736) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$5,400) |
| Retail NOI | | \$388,584 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$504,000 |
| Total NOI | | \$11,394,878 |
| Capitalized Value | 4.50% cap rate | \$253,219,511 |
| (less) Cost of Sale/Marketing | 3.0% | (\$7,596,585) |
| Net Project Value | | \$245,622,926 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$425 per gross sq. ft. | \$132,600,000 |
| Parking Construction Cost | \$60,000 per space | \$18,720,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,600 |
| Total Direct Costs | | \$151,920,600 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,080,000 |
| Architecture and Engineering | 6.0% of direct costs | \$9,115,236 |
| Other Expenses | 3.0% of direct costs | \$4,557,618 |
| General and Administrative | 3.0% of direct costs | \$4,557,618 |
| Property Tax During Construction | 2.0% of direct costs | \$3,038,412 |
| Financing | 5.0% of direct costs | \$7,596,030 |
| Subtotal Indirect Costs excluding Fees | | \$29,944,914 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$6,600,000 |
| Capital Improvements | \$1,250 per unit | \$375,000 |
| Transportation - Residential | \$750 per unit | \$225,000 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$9,000 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$1,085,760 |
| Other Fees | \$30.00 per gross sq. ft. | \$9,360,000 |
| Subtotal Fees | | \$17,654,760 |
| Total Indirect Costs | | \$47,599,674 |
| Subtotal, Direct and Indirect Costs | | \$199,520,274 |
| Contingency | 5.0% of direct and indirect costs | \$9,976,014 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$27,932,838 |
| Total Costs | | \$237,429,126 |
| Residual Land Value (Net Project Value - Total Costs) | | \$8,193,800 |
| (less) Return on Residual Land Value | 14.0% | (\$1,147,132) |
| Net Residual Land Value | | \$7,046,668 |
| Incremental Development | | |
| | | Net Residual Land Value |
| Building Space | 60,000 | Base Case \$4,819,618 \$80 per sf land \$20,082 per DU |
| Dwelling Units | 60 | Upzoning \$7,046,668 \$117 per sf land \$23,489 per DU |
| | | Increase \$2,227,050 \$37.12 per add'l bldg SF \$37,118 per add'l DU |
| | | 1/3 of Increase \$742,350 \$12.37 per add'l bldg SF \$12,373 per add'l DU |

APPENDIX TABLE R.9
Development Case III-1 (HEG Prototype 3A)
BASE ZONING

Intensity Area: KONO - KONO subarea

Generalized Location: KONO, largely west of

| Telegraph | Assumption | Total |
|--|------------------------------------|---------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.92 acres | 40,000 sq. ft. |
| Construction Type | Type V (not used in calculations) | |
| Building Height | 45' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 3.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 450 (not used in calculations) | 97 DU per acre |
| Total Units | 89 units | |
| Total Building Area | 1,169 sq. ft. per unit, calculated | 104,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 69,420 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 13,500 sq. ft. |
| Podium Parking Spaces | | 95 spaces |
| Spaces Excluding Retail | | 80 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$5.46 per net sq. ft. per month | \$4,548,398 |
| (less) Operating Expenses (Residential) | 30.0% of residential revenue | (\$1,364,519) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$181,936) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$34,710) |
| Residential NOI | | \$2,967,233 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$518,400 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$25,920) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$6,750) |
| Retail NOI | | \$485,730 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$134,400 |
| Total NOI | | \$3,587,363 |
| Capitalized Value | 4.50% cap rate | \$79,719,178 |
| (less) Cost of Sale/Marketing | 3.0% | (\$2,391,575) |
| Net Project Value | | \$77,327,603 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$390 per gross sq. ft. | \$40,560,000 |
| Parking Construction Cost | \$60,000 per space | \$5,700,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$400,000 |
| Total Direct Costs | | \$46,660,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,350,000 |
| Architecture and Engineering | 6.0% of direct costs | \$2,799,600 |
| Other Expenses | 3.0% of direct costs | \$1,399,800 |
| General and Administrative | 3.0% of direct costs | \$1,399,800 |
| Property Tax During Construction | 2.0% of direct costs | \$933,200 |
| Financing | 5.0% of direct costs | \$2,333,000 |
| Subtotal Indirect Costs excluding Fees | | \$10,215,400 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$1,958,000 |
| Capital Improvements | \$1,250 per unit | \$111,250 |
| Transportation - Residential | \$750 per unit | \$66,750 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$11,250 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$361,920 |
| Other Fees | \$30.00 per gross sq. ft. | \$3,120,000 |
| Subtotal Fees | | \$5,629,170 |
| Total Indirect Costs | | \$15,844,570 |
| Subtotal, Direct and Indirect Costs | | \$62,504,570 |
| Contingency | 5.0% of direct and indirect costs | \$3,125,229 |
| Required Return on Investment | 12.0% of direct and indirect costs | \$7,500,548 |
| Total Costs | | \$73,130,347 |
| Residual Land Value (Net Project Value - Total Costs) | | \$4,197,256 |
| (less) Return on Residual Land Value | 12.0% | (\$503,671) |
| Net Residual Land Value | | \$3,693,585 |

**APPENDIX TABLE R.9
Development Case III-1 (HEG Prototype 3A)
UPZONING**

Intensity Area: KONO - KONO subarea

Generalized Location: KONO, largely west of

| Telegraph | Assumption | Total |
|--|------------------------------------|---------------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.92 acres | 40,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 90' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 10.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 110 (not used in calculations) | 396 DU per acre |
| Total Units | 364 units | |
| Total Building Area | 1,041 sq. ft. per unit, calculated | 379,000 sq. ft. |
| Percent On-Site BMR | 0% | |
| Net Residential Unit Area | 78% efficiency ratio | 283,920 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 13,500 sq. ft. |
| Podium Parking Spaces | | 288 spaces |
| Spaces Excluding Retail | | 273 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.15 per net sq. ft. per month | \$20,953,296 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$5,762,156) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$838,132) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$141,960) |
| Residential NOI | | \$14,211,048 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$518,400 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$25,920) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$6,750) |
| Retail NOI | | \$485,730 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$458,640 |
| Total NOI | | \$15,155,418 |
| Capitalized Value | 4.50% cap rate | \$336,787,067 |
| (less) Cost of Sale/Marketing | 3.0% | (\$10,103,612) |
| Net Project Value | | \$326,683,455 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$470 per gross sq. ft. | \$178,130,000 |
| Parking Construction Cost | \$60,000 per space | \$17,280,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$400,000 |
| Total Direct Costs | | \$195,810,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,350,000 |
| Architecture and Engineering | 6.0% of direct costs | \$11,748,600 |
| Other Expenses | 3.0% of direct costs | \$5,874,300 |
| General and Administrative | 3.0% of direct costs | \$5,874,300 |
| Property Tax During Construction | 2.5% of direct costs | \$4,895,250 |
| Financing | 6.0% of direct costs | \$11,748,600 |
| Subtotal Indirect Costs excluding Fees | | \$41,491,050 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$8,008,000 |
| Capital Improvements | \$1,250 per unit | \$455,000 |
| Transportation - Residential | \$750 per unit | \$273,000 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$11,250 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$1,318,920 |
| Other Fees | \$30.00 per gross sq. ft. | \$11,370,000 |
| Subtotal Fees | | \$21,436,170 |
| Total Indirect Costs | | \$62,927,220 |
| Subtotal, Direct and Indirect Costs | | \$258,737,220 |
| Contingency | 5.0% of direct and indirect costs | \$12,936,861 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$41,397,955 |
| Total Costs | | \$313,072,036 |
| Residual Land Value (Net Project Value - Total Costs) | | \$13,611,419 |
| (less) Return on Residual Land Value | 16.0% | (\$2,177,827) |
| Net Residual Land Value | | \$11,433,592 |
| Incremental Development | | |
| | Net Residual Land Value | |
| | 275,000 Base Case | \$3,693,585 |
| Dwelling Units | 275 Upzoning | \$11,433,592 |
| | Increase | \$7,740,007 |
| | 1/3 of Increase | \$2,580,002 |
| | | \$92 per sf land |
| | | \$286 per sf land |
| | | \$28.15 per add'l bldg SF |
| | | \$9.38 per add'l bldg SF |
| | | \$41,501 per DU |
| | | \$31,411 per DU |
| | | \$28,145 per add'l DU |
| | | \$9,382 per add'l DU |

APPENDIX TABLE R.10
Development Case III-4 (HEG Prototype 3b)
BASE ZONING

Intensity Area: KONO - KONO subarea

Generalized Location: KONO, largely east of

| Telegraph | Assumption | Total |
|--|-------------------------------------|---------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.46 acres | 20,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 90' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 6.00 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 225 (not used in calculations) | 194 DU per acre |
| Total Units | 89 units | |
| Total Building Area | 1,169 sq. ft. per unit, calculated | 104,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 69,420 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 13,500 sq. ft. |
| Podium Parking Spaces | | 95 spaces |
| Spaces Excluding Retail | | 80 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$5.82 per net sq. ft. per month | \$4,848,293 |
| (less) Operating Expenses (Residential) | 30.0% of residential revenue | (\$1,454,488) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$193,932) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$34,710) |
| Residential NOI | | \$3,165,163 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$518,400 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$25,920) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$6,750) |
| Retail NOI | | \$485,730 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$134,400 |
| Total NOI | | \$3,785,293 |
| Capitalized Value | 4.50% cap rate | \$84,117,622 |
| (less) Cost of Sale/Marketing | 3.0% | (\$2,523,529) |
| Net Project Value | | \$81,594,093 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$425 per gross sq. ft. | \$44,200,000 |
| Parking Construction Cost | \$60,000 per space | \$5,700,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$200,000 |
| Total Direct Costs | | \$50,100,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,350,000 |
| Architecture and Engineering | 6.0% of direct costs | \$3,006,000 |
| Other Expenses | 3.0% of direct costs | \$1,503,000 |
| General and Administrative | 3.0% of direct costs | \$1,503,000 |
| Property Tax During Construction | 2.0% of direct costs | \$1,002,000 |
| Financing | 5.0% of direct costs | \$2,505,000 |
| Subtotal Indirect Costs excluding Fees | | \$10,869,000 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$1,958,000 |
| Capital Improvements | \$1,250 per unit | \$111,250 |
| Transportation - Residential | \$750 per unit | \$66,750 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$11,250 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$361,920 |
| Other Fees | \$30.00 per gross sq. ft. | \$3,120,000 |
| Subtotal Fees | | \$5,629,170 |
| Total Indirect Costs | | \$16,498,170 |
| Subtotal, Direct and Indirect Costs | | \$66,598,170 |
| Contingency | 5.0% of direct and indirect costs | \$3,329,909 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$9,323,744 |
| Total Costs | | \$79,251,823 |
| Residual Land Value (Net Project Value - Total Costs) | | \$2,342,270 |
| (less) Return on Residual Land Value | 14.0% | (\$327,918) |
| Net Residual Land Value | | \$2,014,352 |

**APPENDIX TABLE R.10
Development Case III-4 (HEG Prototype 3B)
UPZONING**

Intensity Area: KONO - KONO subarea

Generalized Location: KONO, largely east of

| Telegraph | Assumption | Total |
|--|------------------------------------|---------------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.46 acres | 20,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 175' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 10 - 12 (not used in calculations) | |
| Residential Density (min. lot area per unit) | 110 (not used in calculations) | 396 DU per acre |
| Total Units | 182 units | |
| Total Building Area | 1,082 sq. ft. per unit, calculated | 197,000 sq. ft. |
| Net Residential Unit Area | 78% efficiency ratio | 141,960 sq. ft. |
| Average Unit Size (net sq. ft.) | 780 net sq. ft. per unit | |
| Net Retail Area | | 13,500 sq. ft. |
| Podium Parking Spaces | | 152 spaces |
| Spaces Excluding Retail | | 137 spaces |
| REVENUE | | |
| Gross Residential Rental Revenue | \$6.25 per net sq. ft. per month | \$10,647,000 |
| (less) Operating Expenses (Residential) | 27.5% of residential revenue | (\$2,927,925) |
| (less) Vacancy | 4.0% of gross annual revenue | (\$425,880) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$70,980) |
| Residential NOI | | \$7,222,215 |
| Gross Retail Revenue | \$38.40 per net sq. ft. per year | \$518,400 |
| (less) Vacancy | 5.0% of gross annual revenue | (\$25,920) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$6,750) |
| Retail NOI | | \$485,730 |
| Net Parking Revenue (without retail parking) | \$140 per space per month | \$230,160 |
| Total NOI | | \$7,938,105 |
| Capitalized Value | 4.50% cap rate | \$176,402,333 |
| (less) Cost of Sale/Marketing | 3.0% | (\$5,292,070) |
| Net Project Value | | \$171,110,263 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$470 per gross sq. ft. | \$92,590,000 |
| Parking Construction Cost | \$60,000 per space | \$9,120,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$200,000 |
| Total Direct Costs | | \$101,910,000 |
| Indirect Costs | | |
| Tenant Improvements | \$100 per retail sq. ft. | \$1,350,000 |
| Architecture and Engineering | 6.0% of direct costs | \$6,114,600 |
| Other Expenses | 3.0% of direct costs | \$3,057,300 |
| General and Administrative | 3.0% of direct costs | \$3,057,300 |
| Property Tax During Construction | 2.5% of direct costs | \$2,547,750 |
| Financing | 6.0% of direct costs | \$6,114,600 |
| Subtotal Indirect Costs excluding Fees | | \$22,241,550 |
| Fees | | |
| Affordable Housing Fee | \$22,000 per unit | \$4,004,000 |
| Capital Improvements | \$1,250 per unit | \$227,500 |
| Transportation - Residential | \$750 per unit | \$136,500 |
| Transportation - Retail | \$0.75 per retail sq. ft. | \$11,250 |
| School Impact Fee | \$3.48 per gross sq. ft. | \$685,560 |
| Other Fees | \$30.00 per gross sq. ft. | \$5,910,000 |
| Subtotal Fees | | \$10,974,810 |
| Total Indirect Costs | | \$33,216,360 |
| Subtotal, Direct and Indirect Costs | | \$135,126,360 |
| Contingency | 5.0% of direct and indirect costs | \$6,756,318 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$21,620,218 |
| Total Costs | | \$163,502,896 |
| Residual Land Value (Net Project Value - Total Costs) | | \$7,607,367 |
| (less) Return on Residual Land Value | 16.0% | (\$1,217,179) |
| Net Residual Land Value | | \$6,390,188 |
| Incremental Development | | |
| | Net Residual Land Value | |
| | 93,000 Base Case | \$2,014,352 |
| Dwelling Units | 93 Upzoning | \$6,390,188 |
| | Increase | \$4,375,836 |
| | 1/3 of Increase | \$1,458,612 |
| | | \$101 per sf land |
| | | \$320 per sf land |
| | | \$47.05 per add'l bldg SF |
| | | \$15.68 per add'l bldg SF |
| | | \$22,633 per DU |
| | | \$35,111 per DU |
| | | \$47,052 per add'l DU |
| | | \$15,684 per add'l DU |

APPENDIX TABLE A-4: Key Revenue and Cost Inputs for Representative RESIDENTIAL Development Prototypes / Cases

| Residential Density | Intensity Area / Subarea | Residential Rent | | Building Construction Cost | Required Return on Investment |
|--|---------------------------------|--|---|-----------------------------------|--------------------------------------|
| Minimum lot area per unit | | Current rent per net sq. ft. per month | Current rent + 20% as proxy for achieving feasibility | Cost per gross sq. ft. | |
| <u>High Density Development</u> | | | | | |
| 65 | CBD | \$5.45 | \$6.54 | \$475 | 17% |
| 90 | CBD | \$5.38 | \$6.45 | \$472 | 16% |
| 90 | VC | \$5.15 - \$5.21 | \$6.18 - \$6.25 | \$472 | 16% |
| 100 | VC | \$5.17 | \$6.20 | \$470 | 16% |
| 110 | CBD | \$5.25 | \$6.30 | \$470 | 16% |
| 110 | JLW waterfront & nearby | \$5.30 | \$6.36 | \$470 | 16% |
| 110 | JLW Inland | \$5.20 | \$6.24 | \$470 | 16% |
| 110 | KONO | \$5.13 - \$5.21 | \$6.15 - \$6.25 | \$470 | 16% |
| 110 | JLE / VC | \$5.15 | \$6.18 | \$470 | 16% |
| <u>Medium Density Development</u> | | | | | |
| 200 | JLE | \$4.78 | \$5.73 | \$425 | 14% |
| 225 | KONO | \$4.85 | \$5.82 | \$425 | 14% |
| 225 | CBD | \$4.90 | \$5.88 | \$420 | 14% |
| 250 | JLE | \$4.72 | \$5.66 | \$420 | 14% |
| 250 | VC / JLE | \$4.75 | \$5.70 | \$420 | 14% |
| 250 | VC | \$4.75 | \$5.70 | \$420 | 14% |
| <u>Lower Density Development</u> | | | | | |
| 450 | KONO | \$4.55 | \$5.46 | \$390 | 12% |
| 900 | JLW inland | \$4.70 | \$5.65 | \$360 | 12% |
| 1,000 | JLW waterfront & nearby | \$4.80 | \$5.76 | \$360 | 12% |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the residential development prototypes, feasibility was achieved at rent levels approximately 20% higher than current rents.

APPENDIX TABLE A-5: Parking Assumptions for RESIDENTIAL Development Cases

| Intensity Area/Subarea | CBD | 14th Street | KONO /Art + Garage District | Jack London / Victory Court | Jack London |
|--------------------------|------------|-------------|--------------------------------|---------------------------------------|--------------|
| Development Cases | I-1 | I-6 | III-1, III-4 | II-1, II-3, II-5, II-9, II-10B | II-11 |

Parking Ratios - BASE ZONING

| | | | | | |
|----------------------------------|------|-----|-----|-----|-----|
| Residential - per dwelling unit | 0.65 | 0.9 | 0.9 | 1.0 | 1.0 |
| Retail - per 1,000 gross sq. ft. | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |

Parking Ratios - UPZONING

| | | | | | |
|----------------------------------|------|------|------|------|-----|
| Residential - per dwelling unit | 0.65 | 0.65 | 0.75 | 0.85 | 1.0 |
| Retail - per 1,000 gross sq. ft. | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |

Source: City of Oakland and Hausrath Economics Group, May/June 2021

SECTION V

DOCUMENTATION FOR REAL ESTATE ANALYSIS OF OFFICE DEVELOPMENT

DEVELOPMENT FEASIBILITY AND VALUE CAPTURE ANALYSIS DOSP ZONING INCENTIVE PROGRAM

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Appendix Table B-4: Key Revenue and Cost Inputs for Representative OFFICE Development Prototypes / Cases

Appendix Table B-5: Parking Assumptions for Office Development Cases

APPENDIX TABLE B-1: DOSP Zoning Intensity Program

**Summary of Estimated Value Capture for Community Benefits from Higher-Intensity OFFICE DEVELOPMENT
By Development Type, Intensity Increase, and Subarea**

I. Downtown CBD Intensity Areas

| Intensity Type for Office Development | Development Case No. | VALUE CAPTURE for Community Benefits per add'l bldg. sq. ft. | Intensity Combinations | | | Intensity Subarea(s) |
|---|----------------------|---|------------------------|-----------------|---------------------|---|
| | | | Base FAR | ZIP Maximum FAR | Increase in Density | |
| Greater Intensity High-Rise Development | ◆I-1 | \$22 | 20 | 30 | +50% | Lake Merritt Office Broadway City Center |
| | ◆I-2 | \$29 | 20 | 22 | +10% | Broadway City Center 14 th Street West |
| | I-3 | \$22 | 14 | 17 | +21% | City Center 14 th Street West |
| Mid-Rise to High-Rise Development | I-4 | \$22 | 8 | 20 | +150% | 14 th Street East |
| | I-5 | \$22 | 8 | 12 | +67% | 14 th Street East |
| | I-6 | \$15 | 5 | 12 | +140% | 14 th Street West 11 th St. West – City Center |
| Greater Intensity Mid-Rise Development | I-7 | \$18 | 5 | 7.5 | +50% | 14 th Street East |
| | I-8 | \$17 | 2.5 | 7.5 | +200% | 14 th Street East |

APPENDIX TABLE B-1: DOSP Zoning Intensity Program (continued)

**Summary of Estimated Value Capture for Community Benefits from Higher Intensity OFFICE DEVELOPMENT
By Development Type, Intensity Increase, and Subarea**

II. Jack London/Victory Court Intensity Areas

| Intensity Type for Office Development | Development Case No. | VALUE CAPTURE for Community Benefits per add'l bldg. sq. ft. | Intensity Combinations | | | Intensity Subarea(s) |
|--|----------------------|---|------------------------|-------------|---------------------|---|
| | | | Base FAR | Maximum FAR | Increase in Density | |
| Mid-Rise/Low-Rise to High-Rise Development | ◆II-1 | \$14 | 5 | 20 | +300% | Victory Court |
| | II-2 | \$12 | 5 | 17 | +240% | Victory Court |
| | II-3 | \$15 | 2 | 14 | +600% | Jack London West |
| | II-4 | \$12 | 5 | 14 | +180% | Jack London East |
| | II-5 | \$12 | 5 | 14 | +180% | Victory Court |
| | ◆II-6 | \$15 | 7 | 14 | +100% | Jack London West |
| Mid-Rise/Low-Rise to Lower High-Rise Development | ◆II-7 | \$15 | 2 | 12 | +500% | Jack London West |
| | II-8 | \$14 | 2 | 12 | +500% | Jack London East |
| | II-9 | \$17 | 3.5 | 12 | +243% | Jack London West |
| | ◆II-10 | \$13 | 5 | 12 | +140% | Jack London East Victory Court |
| Greater Intensity High-Rise | II-11 | \$12 – 15 | 14 | 17 | +21% | Jack London West Victory Court |
| Greater Intensity Mid-Rise | ◆II-12 | \$12 | 5 | 7.5 | +50% | Jack London East |
| Greater Intensity Mid-Rise – Waterfront | II-13 | \$14 | 2 | 7.5 | +275% | J L East –Embar. Estuary |
| | ◆II-14 | \$17 | 3.5 | 7.5 | +114% | J L West/East – Waterfront |
| | II-15 | \$15 | 5.0 | 7.5 | +50% | J L East – Waterfront |

APPENDIX TABLE B-1: DOSP Zoning Intensity Program (continued)

**Summary of Estimated Value Capture for Community Benefits from Higher Intensity OFFICE DEVELOPMENT
By Development Type, Intensity Increase, and Subarea**

III. KONO/Art & Garage District Intensity Areas

| Intensity Type for Office Development | Development Case No. | VALUE CAPTURE for Community Benefits per add'l bldg. sq. ft. | Intensity Combinations | | | Intensity Subarea(s) |
|--|----------------------|---|------------------------|-------------|---------------------|--|
| | | | Base FAR | Maximum FAR | Increase in Density | |
| Mid-Rise/Low-Rise to Lower High-Rise Development | III-1 | \$9 – 10 | 5.0 | 12 | +140% | KONO / 27 th – 28 th |
| Greater Intensity Mid-Rise Development | III-2 | \$12 – 14/a/ | 2.5 | 7.5 | +200% | KONO / Telegraph and east side |
| | III-3 | \$12 – 14/a/ | 5.0 | 7.5 | +50% | KONO / West of Telegraph |
| Greater Intensity Mid-Rise – Garage District | ◆III-4 | \$18 | 2.5 | 5.0 | +100% | Art + Garage District/KONO |

◆ Indicates this is one of the 10 Representative Development Cases documented in Section V of the Technical Appendix.

/a/ Higher end of range east of Telegraph Ave.; lower end of range west of Telegraph Ave.

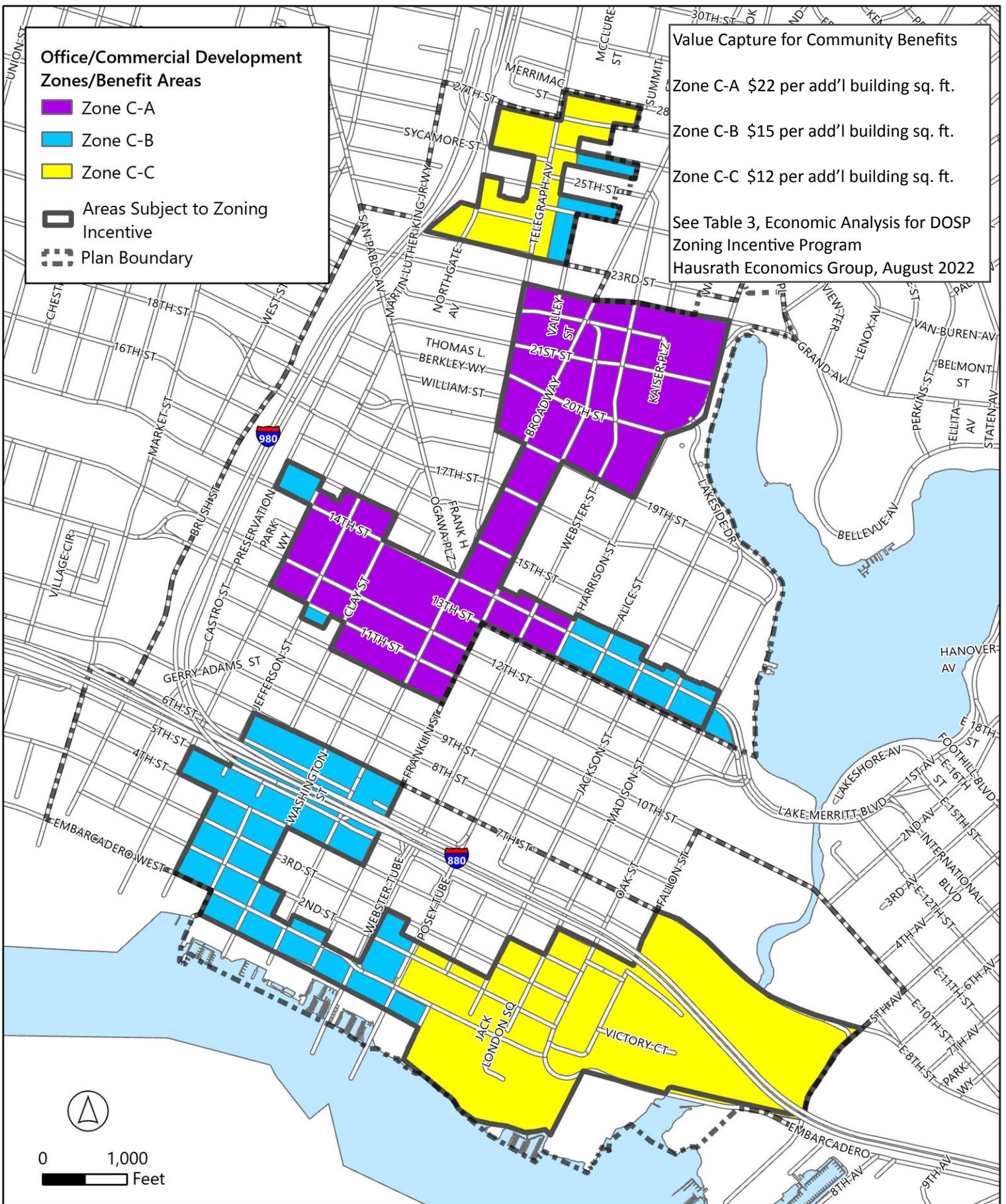


Figure B-2: Zoning Incentive Program Office/Commercial Development Zones/ Benefit Areas

APPENDIX TABLE B-2.1: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Office Development Under BASE ZONING

| Development Case HEG Prototype | I-1 1A | I-2 1B | I-5 10 | II-1 11 | II-6 18 | | | | | |
|---|--|--|--|--|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
| Intensity Area | CBD | CBD | CBD | JLE/VC | JL/VC | | | | | |
| Subarea(s) | Lake Merritt Office, Broadway, City Center | Broadway, City Center, 14th Street West | 14th Street East | Victory Court | Jack London West | | | | | |
| Benefit Area | C-A | C-A | C-A | C-C | C-B | | | | | |
| Development Characteristics | | | | | | | | | | |
| Office Density (Floor Area Ratio, FAR) | 20 | 20 | 8 | 5 | 7 | | | | | |
| Building Type | High-rise | High-rise | Mid-rise | Mid-rise | Mid-rise | | | | | |
| Lot Size | 54,700 | 54,700 | 28,000 | 69,000 | 35,000 | | | | | |
| Total Building Area | 1,094,000 | 1,094,000 | 224,000 | 348,250 | 245,000 | | | | | |
| Office (net floor area) | 962,550 | 962,550 | 190,800 | 304,425 | 211,500 | | | | | |
| Retail (net floor area) | 22,050 | 22,050 | 10,800 | 9,000 | 9,000 | | | | | |
| Parking Spaces (office only) | 535 | 535 | 106 | 339 | 235 | | | | | |
| | Current Rents + 10% for Feasibility /a/ /b/ | | | | | |
| Revenue Factors | | | | | | | | | | |
| Office Rent per net sq. ft. per year | \$75.00 | \$82.50 | \$75.00 | \$82.50 | \$67.00 | \$74.00 | \$62.00 | \$68.20 | \$65.00 | \$71.50 |
| Retail Rent per net sq. ft. per year | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 |
| Parking Revenue per space per month (without retail pkg.) | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 |
| Net Project Value | \$851,349,459 | \$935,257,986 | \$851,349,459 | \$935,257,986 | \$154,556,978 | \$170,431,610 | \$231,575,931 | \$253,682,636 | \$169,551,133 | \$185,780,608 |
| Total Development Cost | \$873,495,715 | \$873,495,715 | \$873,495,715 | \$873,495,715 | \$154,632,840 | \$154,632,840 | \$243,345,470 | \$243,345,470 | \$177,411,600 | \$177,411,600 |
| Residual Land Value (Net Project Value - Total Cost) | (\$22,146,256) | \$61,762,271 | (\$22,146,256) | \$61,762,271 | (\$75,862) | \$15,798,770 | (\$11,769,539) | \$10,337,166 | (\$7,860,467) | \$8,369,008 |
| (less) Return on Residual Land Value | \$0 | (\$13,587,700) | \$0 | (\$13,587,700) | \$0 | (\$2,527,803) | \$0 | (\$1,447,203) | \$0 | (\$1,339,041) |
| Net Residual Land Value /c/ | (\$22,146,256) | \$48,174,571 | (\$22,146,256) | \$48,174,571 | (\$75,862) | \$13,270,967 | (\$11,769,539) | \$8,889,963 | (\$7,860,467) | \$7,029,967 |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents *at the time of this economic analysis in 2021*. Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than *current rents in 2023*, for many of the development cases.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables C.1 - C.10.

/b/ See Appendix Tables C.1 - C.10 for the detailed pro forma real estate analysis under these revenue assumptions.

/c/ Under Base Zoning, one of the development cases supports a small positive residual land value, below that sought for project feasibility.

APPENDIX TABLE B-2.1: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Office Development Under BASE ZONING

| Development Case HEG Prototype | II-7 17 | | II-10 14 | | II-14 13A | | II-12 13B | | III-4 12 | |
|---|--|---------------------|--|----------------------|--|----------------------|--|----------------------|--|---------------------|
| Intensity Area | JL/VC | | JL/VC | | JL/VC | | JL/VC | | KONO | |
| Subarea(s) | Jack London West | | Jack London East / Victory Court | | Jack London West / Jack London East | | Jack London East | | KONO / Art + Garage District | |
| Benefit Area | C-B | | C-C | | C-B | | C-C | | C-B | |
| Development Characteristics | | | | | | | | | | |
| Office Density (Floor Area Ratio, FAR) | 2 | | 5 | | 3.5 | | 5 | | 2.5 | |
| Building Type | Low-rise | | Mid-rise | | Mid-rise | | Mid-rise | | Mid-rise | |
| Lot Size | 60,000 | | 50,000 | | 50,000 | | 50,000 | | 20,000 | |
| Total Building Area | 120,000 | | 250,000 | | 175,000 | | 250,000 | | 50,000 | |
| Office (net floor area) | 94,500 | | 216,900 | | 152,100 | | 214,200 | | 38,700 | |
| Retail (net floor area) | 13,500 | | 8,100 | | 5,400 | | 10,800 | | 6,300 | |
| Parking Spaces (office only) | 105 | | 241 | | 169 | | 238 | | 43 | |
| | Current Rents + 10% for /a/ Feasibility /b/ | | Current Rents + 10% for /a/ Feasibility /b/ | | Current Rents + 10% for /a/ Feasibility /b/ | | Current Rents + 10% for /a/ Feasibility /b/ | | Current Rents + 10% for /a/ Feasibility /b/ | |
| Revenue Factors | | | | | | | | | | |
| Office Rent per net sq. ft. per year | \$60.00 | \$66.00 | \$62.00 | \$68.20 | \$63.00 | \$69.00 | \$62.00 | \$68.20 | \$68.00 | \$74.80 |
| Retail Rent per net sq. ft. per year | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 |
| Parking Revenue per space per month (without retail pkg.) | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 |
| Net Project Value | \$75,204,982 | \$82,409,613 | \$165,840,900 | \$181,679,801 | \$117,894,929 | \$128,638,543 | \$165,213,927 | \$181,001,894 | \$34,743,283 | \$38,088,937 |
| Total Development Cost | \$79,957,750 | \$79,957,750 | \$174,686,250 | \$174,686,250 | \$118,949,300 | \$118,949,300 | \$174,733,900 | \$174,733,900 | \$32,692,050 | \$32,692,050 |
| Residual Land Value (Net Project Value - Total Cost) | (\$4,752,768) | \$2,451,863 | (\$8,845,350) | \$6,993,551 | (\$1,054,371) | \$9,689,243 | (\$9,519,973) | \$6,267,994 | \$2,051,233 | \$5,396,887 |
| (less) Return on Residual Land Value | \$0 | (\$294,224) | \$0 | (\$979,097) | \$0 | (\$1,259,602) | \$0 | (\$877,519) | (\$246,148) | (\$647,626) |
| Net Residual Land Value /c/ | (\$4,752,768) | \$2,157,639 | (\$8,845,350) | \$6,014,454 | (\$1,054,371) | \$8,429,641 | (\$9,519,973) | \$5,390,475 | \$1,805,085 | \$4,749,261 |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents *at the time of this economic analysis in 2021*. Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than *current rents in 2023*, for many of the development cases.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables C.1 - C.10.

/b/ See Appendix Tables C.1 - C.10 for the detailed pro forma real estate analysis under these revenue assumptions.

/c/ Under Base Zoning, one of the development cases supports a small positive residual land value, below that sought for project feasibility.

APPENDIX TABLE B-2.2: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Office Development Under UPZONING

| Development Case HEG Prototype | I-1 1A | I-2 1B | I-5 10 | II-1 11 | II-6 18 | | | | | |
|---|---|--|------------------------------|--|------------------------------|--|------------------------------|--|------------------------------|--|
| Intensity Area | CBD | CBD | CBD | JLE/VC | JL/VC | | | | | |
| Subarea(s) | Lake Merritt Office, Broadway, City Center | Broadway, City Center, 14th Street West | 14th Street East | Victory Court | Jack London West | | | | | |
| Benefit Area | C-A | C-A | C-A | C-C | C-B | | | | | |
| Development Characteristics | | | | | | | | | | |
| Office Density (Floor Area Ratio, FAR) | 30 | 22 | 12 | 20 | 15 | | | | | |
| Building Type | High-rise | High-rise | High-rise | High-rise | High-rise | | | | | |
| Lot Size | 54,700 | 54,700 | 28,000 | 69,000 | 35,000 | | | | | |
| Total Building Area | 1,641,000 | 1,203,400 | 336,000 | 1,393,000 | 490,000 | | | | | |
| Office (net floor area) | 1,454,850 | 1,061,010 | 288,900 | 1,238,850 | 429,750 | | | | | |
| Retail (net floor area) | 22,050 | 22,050 | 13,500 | 14,850 | 11,250 | | | | | |
| Parking Spaces (office only) | 728 | 531 | 161 | 1,102 | 382 | | | | | |
| | Current Rents /a/ | Current Rents + 10% for Feasibility /b/ | Current Rents /a/ | Current Rents + 10% for Feasibility /b/ | Current Rents /a/ | Current Rents + 10% for Feasibility /b/ | Current Rents /a/ | Current Rents + 20% for Feasibility /b/ | Current Rents /a/ | Current Rents + 10% for Feasibility /b/ |
| Revenue Factors | | | | | | | | | | |
| Office Rent per net sq. ft. per year | \$78.00 | \$85.80 | \$75.75 | \$83.33 | \$70.00 | \$77.00 | \$69.00 | \$82.80 | \$68.00 | \$75.00 |
| Retail Rent per net sq. ft. per year | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$38.40 | \$32.00 | \$35.20 |
| Parking Revenue per space per month (without retail pkg.) | \$200 | \$200 | \$200 | \$200 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 |
| Net Project Value | \$1,330,175,533 | \$1,461,414,028 | \$945,785,802 | \$1,039,132,676 | \$242,513,580 | \$266,401,223 | \$1,021,312,718 | \$1,217,296,527 | \$351,942,278 | \$387,015,045 |
| Total Development Cost | \$1,353,437,775 | \$1,353,437,775 | \$965,168,046 | \$965,168,046 | \$241,120,357 | \$241,120,357 | \$1,149,331,528 | \$1,149,331,528 | \$365,174,547 | \$365,174,547 |
| Residual Land Value (Net Project Value - Total Cost) | (\$23,262,242) | \$107,976,253 | (\$19,382,244) | \$73,964,630 | \$1,393,223 | \$25,280,866 | (\$128,018,810) | \$67,964,999 | (\$13,232,269) | \$21,840,498 |
| (less) Return on Residual Land Value | \$0 | (\$23,754,776) | \$0 | (\$16,272,219) | (\$250,780) | (\$4,550,556) | \$0 | (\$14,952,300) | \$0 | (\$3,931,290) |
| Net Residual Land Value /c/ | (\$23,262,242) | \$84,221,477 | (\$19,382,244) | \$57,692,411 | \$1,142,443 | \$20,730,310 | (\$128,018,810) | \$53,012,699 | (\$13,232,269) | \$17,909,208 |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents *at the time of this economic analysis in 2021*. Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than *current rents in 2023*, for many of the development cases.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables C.1 - C.10.

/b/ See Appendix Tables C.1 - C.10 for the detailed pro forma real estate analysis under these revenue assumptions. Note that current rents increase by 20% in order to achieve feasibility under Upzoning for Development Case II-1.

/c/ Under Upzoning, two of the development cases support a small positive residual land value, below that sought for project feasibility.

APPENDIX TABLE B-2.2: Summary Pro Forma Analysis - Current Market Conditions Compared to Feasible Market Conditions - Office Development Under UPZONING

| Development Case HEG Prototype | II-7 17 | II-10 14 | II-14 13A | II-12 13B | III-4 12 | | | | | |
|---|------------------------------|--|-------------------------------------|--|------------------------------|--|-----------------------|----------------------|---------------------|----------------------|
| Intensity Area | JL/VC | JL/VC | JL/VC | JL/VC | KONO | | | | | |
| Subarea(s) | Jack London West | Jack London East / Victory Court | Jack London West / Jack London East | Jack London East | KONO / Art + Garage District | | | | | |
| Benefit Area | C-B | C-C | C-B | C-C | C-B | | | | | |
| Development Characteristics | | | | | | | | | | |
| Office Density (Floor Area Ratio, FAR) | 15 | 15 | 9 | 9 | 5 | | | | | |
| Building Type | High-rise | High-rise | Mid-rise | Mid-rise | Mid-rise | | | | | |
| Lot Size | 60,000 | 50,000 | 50,000 | 50,000 | 20,000 | | | | | |
| Total Building Area | 720,000 | 600,000 | 375,000 | 375,000 | 100,000 | | | | | |
| Office (net floor area) | 625,500 | 529,200 | 323,100 | 323,100 | 77,400 | | | | | |
| Retail (net floor area) | 22,500 | 10,800 | 14,400 | 14,400 | 12,600 | | | | | |
| Parking Spaces (office only) | 556 | 471 | 288 | 288 | 69 | | | | | |
| | Current Rents /a/ | Current Rents + 10% for Feasibility /b/ | Current Rents /a/ | Current Rents + 10% for Feasibility /b/ | Current Rents /a/ | Current Rents + 10% for Feasibility /b/ | | | | |
| Revenue Factors | | | | | | | | | | |
| Office Rent per net sq. ft. per year | \$68.00 | \$75.00 | \$67.00 | \$73.70 | \$66.00 | \$73.15 | \$64.00 | \$70.40 | \$70.00 | \$77.00 |
| Retail Rent per net sq. ft. per year | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 | \$32.00 | \$35.20 |
| Parking Revenue per space per month (without retail pkg.) | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 |
| Net Project Value | \$515,394,862 | \$566,762,958 | \$425,776,385 | \$466,986,113 | \$260,274,633 | \$287,509,270 | \$252,866,831 | \$277,323,529 | \$70,595,542 | \$77,464,306 |
| Total Development Cost | \$531,642,224 | \$531,642,224 | \$442,668,021 | \$442,668,021 | \$265,382,282 | \$265,382,282 | \$265,382,282 | \$265,382,282 | \$68,730,711 | \$68,730,711 |
| Residual Land Value (Net Project Value - Total Cost) | (\$16,247,362) | \$35,120,734 | (\$16,891,636) | \$24,318,092 | (\$5,107,649) | \$22,126,988 | (\$12,515,451) | \$11,941,247 | \$1,864,831 | \$8,733,595 |
| (less) Return on Residual Land Value | \$0 | (\$6,321,732) | \$0 | (\$4,377,257) | \$0 | (\$3,540,318) | \$0 | (\$1,910,600) | (\$261,076) | (\$1,222,703) |
| Net Residual Land Value /c/ | (\$16,247,362) | \$28,799,002 | (\$16,891,636) | \$19,940,835 | (\$5,107,649) | \$18,586,670 | (\$12,515,451) | \$10,030,647 | \$1,603,755 | \$7,510,892 |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents at the time of this economic analysis in 2021. Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than current rents in 2023, for many of the development cases.

/a/ Detailed real estate pro forma analysis was prepared for these current revenue factor assumptions and the conclusions are summarized here. All of the other assumptions in the pro forma analysis for each development case are the same as those detailed in Appendix Tables C.1 - C.10.

/b/ See Appendix Tables C.1 - C.10 for the detailed pro forma real estate analysis under these revenue assumptions. Note that current rents increase by 20% in order to achieve feasibility under Upzoning for Development Case II-1.

/c/ Under Upzoning, two of the development cases support a small positive residual land value, below that sought for project feasibility.

APPENDIX TABLE B-3: Development Program Assumptions for Representative OFFICE Development Prototypes / Cases

| Development Case HEG Prototype | I-1 1A | I-2 1B | I-5 10 | II-1 11 | II-6 18 | II-7 17 | II-10 14 | II-14 13A | II-12 13B | III-4 12 |
|--|--|--|---|--------------------------|--------------------------|------------------------------------|--|---|-----------------------------------|----------------------------------|
| Intensity Area | CBD | CBD | CBD | JLE/VC | JL/VC | JL/VC | JL/VC | JL/VC | JL/VC | KONO |
| Subarea(s) | Lake Merritt Office, Broadway, City Center | Broadway, City Center, 14th St. West | 14th Street East | Victory Court | Jack London West | Jack London West | Jack London East / Victory Court | Jack London West / Jack London East | Jack London East | Art+Garage District / KONO |
| Intensity Type | Greater intensity high-rise | Greater intensity high- rise | Higher mid-rise to lower high- rise | Mid-rise to high-rise | Mid-rise to high-rise | Low-rise to lower high- rise | Mid-rise to lower high-rise | Greater intensity mid- rise | Greater intensity mid- rise | Greater intensity mid-rise |
| Benefit Area | C-A | C-A | C-A | C-C | C-B | C-B | C-C | C-B | C-C | C-B |
| Lot Area (sq. ft., rounded) | 54,700 | 54,700 | 28,000 | 69,000 | 35,000 | 60,000 | 50,000 | 50,000 | 50,000 | 20,000 |
| Acres | 1.26 | 1.26 | 0.64 | 1.58 | 0.80 | 1.38 | 1.15 | 1.15 | 1.15 | 0.46 |
| BASE ZONING | | | | | | | | | | |
| Construction Type | Type I | Type I | Type I | Type III | Type III | Type V/III | Type III | Type III | Type III | Type III |
| Building Height Maximum | no limit | no limit | 175' | 135' | 65' | 45' | 65' | 55' | 65' | 45' |
| Floor Area Ratio (FAR) | 20.0 | 20.0 | 8.0 | 5.0 | 7.0 | 2.0 | 5.0 | 3.5 | 5.0 | 2.5 |
| Total Gross Floor Area (w/o parking) sq. | 1,094,000 | 1,094,000 | 224,000 | 345,000 | 245,000 | 120,000 | 250,000 | 175,000 | 250,000 | 50,000 |
| Office | 1,069,500 | 1,069,500 | 212,000 | 335,000 | 235,000 | 105,000 | 241,000 | 169,000 | 238,000 | 43,000 |
| Retail | 24,500 | 24,500 | 12,000 | 10,000 | 10,000 | 15,000 | 9,000 | 6,000 | 12,000 | 7,000 |
| Office Efficiency Ratio | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| Retail Efficiency Ratio | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| Total Net Floor Area (w/o parking) sq. ft. | 984,600 | 984,600 | 201,600 | 310,500 | 220,500 | 108,000 | 225,000 | 157,500 | 225,000 | 45,000 |
| Office | 962,550 | 962,550 | 190,800 | 301,500 | 211,500 | 94,500 | 216,900 | 152,100 | 214,200 | 38,700 |
| Retail | 22,050 | 22,050 | 10,800 | 9,000 | 9,000 | 13,500 | 8,100 | 5,400 | 10,800 | 6,300 |
| Parking Spaces | 559 | 559 | 118 | 345 | 245 | 120 | 250 | 175 | 250 | 50 |
| UPZONING | | | | | | | | | | |
| Construction Type | Type I | Type I | Type I | Type I | Type I | Type I | Type I | Type I | Type I | Type III |
| Building Height Maximum | no limit | no limit | 175' | 450' | 275' | 175' | 175' | 90' | 90' | 65' |
| Floor Area Ratio (FAR) | 30.0 | 22.0 | 12.0 | 20.0 | 14.0 | 12.0 | 12.0 | 7.5 | 7.5 | 5.0 |
| Total Gross Floor Area (w/o parking) sq. | 1,641,000 | 1,203,400 | 336,000 | 1,380,000 | 490,000 | 720,000 | 600,000 | 375,000 | 375,000 | 100,000 |
| Office | 1,616,500 | 1,178,900 | 321,000 | 1,363,500 | 477,500 | 695,000 | 588,000 | 359,000 | 359,000 | 86,000 |
| Retail | 24,500 | 24,500 | 15,000 | 16,500 | 12,500 | 25,000 | 12,000 | 16,000 | 16,000 | 14,000 |
| Office Efficiency Ratio | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| Retail Efficiency Ratio | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| Total Net Floor Area (w/o parking) sq. ft. | 1,476,900 | 1,083,060 | 302,400 | 1,242,000 | 441,000 | 648,000 | 540,000 | 337,500 | 337,500 | 90,000 |
| Office | 1,454,850 | 1,061,010 | 288,900 | 1,227,150 | 429,750 | 625,500 | 529,200 | 323,100 | 323,100 | 77,400 |
| Retail | 22,050 | 22,050 | 13,500 | 14,850 | 11,250 | 22,500 | 10,800 | 14,400 | 14,400 | 12,600 |
| Parking Spaces | 752 | 555 | 176 | 1,107 | 395 | 581 | 482 | 303 | 303 | 83 |
| Percent Increase in Density | 50% | 10% | 50% | 300% | 100% | 500% | 140% | 114% | 50% | 100% |

APPENDIX TABLE C.1
Development Case I-1 (HEG Prototype 1A)
BASE ZONING

Intensity Area: CBD - Lake Merritt Office, Broadway, City Center subareas

| CBD - Franklin Street, Broadway | Assumption | Total |
|--|--------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.26 acres | 54,700 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | no limit (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 25.00 (not used in calculations) | |
| FAR | 20.00 | |
| 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. |
| Parking Spaces | | 559 spaces |
| Spaces Excluding Retail | | 535 spaces |
| REVENUE | | |
| Office (Full-Service) | \$82.50 per net sq. ft. per year | \$79,410,375 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$776,160 |
| Gross Annual Revenue | | \$80,186,535 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$21,837,853) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$4,009,327) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$492,300) |
| (less) Commissions | 2.5% of gross annual revenue | (\$2,004,663) |
| Net Operating Income | | \$51,842,392 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$1,187,700 |
| Total NOI | | \$53,030,092 |
| Capitalized Value | 5.50% cap rate | \$964,183,491 |
| (less) Cost of Sale/Marketing | 3.0% | (\$28,925,505) |
| Net Project Value | | \$935,257,986 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$405 per gross sq. ft. | \$443,070,000 |
| Parking Construction Cost | \$60,000 per space | \$33,540,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$547,000 |
| Total Direct Costs | | \$477,157,000 |
| 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 | \$28,629,400 |
| Other Expenses | 3.0% of direct costs | \$14,314,700 |
| General and Administrative | 3.0% of direct costs | \$14,314,700 |
| Property Tax During Construction | 2.5% of direct costs | \$11,928,900 |
| Financing | 6.0% of direct costs | \$28,629,400 |
| Subtotal Indirect Costs excluding Fees | | \$172,213,350 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$2,139,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$6,162,550 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$2,139,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$18,375 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$612,640 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$27,350,000 |
| Subtotal Fees | | \$38,421,565 |
| Total Indirect Costs | | \$210,634,915 |
| Subtotal, Direct and Indirect Costs | | \$687,791,915 |
| Contingency | 5.0% of direct and indirect costs | \$34,389,600 |
| Required Return on Investment | 22.0% of direct and indirect costs | \$151,314,200 |
| Total Costs | | \$873,495,715 |
| Residual Land Value (Net Project Value - Total Costs) | | \$61,762,271 |
| (less) Return on Residual Land Value | 22.0% | (\$13,587,700) |
| Net Residual Land Value | | \$48,174,571 |

**APPENDIX TABLE C.1
Development Case I-1 (HEG Prototype 1A)**

UPZONING

Intensity Area: CBD - Lake Merritt Office, Broadway, City Center subareas

CBD - Franklin Street, Broadway

| | Assumption | Total |
|--|--------------------------------------|---------------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.26 acres | 54,700 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | no limit (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 38.00 (not used in calculations) | |
| FAR | 30.00 | |
| 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. |
| Parking Spaces | | 752 spaces |
| Spaces Excluding Retail | | 728 spaces |
| REVENUE | | |
| Office (Full-Service) | \$85.80 per net sq. ft. per year | \$124,826,130 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$776,160 |
| Gross Annual Revenue | | \$125,602,290 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$34,327,186) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$6,280,115) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$738,450) |
| (less) Commissions | 2.5% of gross annual revenue | (\$3,140,057) |
| Net Operating Income | | \$81,116,482 |
| Net Parking Revenue (without retail parking) | \$200 per space per month | \$1,747,200 |
| Total NOI | | \$82,863,682 |
| Capitalized Value | 5.50% cap rate | \$1,506,612,400 |
| (less) Cost of Sale/Marketing | 3.0% | (\$45,198,372) |
| Net Project Value | | \$1,461,414,028 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$420 per gross sq. ft. | \$689,220,000 |
| Parking Construction Cost | \$60,000 per space | \$45,120,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$547,000 |
| Total Direct Costs | | \$734,887,000 |
| 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 | \$44,093,200 |
| Other Expenses | 3.0% of direct costs | \$22,046,600 |
| General and Administrative | 3.0% of direct costs | \$22,046,600 |
| Property Tax During Construction | 3.0% of direct costs | \$22,046,600 |
| Financing | 7.0% of direct costs | \$51,442,100 |
| Subtotal Indirect Costs excluding Fees | | \$272,993,850 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$3,233,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$9,389,850 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$3,233,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$18,375 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$918,960 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$41,025,000 |
| Subtotal Fees | | \$57,818,185 |
| Total Indirect Costs | | \$330,812,035 |
| Subtotal, Direct and Indirect Costs | | \$1,065,699,035 |
| Contingency | 5.0% of direct and indirect costs | \$53,284,952 |
| Required Return on Investment | 22.0% of direct and indirect costs | \$234,453,788 |
| Total Costs | | \$1,353,437,775 |
| Residual Land Value (Net Project Value - Total Costs) | | \$107,976,253 |
| (less) Return on Residual Land Value | 22.0% | (\$23,754,776) |
| Net Residual Land Value | | \$84,221,477 |
| Incremental Development | | |
| Gross Building Area (excl. parking) | 547,000 | |
| Net Residual Land Value | | |
| Base Case | | \$48,174,571 |
| Upzoning | | \$84,221,477 |
| Increase | | \$36,046,906 |
| 1/3 of Increase | | \$12,015,635 |
| | | \$881 per sf land |
| | | \$1,540 per sf land |
| | | \$65.90 per add'l bldg SF |
| | | \$21.97 per add'l bldg SF |

APPENDIX TABLE C.2
Development Case I-2 (HEG Prototype 1B)
BASE ZONING

Intensity Area: CBD - Broadway, City Center, 14th Street West subareas

CBD - Between Telegraph and Broadway;
peripheral City Center

| | Assumption | Total |
|--|--------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.26 acres | 54,700 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | no limit (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 25.00 (not used in calculations) | |
| FAR | | |
| 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. |
| Parking Spaces | | 559 spaces |
| Spaces Excluding Retail | | 535 spaces |
| REVENUE | | |
| Office (Full-Service) | \$82.50 per net sq. ft. per year | \$79,410,375 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$776,160 |
| Gross Annual Revenue | | \$80,186,535 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$21,837,853) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$4,009,327) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$492,300) |
| (less) Commissions | 2.5% of gross annual revenue | (\$2,004,663) |
| Net Operating Income | | \$51,842,392 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$1,187,700 |
| Total NOI | | \$53,030,092 |
| Capitalized Value | 5.50% cap rate | \$964,183,491 |
| (less) Cost of Sale/Marketing | 3.0% | (\$28,925,505) |
| Net Project Value | | \$935,257,986 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$405 per gross sq. ft. | \$443,070,000 |
| Parking Construction Cost | \$60,000 per space | \$33,540,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$547,000 |
| Total Direct Costs | | \$477,157,000 |
| 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 | \$28,629,400 |
| Other Expenses | 3.0% of direct costs | \$14,314,700 |
| General and Administrative | 3.0% of direct costs | \$14,314,700 |
| Property Tax During Construction | 2.5% of direct costs | \$11,928,900 |
| Financing | 6.0% of direct costs | \$28,629,400 |
| Subtotal Indirect Costs excluding Fees | | \$172,213,350 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$2,139,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$6,162,550 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$2,139,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$18,375 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$612,640 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$27,350,000 |
| Subtotal Fees | | \$38,421,565 |
| Total Indirect Costs | | \$210,634,915 |
| Subtotal, Direct and Indirect Costs | | \$687,791,915 |
| Contingency | 5.0% of direct and indirect costs | \$34,389,600 |
| Required Return on Investment | 22.0% of direct and indirect costs | \$151,314,200 |
| Total Costs | | \$873,495,715 |
| Residual Land Value (Net Project Value - Total Costs) | | \$61,762,271 |
| (less) Return on Residual Land Value | 22.0% | (\$13,587,700) |
| Net Residual Land Value | | \$48,174,571 |

**APPENDIX TABLE C.2
Development Case I-2 (HEG Prototype 1B)**

UPZONING

Intensity Area: CBD - Broadway, City Center, 14th Street West subareas

**CBD - Between Telegraph and Broadway;
peripheral City Center**

| | Assumption | Total |
|--|--------------------------------------|---------------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.26 acres | 54,700 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | no limit (not used in calculations) | |
| Building Height Estimated Actual (#of stories) | 38.00 (not used in calculations) | |
| FAR | 22.00 | |
| Gross Building Area (excl. parking) | | 1,203,400 sq. ft. |
| Net Area | 90% efficiency ratio | 1,083,060 sq. ft. |
| Office | | 1,061,010 sq. ft. |
| Retail | | 22,050 sq. ft. |
| Parking Spaces | | 555 spaces |
| Spaces Excluding Retail | | 531 spaces |
| REVENUE | | |
| Office (Full-Service) | \$83.33 per net sq. ft. per year | \$88,413,963 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$776,160 |
| Gross Annual Revenue | | \$89,190,123 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$24,313,840) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$4,459,506) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$541,530) |
| (less) Commissions | 2.5% of gross annual revenue | (\$2,229,753) |
| Net Operating Income | | \$57,645,494 |
| Net Parking Revenue (without retail parking) | \$200 per space per month | \$1,274,400 |
| Total NOI | | \$58,919,894 |
| Capitalized Value | 5.50% cap rate | \$1,071,270,800 |
| (less) Cost of Sale/Marketing | 3.0% | (\$32,138,124) |
| Net Project Value | | \$1,039,132,676 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$405 per gross sq. ft. | \$487,377,000 |
| Parking Construction Cost | \$60,000 per space | \$33,300,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$547,000 |
| Total Direct Costs | | \$521,224,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$79,575,750 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$2,205,000 |
| Architecture and Engineering | 6.0% of direct costs | \$31,273,400 |
| Other Expenses | 3.0% of direct costs | \$15,636,700 |
| General and Administrative | 3.0% of direct costs | \$15,636,700 |
| Property Tax During Construction | 3.0% of direct costs | \$15,636,700 |
| Financing | 7.0% of direct costs | \$36,485,700 |
| Subtotal Indirect Costs excluding Fees | | \$196,449,950 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$2,357,800 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$6,808,010 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$2,357,800 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$18,375 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$673,904 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$30,085,000 |
| Subtotal Fees | | \$42,300,889 |
| Total Indirect Costs | | \$238,750,839 |
| Subtotal, Direct and Indirect Costs | | \$759,974,839 |
| Contingency | 5.0% of direct and indirect costs | \$37,998,742 |
| Required Return on Investment | 22.0% of direct and indirect costs | \$167,194,465 |
| Total Costs | | \$965,168,046 |
| Residual Land Value (Net Project Value - Total Costs) | | \$73,964,630 |
| (less) Return on Residual Land Value | 22.0% | (\$16,272,219) |
| Net Residual Land Value | | \$57,692,411 |
| Incremental Development | | |
| Gross Building Area (excl. parking) | 109,400 | |
| Net Residual Land Value | | |
| | Base Case | \$48,174,571 |
| | Upzoning | \$57,692,411 |
| | Increase | \$9,517,840 |
| | 1/3 of Increase | \$3,172,613 |
| | | \$881 per sf land |
| | | \$1,055 per sf land |
| | | \$87.00 per add'l bldg SF |
| | | \$29.00 per add'l bldg SF |

APPENDIX TABLE C.3
Development Case I-5 (HEG Prototype 10)
BASE ZONING

Intensity Area: CBD - 14th Street East subarea

| 14th Street, east of Franklin Street | Assumption | Total |
|--|--------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.64 acres | 28,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 175' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 11.00 (not used in calculations) | |
| FAR | 8.00 | |
| Gross Building Area (excl. parking) | | 224,000 sq. ft. |
| Net Area | 90% efficiency ratio | 201,600 sq. ft. |
| Office | | 190,800 sq. ft. |
| Retail | | 10,800 sq. ft. |
| Parking Spaces | | 118 spaces |
| Spaces Excluding Retail | | 106 spaces |
| REVENUE | | |
| Office (Full-Service) | \$74.00 per net sq. ft. per year | \$14,119,200 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$380,160 |
| Gross Annual Revenue | | \$14,499,360 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$3,882,780) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$724,968) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$100,800) |
| (less) Commissions | 2.5% of gross annual revenue | (\$362,484) |
| Net Operating Income | | \$9,428,328 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$235,320 |
| Total NOI | | \$9,663,648 |
| Capitalized Value | 5.50% cap rate | \$175,702,691 |
| (less) Cost of Sale/Marketing | 3.0% | (\$5,271,081) |
| Net Project Value | | \$170,431,610 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$360 per gross sq. ft. | \$80,640,000 |
| Parking Construction Cost | \$60,000 per space | \$7,080,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$280,000 |
| Total Direct Costs | | \$88,000,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$14,310,000 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$1,080,000 |
| Architecture and Engineering | 6.0% of direct costs | \$5,280,000 |
| Other Expenses | 3.0% of direct costs | \$2,640,000 |
| General and Administrative | 3.0% of direct costs | \$2,640,000 |
| Property Tax During Construction | 2.0% of direct costs | \$1,760,000 |
| Financing | 5.0% of direct costs | \$4,400,000 |
| Subtotal Indirect Costs excluding Fees | | \$32,110,000 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$424,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$1,103,300 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$424,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$9,000 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$125,440 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$5,600,000 |
| Subtotal Fees | | \$7,685,740 |
| Total Indirect Costs | | \$39,795,740 |
| Subtotal, Direct and Indirect Costs | | \$127,795,740 |
| Contingency | 5.0% of direct and indirect costs | \$6,389,800 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$20,447,300 |
| Total Costs | | \$154,632,840 |
| Residual Land Value (Net Project Value - Total Costs) | | \$15,798,770 |
| (less) Return on Residual Land Value | 16.0% | (\$2,527,803) |
| Net Residual Land Value | | \$13,270,967 |

APPENDIX TABLE C.3
Development Case I-5 (HEG Prototype 10)
UPZONING
Intensity Area: CBD - 14th Street East subarea

14th Street, east of Franklin Street

Assumption

| DEVELOPMENT PROGRAM | | | |
|--|--------------------------------------|--------------------------------|---------------------------|
| Lot Size | 0.64 acres | | 28,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | | |
| Building Height | 175' (not used in calculations) | | |
| Building Height Estimated Actual (# of stories) | 15.00 (not used in calculations) | | |
| FAR | 12.00 | | |
| Gross Building Area (excl. parking) | | | 336,000 sq. ft. |
| Net Area | 90% efficiency ratio | | 302,400 sq. ft. |
| Office | | | 288,900 sq. ft. |
| Retail | | | 13,500 sq. ft. |
| Parking Spaces | | | 176 spaces |
| Spaces Excluding Retail | | | 161 spaces |
| REVENUE | | | |
| Office (Full-Service) | \$77.00 per net sq. ft. per year | | \$22,245,300 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | | \$475,200 |
| Gross Annual Revenue | | | \$22,720,500 |
| (less) Operating Expenses | 27.5% of office full-service revenue | | (\$6,117,458) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | | (\$1,136,025) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | | (\$151,200) |
| (less) Commissions | 2.5% of gross annual revenue | | (\$568,013) |
| Net Operating Income | | | \$14,747,804 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | | \$357,420 |
| Total NOI | | | \$15,105,224 |
| Capitalized Value | 5.50% cap rate | | \$274,640,436 |
| (less) Cost of Sale/Marketing | 3.0% | | (\$8,239,213) |
| Net Project Value | | | \$266,401,223 |
| DEVELOPMENT COST | | | |
| Direct Costs | | | |
| Building Construction Cost | \$368 per gross sq. ft. | | \$123,648,000 |
| Parking Construction Cost | \$60,000 per space | | \$10,560,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | | \$280,000 |
| Total Direct Costs | | | \$134,488,000 |
| Indirect Costs | | | |
| Tenant Improvements (office) | \$75 per sq. ft. | | \$21,667,500 |
| Tenant Improvements (retail) | \$100 per sq. ft. | | \$1,350,000 |
| Architecture and Engineering | 6.0% of direct costs | | \$8,069,300 |
| Other Expenses | 3.0% of direct costs | | \$4,034,600 |
| General and Administrative | 3.0% of direct costs | | \$4,034,600 |
| Property Tax During Construction | 2.5% of direct costs | | \$3,362,200 |
| Financing | 5.5% of direct costs | | \$7,396,800 |
| Subtotal Indirect Costs excluding Fees | | | \$49,915,000 |
| Fees | | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | | \$642,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | | \$1,746,400 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | | \$642,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | | \$11,250 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | | \$188,160 |
| Other Fees | \$25.00 avg. per gross sq. ft. | | \$8,400,000 |
| Subtotal Fees | | | \$11,629,810 |
| Total Indirect Costs | | | \$61,544,810 |
| Subtotal, Direct and Indirect Costs | | | \$196,032,810 |
| Contingency | 5.0% of direct and indirect costs | | \$9,801,641 |
| Required Return on Investment | 18.0% of direct and indirect costs | | \$35,285,906 |
| Total Costs | | | \$241,120,357 |
| Residual Land Value (Net Project Value - Total Costs) | | | \$25,280,866 |
| (less) Return on Residual Land Value | 18.0% | | (\$4,550,556) |
| Net Residual Land Value | | | \$20,730,310 |
| Incremental Development | | Net Residual Land Value | |
| Gross Building Area (excl. parking) | 112,000 | Base Case | \$13,270,967 |
| | | Upzoning | \$20,730,310 |
| | | Increase | \$7,459,343 |
| | | 1/3 of Increase | \$2,486,448 |
| | | | \$474 per sf land |
| | | | \$740 per sf land |
| | | | \$66.60 per add'l bldg SF |
| | | | \$22.20 per add'l bldg SF |

APPENDIX TABLE C.4
Development Case II-1 (HEG Prototype 11)
BASE ZONING

Intensity Area: JL / VC - Victory Court subarea

| Vicinity of Fallon Street, south of freeway | Assumption | Total |
|--|--------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.58 acres | 69,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 65' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 7.00 (not used in calculations) | |
| FAR | 5.00 | |
| Gross Building Area (excl. parking) | | 345,000 sq. ft. |
| Net Area | 90% efficiency ratio | 310,500 sq. ft. |
| Office | | 301,500 sq. ft. |
| Retail | | 9,000 sq. ft. |
| Parking Spaces | | 345 spaces |
| Spaces Excluding Retail | | 335 spaces |
| REVENUE | | |
| Office (Full-Service) | \$68.20 per net sq. ft. per year | \$20,562,300 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$316,800 |
| Gross Annual Revenue | | \$20,879,100 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$5,654,633) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$1,043,955) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$155,250) |
| (less) Commissions | 2.5% of gross annual revenue | (\$521,978) |
| Net Operating Income | | \$13,503,284 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$743,700 |
| Total NOI | | \$14,246,984 |
| Capitalized Value | 5.50% cap rate | \$259,036,073 |
| (less) Cost of Sale/Marketing | 3.0% | (\$7,771,082) |
| Net Project Value | | \$251,264,991 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$345 per gross sq. ft. | \$119,025,000 |
| Parking Construction Cost | \$60,000 per space | \$20,700,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$690,000 |
| Total Direct Costs | | \$140,415,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$22,612,500 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$900,000 |
| Architecture and Engineering | 6.0% of direct costs | \$8,424,900 |
| Other Expenses | 3.0% of direct costs | \$4,212,500 |
| General and Administrative | 3.0% of direct costs | \$4,212,500 |
| Property Tax During Construction | 2.0% of direct costs | \$2,808,300 |
| Financing | 5.0% of direct costs | \$7,020,800 |
| Subtotal Indirect Costs excluding Fees | | \$50,191,500 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$670,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$1,829,000 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$670,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$7,500 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$193,200 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$8,625,000 |
| Subtotal Fees | | \$11,994,700 |
| Total Indirect Costs | | \$62,186,200 |
| Subtotal, Direct and Indirect Costs | | \$202,601,200 |
| Contingency | 5.0% of direct and indirect costs | \$10,130,100 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$28,364,200 |
| Total Costs | | \$241,095,500 |
| Residual Land Value (Net Project Value - Total Costs) | | \$10,169,491 |
| (less) Return on Residual Land Value | 14.0% | (\$1,423,729) |
| Net Residual Land Value | | \$8,745,762 |

APPENDIX TABLE C.4
Development Case II-1 (HEG Prototype 11)
UPZONING
Intensity Area: JL / VC - Victory Court subarea

| Vicinity of Fallon Street, south of freeway | Assumption | Total |
|--|--------------------------------------|---------------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.58 acres | 69,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 450' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 25.00 (not used in calculations) | |
| FAR | 20.00 | |
| Gross Building Area (excl. parking) | | 1,380,000 sq. ft. |
| Net Area | 90% efficiency ratio | 1,242,000 sq. ft. |
| Office | | 1,227,150 sq. ft. |
| Retail | | 14,850 sq. ft. |
| Parking Spaces | | 1,107 spaces |
| Spaces Excluding Retail | | 1,091 spaces |
| REVENUE | | |
| Office (Full-Service) | \$82.80 per net sq. ft. per year | \$101,608,020 |
| Retail (NNN) | \$38.40 per net sq. ft. per year | \$570,240 |
| Gross Annual Revenue | | \$102,178,260 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$27,942,206) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$5,108,913) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$621,000) |
| (less) Commissions | 2.5% of gross annual revenue | (\$2,554,457) |
| Net Operating Income | | \$65,951,684 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$2,422,020 |
| Total NOI | | \$68,373,704 |
| Capitalized Value | 5.50% cap rate | \$1,243,158,255 |
| (less) Cost of Sale/Marketing | 3.0% | (\$37,294,748) |
| Net Project Value | | \$1,205,863,507 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$405 per gross sq. ft. | \$558,900,000 |
| Parking Construction Cost | \$60,000 per space | \$66,420,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$690,000 |
| Total Direct Costs | | \$626,010,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$92,036,250 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$1,485,000 |
| Architecture and Engineering | 6.0% of direct costs | \$37,560,600 |
| Other Expenses | 3.0% of direct costs | \$18,780,300 |
| General and Administrative | 3.0% of direct costs | \$18,780,300 |
| Property Tax During Construction | 2.5% of direct costs | \$15,650,300 |
| Financing | 6.0% of direct costs | \$37,560,600 |
| Subtotal Indirect Costs excluding Fees | | \$221,853,350 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$2,727,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$7,897,150 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$2,727,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$12,375 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$772,800 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$34,500,000 |
| Subtotal Fees | | \$48,636,325 |
| Total Indirect Costs | | \$270,489,675 |
| Subtotal, Direct and Indirect Costs | | \$896,499,675 |
| Contingency | 5.0% of direct and indirect costs | \$44,824,984 |
| Required Return on Investment | 22.0% of direct and indirect costs | \$197,229,929 |
| Total Costs | | \$1,138,554,588 |
| Residual Land Value (Net Project Value - Total Costs) | | \$67,308,919 |
| (less) Return on Residual Land Value | 22.0% | (\$14,807,962) |
| Net Residual Land Value | | \$52,500,957 |
| Incremental Development | | |
| Gross Building Area (excl. parking) | 1,035,000 | |
| Net Residual Land Value | | |
| | Base Case | \$8,745,762 |
| | Upzoning | \$52,500,957 |
| | Increase | \$43,755,195 |
| | 1/3 of Increase | \$14,585,065 |
| | | \$127 per sf land |
| | | \$761 per sf land |
| | | \$42.28 per add'l bldg SF |
| | | \$14.09 per add'l bldg SF |

APPENDIX TABLE C.5
Development Case II-6 (HEG Prototype 18)
BASE ZONING

Intensity Area: JL / VC - Jack London West subarea

5th to 4th Street Blocks, east and west of

| Broadway | Assumption | Total |
|--|--------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.80 acres | 35,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 65' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 7.00 (not used in calculations) | |
| FAR | 7.00 | |
| Gross Building Area (excl. parking) | | 245,000 sq. ft. |
| Net Area | 90% efficiency ratio | 220,500 sq. ft. |
| Office | | 211,500 sq. ft. |
| Retail | | 9,000 sq. ft. |
| Parking Spaces | | 245 spaces |
| Spaces Excluding Retail | | 235 spaces |
| REVENUE | | |
| Office (Full-Service) | \$71.50 per net sq. ft. per year | \$15,122,250 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$316,800 |
| Gross Annual Revenue | | \$15,439,050 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$4,158,619) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$771,953) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$110,250) |
| (less) Commissions | 2.5% of gross annual revenue | (\$385,976) |
| Net Operating Income | | \$10,012,252 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$521,700 |
| Total NOI | | \$10,533,952 |
| Capitalized Value | 5.50% cap rate | \$191,526,400 |
| (less) Cost of Sale/Marketing | 3.0% | (\$5,745,792) |
| Net Project Value | | \$185,780,608 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$355 per gross sq. ft. | \$86,975,000 |
| Parking Construction Cost | \$60,000 per space | \$14,700,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$350,000 |
| Total Direct Costs | | \$102,025,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$15,862,500 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$900,000 |
| Architecture and Engineering | 6.0% of direct costs | \$6,121,500 |
| Other Expenses | 3.0% of direct costs | \$3,060,800 |
| General and Administrative | 3.0% of direct costs | \$3,060,800 |
| Property Tax During Construction | 2.0% of direct costs | \$2,040,500 |
| Financing | 5.0% of direct costs | \$5,101,300 |
| Subtotal Indirect Costs excluding Fees | | \$36,147,400 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$470,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$1,239,000 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$470,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$7,500 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$137,200 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$6,125,000 |
| Subtotal Fees | | \$8,448,700 |
| Total Indirect Costs | | \$44,596,100 |
| Subtotal, Direct and Indirect Costs | | \$146,621,100 |
| Contingency | 5.0% of direct and indirect costs | \$7,331,100 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$23,459,400 |
| Total Costs | | \$177,411,600 |
| Residual Land Value (Net Project Value - Total Costs) | | \$8,369,008 |
| (less) Return on Residual Land Value | 16.0% | (\$1,339,041) |
| Net Residual Land Value | | \$7,029,967 |

APPENDIX TABLE C.5
Development Case II-6 (HEG Prototype 18)
UPZONING
Intensity Area: JL / VC - Jack London West subarea

5th to 4th Street Blocks, east and west of

| Broadway | Assumption | Total |
|--|--------------------------------------|--|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.80 acres | 35,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 275' (not used in calculations) | |
| Building Height Estimated Actual (#of stories) | 15.00 (not used in calculations) | |
| FAR | 14.00 | |
| Gross Building Area (excl. parking) | | 490,000 sq. ft. |
| Net Area | 90% efficiency ratio | 441,000 sq. ft. |
| Office | | 429,750 sq. ft. |
| Retail | | 11,250 sq. ft. |
| Parking Spaces | | 395 spaces |
| Spaces Excluding Retail | | 382 spaces |
| REVENUE | | |
| Office (Full-Service) | \$75.00 per net sq. ft. per year | \$32,231,250 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$396,000 |
| Gross Annual Revenue | | \$32,627,250 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$8,863,594) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$1,631,363) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$220,500) |
| (less) Commissions | 2.5% of gross annual revenue | (\$815,681) |
| Net Operating Income | | \$21,096,112 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$848,040 |
| Total NOI | | \$21,944,152 |
| Capitalized Value | 5.50% cap rate | \$398,984,582 |
| (less) Cost of Sale/Marketing | 3.0% | (\$11,969,537) |
| Net Project Value | | \$387,015,045 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$370 per gross sq. ft. | \$181,300,000 |
| Parking Construction Cost | \$60,000 per space | \$23,700,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$350,000 |
| Total Direct Costs | | \$205,350,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$32,231,250 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$1,125,000 |
| Architecture and Engineering | 6.0% of direct costs | \$12,321,000 |
| Other Expenses | 3.0% of direct costs | \$6,160,500 |
| General and Administrative | 3.0% of direct costs | \$6,160,500 |
| Property Tax During Construction | 2.5% of direct costs | \$5,133,800 |
| Financing | 5.5% of direct costs | \$11,294,300 |
| Subtotal Indirect Costs excluding Fees | | \$74,426,350 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$955,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$2,669,750 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$955,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$9,375 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$274,400 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$12,250,000 |
| Subtotal Fees | | \$17,113,525 |
| Total Indirect Costs | | \$91,539,875 |
| Subtotal, Direct and Indirect Costs | | \$296,889,875 |
| Contingency | 5.0% of direct and indirect costs | \$14,844,494 |
| Required Return on Investment | 18.0% of direct and indirect costs | \$53,440,178 |
| Total Costs | | \$365,174,547 |
| Residual Land Value (Net Project Value - Total Costs) | | \$21,840,498 |
| (less) Return on Residual Land Value | 18.0% | (\$3,931,290) |
| Net Residual Land Value | | \$17,909,208 |
| Incremental Development | | |
| Gross Building Area (excl. parking) | 245,000 | Net Residual Land Value |
| | Base Case | \$7,029,967 \$201 per sf land |
| | Upzoning | \$17,909,208 \$512 per sf land |
| | Increase | \$10,879,241 \$44.41 per add'l bldg SF |
| | 1/3 of Increase | \$3,626,414 \$14.80 per add'l bldg SF |

APPENDIX TABLE C.6
Development Case II-7 (HEG Prototype 17)
BASE ZONING

Intensity Area: JL / VC - Jack London West subarea

**4th Street to Embarcadero; Washington, Clay,
and Jefferson Streets**

| | Assumption | Total |
|--|---------------------------------------|---------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,000 sq. ft. |
| Construction Type | Type V/III (not used in calculations) | |
| Building Height | 45' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 3.00 (not used in calculations) | |
| FAR | 2.00 | |
| Gross Building Area (excl. parking) | | 120,000 sq. ft. |
| Net Area | 90% efficiency ratio | 108,000 sq. ft. |
| Office | | 94,500 sq. ft. |
| Retail | | 13,500 sq. ft. |
| Parking Spaces | | 120 spaces |
| Spaces Excluding Retail | | 105 spaces |
| REVENUE | | |
| Office (Full-Service) | \$66.00 per net sq. ft. per year | \$6,237,000 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$475,200 |
| Gross Annual Revenue | | \$6,712,200 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$1,715,175) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$335,610) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$54,000) |
| (less) Commissions | 2.5% of gross annual revenue | (\$167,805) |
| Net Operating Income | | \$4,439,610 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$233,100 |
| Total NOI | | \$4,672,710 |
| Capitalized Value | 5.50% cap rate | \$84,958,364 |
| (less) Cost of Sale/Marketing | 3.0% | (\$2,548,751) |
| Net Project Value | | \$82,409,613 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$330 per gross sq. ft. | \$39,600,000 |
| Parking Construction Cost | \$60,000 per space | \$7,200,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,000 |
| Total Direct Costs | | \$47,400,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$7,087,500 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$1,350,000 |
| Architecture and Engineering | 6.0% of direct costs | \$2,844,000 |
| Other Expenses | 3.0% of direct costs | \$1,422,000 |
| General and Administrative | 3.0% of direct costs | \$1,422,000 |
| Property Tax During Construction | 2.0% of direct costs | \$948,000 |
| Financing | 4.0% of direct costs | \$1,896,000 |
| Subtotal Indirect Costs excluding Fees | | \$16,969,500 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$210,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$472,000 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$210,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$11,250 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$67,200 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$3,000,000 |
| Subtotal Fees | | \$3,970,450 |
| Total Indirect Costs | | \$20,939,950 |
| Subtotal, Direct and Indirect Costs | | \$68,339,950 |
| Contingency | 5.0% of direct and indirect costs | \$3,417,000 |
| Required Return on Investment | 12.0% of direct and indirect costs | \$8,200,800 |
| Total Costs | | \$79,957,750 |
| Residual Land Value (Net Project Value - Total Costs) | | \$2,451,863 |
| (less) Return on Residual Land Value | 12.0% | (\$294,224) |
| Net Residual Land Value | | \$2,157,639 |

**APPENDIX TABLE C.6
Development Case II-7 (HEG Prototype 17)**

UPZONING

Intensity Area: JL / VC - Jack London West subarea

**4th Street to Embarcadero; Washington, Clay,
and Jefferson Streets**

| | Assumption | Total |
|--|--------------------------------------|---|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.38 acres | 60,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 175' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 15.00 (not used in calculations) | |
| FAR | 12.00 | |
| Gross Building Area (excl. parking) | | 720,000 sq. ft. |
| Net Area | 90% efficiency ratio | 648,000 sq. ft. |
| Office | | 625,500 sq. ft. |
| Retail | | 22,500 sq. ft. |
| Parking Spaces | | 581 spaces |
| Spaces Excluding Retail | | 556 spaces |
| REVENUE | | |
| Office (Full-Service) | \$75.00 per net sq. ft. per year | \$46,912,500 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$792,000 |
| Gross Annual Revenue | | \$47,704,500 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$12,900,938) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$2,385,225) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$324,000) |
| (less) Commissions | 2.5% of gross annual revenue | (\$1,192,613) |
| Net Operating Income | | \$30,901,724 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$1,234,320 |
| Total NOI | | \$32,136,044 |
| Capitalized Value | 5.50% cap rate | \$584,291,709 |
| (less) Cost of Sale/Marketing | 3.0% | (\$17,528,751) |
| Net Project Value | | \$566,762,958 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$365 per gross sq. ft. | \$262,800,000 |
| Parking Construction Cost | \$60,000 per space | \$34,860,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$600,000 |
| Total Direct Costs | | \$298,260,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$46,912,500 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$2,250,000 |
| Architecture and Engineering | 6.0% of direct costs | \$17,895,600 |
| Other Expenses | 3.0% of direct costs | \$8,947,800 |
| General and Administrative | 3.0% of direct costs | \$8,947,800 |
| Property Tax During Construction | 2.5% of direct costs | \$7,456,500 |
| Financing | 5.5% of direct costs | \$16,404,300 |
| Subtotal Indirect Costs excluding Fees | | \$108,814,500 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$1,390,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$3,953,000 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$1,390,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$18,750 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$403,200 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$18,000,000 |
| Subtotal Fees | | \$25,154,950 |
| Total Indirect Costs | | \$133,969,450 |
| Subtotal, Direct and Indirect Costs | | \$432,229,450 |
| Contingency | 5.0% of direct and indirect costs | \$21,611,473 |
| Required Return on Investment | 18.0% of direct and indirect costs | \$77,801,301 |
| Total Costs | | \$531,642,224 |
| Residual Land Value (Net Project Value - Total Costs) | | \$35,120,734 |
| (less) Return on Residual Land Value | 18.0% | (\$6,321,732) |
| Net Residual Land Value | | \$28,799,002 |
| Incremental Development | | Net Residual Land Value |
| Gross Building Area (excl. parking) | 600,000 | Base Case \$2,157,639 \$36 per sf land |
| | | Upzoning \$28,799,002 \$480 per sf land |
| | | Increase \$26,641,363 \$44.40 per add'l bldg SF |
| | | 1/3 of Increase \$8,880,454 \$14.80 per add'l bldg SF |

APPENDIX TABLE C.7
Development Case II-10 (HEG Prototype 14)
BASE ZONING

Intensity Area: JL / VC - Jack London East and Victory Court subareas

5th Street to Embarcadero; Madison and Oak

| Streets | Assumption | Total |
|--|--------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.15 acres | 50,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 65' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 7.00 (not used in calculations) | |
| FAR | 5.00 | |
| Gross Building Area (excl. parking) | | 250,000 sq. ft. |
| Net Area | 90% efficiency ratio | 225,000 sq. ft. |
| Office | | 216,900 sq. ft. |
| Retail | | 8,100 sq. ft. |
| Parking Spaces | | 250 spaces |
| Spaces Excluding Retail | | 241 spaces |
| REVENUE | | |
| Office (Full-Service) | \$68.20 per net sq. ft. per year | \$14,792,580 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$285,120 |
| Gross Annual Revenue | | \$15,077,700 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$4,067,960) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$753,885) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$112,500) |
| (less) Commissions | 2.5% of gross annual revenue | (\$376,943) |
| Net Operating Income | | \$9,766,412 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$535,020 |
| Total NOI | | \$10,301,432 |
| Capitalized Value | 5.50% cap rate | \$187,298,764 |
| (less) Cost of Sale/Marketing | 3.0% | (\$5,618,963) |
| Net Project Value | | \$181,679,801 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$345 per gross sq. ft. | \$86,250,000 |
| Parking Construction Cost | \$60,000 per space | \$15,000,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$500,000 |
| Total Direct Costs | | \$101,750,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$16,267,500 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$810,000 |
| Architecture and Engineering | 6.0% of direct costs | \$6,105,000 |
| Other Expenses | 3.0% of direct costs | \$3,052,500 |
| General and Administrative | 3.0% of direct costs | \$3,052,500 |
| Property Tax During Construction | 2.0% of direct costs | \$2,035,000 |
| Financing | 5.0% of direct costs | \$5,087,500 |
| Subtotal Indirect Costs excluding Fees | | \$36,410,000 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$482,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$1,274,400 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$482,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$6,750 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$140,000 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$6,250,000 |
| Subtotal Fees | | \$8,635,150 |
| Total Indirect Costs | | \$45,045,150 |
| Subtotal, Direct and Indirect Costs | | \$146,795,150 |
| Contingency | 5.0% of direct and indirect costs | \$7,339,800 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$20,551,300 |
| Total Costs | | \$174,686,250 |
| Residual Land Value (Net Project Value - Total Costs) | | \$6,993,551 |
| (less) Return on Residual Land Value | 14.0% | (\$979,097) |
| Net Residual Land Value | | \$6,014,454 |

**APPENDIX TABLE C.7
Development Case II-10 (HEG Prototype 14)**

UPZONING

Intensity Area: JL / VC - Jack London East and Victory Court subareas

5th Street to Embarcadero; Madison and Oak

| Streets | Assumption | Total |
|--|--------------------------------------|--------------------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.15 acres | 50,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 175' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 15.00 (not used in calculations) | |
| FAR | 12.00 | |
| Gross Building Area (excl. parking) | | 600,000 sq. ft. |
| Net Area | 90% efficiency ratio | 540,000 sq. ft. |
| Office | | 529,200 sq. ft. |
| Retail | | 10,800 sq. ft. |
| Parking Spaces | | 482 spaces |
| Spaces Excluding Retail | | 471 spaces |
| REVENUE | | |
| Office (Full-Service) | \$73.70 | 82.5 \$39,002,040 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$380,160 |
| Gross Annual Revenue | | \$39,382,200 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$10,725,561) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$1,969,110) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$270,000) |
| (less) Commissions | 2.5% of gross annual revenue | (\$984,555) |
| Net Operating Income | | \$25,432,974 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$1,045,620 |
| Total NOI | | \$26,478,594 |
| Capitalized Value | 5.50% cap rate | \$481,428,982 |
| (less) Cost of Sale/Marketing | 3.0% | (\$14,442,869) |
| Net Project Value | | \$466,986,113 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$365 per gross sq. ft. | \$219,000,000 |
| Parking Construction Cost | \$60,000 per space | \$28,920,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$500,000 |
| Total Direct Costs | | \$248,420,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$39,690,000 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$1,080,000 |
| Architecture and Engineering | 6.0% of direct costs | \$14,905,200 |
| Other Expenses | 3.0% of direct costs | \$7,452,600 |
| General and Administrative | 3.0% of direct costs | \$7,452,600 |
| Property Tax During Construction | 2.5% of direct costs | \$6,210,500 |
| Financing | 5.5% of direct costs | \$13,663,100 |
| Subtotal Indirect Costs excluding Fees | | \$90,454,000 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$1,176,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$3,321,700 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$1,176,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$9,000 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$336,000 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$15,000,000 |
| Subtotal Fees | | \$21,018,700 |
| Total Indirect Costs | | \$111,472,700 |
| Subtotal, Direct and Indirect Costs | | \$359,892,700 |
| Contingency | 5.0% of direct and indirect costs | \$17,994,635 |
| Required Return on Investment | 18.0% of direct and indirect costs | \$64,780,686 |
| Total Costs | | \$442,668,021 |
| Residual Land Value (Net Project Value - Total Costs) | | \$24,318,092 |
| (less) Return on Residual Land Value | 18.0% | (\$4,377,257) |
| Net Residual Land Value | | \$19,940,835 |
| Incremental Development | | |
| Gross Building Area (excl. parking) | 350,000 | Net Residual Land Value |
| | | Base Case |
| | | Upzoning |
| | | Increase |
| | | \$6,014,454 |
| | | \$19,940,835 |
| | | \$13,926,381 |
| | | \$4,642,127 |
| | | \$120 per sf land |
| | | \$399 per sf land |
| | | \$39.79 per add'l bldg SF |
| | | \$13.26 per add'l bldg SF |

APPENDIX TABLE C.8
Development Case II-14 (HEG Prototype 13A)
BASE ZONING

Intensity Area: JL / VC - Jack London West and Jack London East subareas

Along Embarcadero, between Washington and Harrison Streets

| | Assumption | Total |
|--|--------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.15 acres | 50,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 65' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 7.00 (not used in calculations) | |
| FAR | 3.50 | |
| Gross Building Area (excl. parking) | | 175,000 sq. ft. |
| Net Area | 90% efficiency ratio | 157,500 sq. ft. |
| Office | | 152,100 sq. ft. |
| Retail | | 5,400 sq. ft. |
| Parking Spaces | | 175 spaces |
| Spaces Excluding Retail | | 169 spaces |
| REVENUE | | |
| Office (Full-Service) | \$69.00 per net sq. ft. per year | \$10,494,900 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$190,080 |
| Gross Annual Revenue | | \$10,684,980 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$2,886,098) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$534,249) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$78,750) |
| (less) Commissions | 2.5% of gross annual revenue | (\$267,125) |
| Net Operating Income | | \$6,918,758 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$375,180 |
| Total NOI | | \$7,293,938 |
| Capitalized Value | 5.50% cap rate | \$132,617,055 |
| (less) Cost of Sale/Marketing | 3.0% | (\$3,978,512) |
| Net Project Value | | \$128,638,543 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$335 per gross sq. ft. | \$58,625,000 |
| Parking Construction Cost | \$60,000 per space | \$10,500,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$500,000 |
| Total Direct Costs | | \$69,625,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$11,407,500 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$540,000 |
| Architecture and Engineering | 6.0% of direct costs | \$4,177,500 |
| Other Expenses | 3.0% of direct costs | \$2,088,800 |
| General and Administrative | 3.0% of direct costs | \$2,088,800 |
| Property Tax During Construction | 2.0% of direct costs | \$1,392,500 |
| Financing | 5.0% of direct costs | \$3,481,300 |
| Subtotal Indirect Costs excluding Fees | | \$25,176,400 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$338,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$849,600 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$338,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$4,500 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$98,000 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$4,375,000 |
| Subtotal Fees | | \$6,003,100 |
| Total Indirect Costs | | \$31,179,500 |
| Subtotal, Direct and Indirect Costs | | \$100,804,500 |
| Contingency | 5.0% of direct and indirect costs | \$5,040,200 |
| Required Return on Investment | 13.0% of direct and indirect costs | \$13,104,600 |
| Total Costs | | \$118,949,300 |
| Residual Land Value (Net Project Value - Total Costs) | | \$9,689,243 |
| (less) Return on Residual Land Value | 13.0% | (\$1,259,602) |
| Net Residual Land Value | | \$8,429,641 |

**APPENDIX TABLE C.8
Development Case II-14 (HEG Prototype 13A)**

UPZONING

Intensity Area: JL / VC - Jack London West and Jack London East subareas

Along Embarcadero, between Washington and Harrison Streets

| | Assumption | Total |
|--|--------------------------------------|---|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.15 acres | 50,000 sq. ft. |
| Construction Type | Type I (not used in calculations) | |
| Building Height | 85' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 9.00 (not used in calculations) | |
| FAR | 7.50 | |
| Gross Building Area (excl. parking) | | 375,000 sq. ft. |
| Net Area | 90% efficiency ratio | 337,500 sq. ft. |
| Office | | 323,100 sq. ft. |
| Retail | | 14,400 sq. ft. |
| Parking Spaces | | 303 spaces |
| Spaces Excluding Retail | | 288 spaces |
| REVENUE | | |
| Office (Full-Service) | \$73.15 per net sq. ft. per year | \$23,634,765 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$506,880 |
| Gross Annual Revenue | | \$24,141,645 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$6,499,560) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$1,207,082) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$168,750) |
| (less) Commissions | 2.5% of gross annual revenue | (\$603,541) |
| Net Operating Income | | \$15,662,712 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$639,360 |
| Total NOI | | \$16,302,072 |
| Capitalized Value | 5.50% cap rate | \$296,401,309 |
| (less) Cost of Sale/Marketing | 3.0% | (\$8,892,039) |
| Net Project Value | | \$287,509,270 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$355 per gross sq. ft. | \$133,125,000 |
| Parking Construction Cost | \$60,000 per space | \$18,180,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$500,000 |
| Total Direct Costs | | \$151,805,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$24,232,500 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$1,440,000 |
| Architecture and Engineering | 6.0% of direct costs | \$9,108,300 |
| Other Expenses | 3.0% of direct costs | \$4,554,200 |
| General and Administrative | 3.0% of direct costs | \$4,554,200 |
| Property Tax During Construction | 2.0% of direct costs | \$3,036,100 |
| Financing | 5.0% of direct costs | \$7,590,300 |
| Subtotal Indirect Costs excluding Fees | | \$54,515,600 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$718,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$1,970,600 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$718,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$12,000 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$210,000 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$9,375,000 |
| Subtotal Fees | | \$13,003,600 |
| Total Indirect Costs | | \$67,519,200 |
| Subtotal, Direct and Indirect Costs | | \$219,324,200 |
| Contingency | 5.0% of direct and indirect costs | \$10,966,210 |
| Required Return on Investment | 16.0% of direct and indirect costs | \$35,091,872 |
| Total Costs | | \$265,382,282 |
| Residual Land Value (Net Project Value - Total Costs) | | \$22,126,988 |
| (less) Return on Residual Land Value | 16.0% | (\$3,540,318) |
| Net Residual Land Value | | \$18,586,670 |
| Incremental Development | | Net Residual Land Value |
| Gross Building Area (excl. parking) | 200,000 | Base Case \$8,429,641 \$169 per sf land |
| | | Upzoning \$18,586,670 \$372 per sf land |
| | | Increase \$10,157,029 \$50.79 per add'l bldg SF |
| | | 1/3 of Increase \$3,385,676 \$16.93 per add'l bldg SF |

**APPENDIX TABLE C.9
Development Case II-12 (HEG Prototype 13B)
BASE ZONING**

Intensity Area: JL / VC - Jack London West and Jack London East subareas

| 2nd Street between Harrison and Madison | Assumption | Total |
|--|--------------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 1.15 acres | 50,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 65' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 7.00 (not used in calculations) | |
| FAR | 5.00 | |
| Gross Building Area (excl. parking) | | 250,000 sq. ft. |
| Net Area | 90% efficiency ratio | 225,000 sq. ft. |
| Office | | 214,200 sq. ft. |
| Retail | | 10,800 sq. ft. |
| Parking Spaces | | 250 spaces |
| Spaces Excluding Retail | | 238 spaces |
| REVENUE | | |
| Office (Full-Service) | \$68.20 per net sq. ft. per year | \$14,608,440 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$380,160 |
| Gross Annual Revenue | | \$14,988,600 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$4,017,321) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$749,430) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$112,500) |
| (less) Commissions | 2.5% of gross annual revenue | (\$374,715) |
| Net Operating Income | | \$9,734,634 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$528,360 |
| Total NOI | | \$10,262,994 |
| Capitalized Value | 5.50% cap rate | \$186,599,891 |
| (less) Cost of Sale/Marketing | 3.0% | (\$5,597,997) |
| Net Project Value | | \$181,001,894 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$345 per gross sq. ft. | \$86,250,000 |
| Parking Construction Cost | \$60,000 per space | \$15,000,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$500,000 |
| Total Direct Costs | | \$101,750,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$16,065,000 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$1,080,000 |
| Architecture and Engineering | 6.0% of direct costs | \$6,105,000 |
| Other Expenses | 3.0% of direct costs | \$3,052,500 |
| General and Administrative | 3.0% of direct costs | \$3,052,500 |
| Property Tax During Construction | 2.0% of direct costs | \$2,035,000 |
| Financing | 5.0% of direct costs | \$5,087,500 |
| Subtotal Indirect Costs excluding Fees | | \$36,477,500 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$476,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$1,256,700 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$476,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$9,000 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$140,000 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$6,250,000 |
| Subtotal Fees | | \$8,607,700 |
| Total Indirect Costs | | \$45,085,200 |
| Subtotal, Direct and Indirect Costs | | \$146,835,200 |
| Contingency | 5.0% of direct and indirect costs | \$7,341,800 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$20,556,900 |
| Total Costs | | \$174,733,900 |
| Residual Land Value (Net Project Value - Total Costs) | | \$6,267,994 |
| (less) Return on Residual Land Value | 14.0% | (\$877,519) |
| Net Residual Land Value | | \$5,390,475 |

**APPENDIX TABLE C.9
Development Case II-12 (HEG Prototype 13B)**

UPZONING

Intensity Area: JL / VC - Jack London West and Jack London East subareas

| 2nd Street between Harrison and Madison | | Assumption | Total |
|--|----------------------|--------------------------------|----------------------|
| DEVELOPMENT PROGRAM | | | |
| Lot Size | 1.15 acres | | 50,000 sq. ft. |
| Construction Type | Type I | (not used in calculations) | |
| Building Height | 85' | (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 9.00 | (not used in calculations) | |
| FAR | 7.50 | | |
| Gross Building Area (excl. parking) | | | 375,000 sq. ft. |
| Net Area | 90% efficiency ratio | | 337,500 sq. ft. |
| Office | | | 323,100 sq. ft. |
| Retail | | | 14,400 sq. ft. |
| Parking Spaces | | | 303 spaces |
| Spaces Excluding Retail | | | 288 spaces |
| REVENUE | | | |
| Office (Full-Service) | \$70.40 | per net sq. ft. per year | \$22,746,240 |
| Retail (NNN) | \$35.20 | per net sq. ft. per year | \$506,880 |
| Gross Annual Revenue | | | \$23,253,120 |
| (less) Operating Expenses | 27.5% | of office full-service revenue | (\$6,255,216) |
| (less) Vacancy Rate | 5.0% | of gross annual revenue | (\$1,162,656) |
| (less) Capital Reserves | \$0.50 | per net sq. ft. | (\$168,750) |
| (less) Commissions | 2.5% | of gross annual revenue | (\$581,328) |
| Net Operating Income | | | \$15,085,170 |
| Net Parking Revenue (without retail parking) | \$185 | per space per month | \$639,360 |
| Total NOI | | | \$15,724,530 |
| Capitalized Value | 5.50% | cap rate | \$285,900,545 |
| (less) Cost of Sale/Marketing | 3.0% | | (\$8,577,016) |
| Net Project Value | | | \$277,323,529 |
| DEVELOPMENT COST | | | |
| Direct Costs | | | |
| Building Construction Cost | \$355 | per gross sq. ft. | \$133,125,000 |
| Parking Construction Cost | \$60,000 | per space | \$18,180,000 |
| Demo/Site Improvement Cost | \$10 | per land sq. ft. | \$500,000 |
| Total Direct Costs | | | \$151,805,000 |
| Indirect Costs | | | |
| Tenant Improvements (office) | \$75 | per sq. ft. | \$24,232,500 |
| Tenant Improvements (retail) | \$100 | per sq. ft. | \$1,440,000 |
| Architecture and Engineering | 6.0% | of direct costs | \$9,108,300 |
| Other Expenses | 3.0% | of direct costs | \$4,554,200 |
| General and Administrative | 3.0% | of direct costs | \$4,554,200 |
| Property Tax During Construction | 2.0% | of direct costs | \$3,036,100 |
| Financing | 5.0% | of direct costs | \$7,590,300 |
| Subtotal Indirect Costs excluding Fees | | | \$54,515,600 |
| Fees | | | |
| Capital Improvements | \$2.00 | avg. per gross sq. ft. | \$718,000 |
| Jobs Housing Impact Fee | \$5.90 | avg. per gross sq. ft. | \$1,970,600 |
| Transportation - Office | \$2.00 | avg. per gross sq. ft. | \$718,000 |
| Transportation - Retail | \$0.75 | avg. per gross sq. ft. | \$12,000 |
| School Impact Fee | \$0.56 | avg. per gross sq. ft. | \$210,000 |
| Other Fees | \$25.00 | avg. per gross sq. ft. | \$9,375,000 |
| Subtotal Fees | | | \$13,003,600 |
| Total Indirect Costs | | | \$67,519,200 |
| Subtotal, Direct and Indirect Costs | | | \$219,324,200 |
| Contingency | 5.0% | of direct and indirect costs | \$10,966,210 |
| Required Return on Investment | 16.0% | of direct and indirect costs | \$35,091,872 |
| Total Costs | | | \$265,382,282 |
| Residual Land Value (Net Project Value - Total Costs) | | | \$11,941,247 |
| (less) Return on Residual Land Value | 16.0% | | (\$1,910,600) |
| Net Residual Land Value | | | \$10,030,647 |
| Incremental Development | | Net Residual Land Value | |
| Gross Building Area (excl. parking) | 125,000 | Base Case | \$5,390,475 |
| | | Upzoning | \$10,030,647 |
| | | Increase | \$4,640,172 |
| | | 1/3 of Increase | \$1,546,724 |
| | | \$108 | per sf land |
| | | \$201 | per sf land |
| | | \$37.12 | per add'l bldg SF |
| | | \$12.37 | per add'l bldg SF |

APPENDIX TABLE C.10
Development Case III-4 (HEG Prototype 12)
BASE ZONING

Intensity Area: KONO / Art + Garage District - Art + Garage District subarea

24th, 26th Streets, between Broadway and Telegraph

| | Assumption | Total |
|--|--------------------------------------|---------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.46 acres | 20,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 45' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 3.00 (not used in calculations) | |
| FAR | 2.50 | |
| Gross Building Area (excl. parking) | | 50,000 sq. ft. |
| Net Area | 90% efficiency ratio | 45,000 sq. ft. |
| Office | | 38,700 sq. ft. |
| Retail | | 6,300 sq. ft. |
| Parking Spaces | | 50 spaces |
| Spaces Excluding Retail | | 43 spaces |
| REVENUE | | |
| Office (Full-Service) | \$74.80 per net sq. ft. per year | \$2,894,760 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$221,760 |
| Gross Annual Revenue | | \$3,116,520 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$796,059) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$155,826) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$22,500) |
| (less) Commissions | 2.5% of gross annual revenue | (\$77,913) |
| Net Operating Income | | \$2,064,222 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$95,460 |
| Total NOI | | \$2,159,682 |
| Capitalized Value | 5.50% cap rate | \$39,266,945 |
| (less) Cost of Sale/Marketing | 3.0% | (\$1,178,008) |
| Net Project Value | | \$38,088,937 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$330 per gross sq. ft. | \$16,500,000 |
| Parking Construction Cost | \$50,000 per space | \$2,500,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$200,000 |
| Total Direct Costs | | \$19,200,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$2,902,500 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$630,000 |
| Architecture and Engineering | 6.0% of direct costs | \$1,152,000 |
| Other Expenses | 3.0% of direct costs | \$576,000 |
| General and Administrative | 3.0% of direct costs | \$576,000 |
| Property Tax During Construction | 2.0% of direct costs | \$384,000 |
| Financing | 5.0% of direct costs | \$960,000 |
| Subtotal Indirect Costs excluding Fees | | \$7,180,500 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$86,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$106,200 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$86,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$5,250 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$28,000 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$1,250,000 |
| Subtotal Fees | | \$1,561,450 |
| Total Indirect Costs | | \$8,741,950 |
| Subtotal, Direct and Indirect Costs | | \$27,941,950 |
| Contingency | 5.0% of direct and indirect costs | \$1,397,100 |
| Required Return on Investment | 12.0% of direct and indirect costs | \$3,353,000 |
| Total Costs | | \$32,692,050 |
| Residual Land Value (Net Project Value - Total Costs) | | \$5,396,887 |
| (less) Return on Residual Land Value | 12.0% | (\$647,626) |
| Net Residual Land Value | | \$4,749,261 |

**APPENDIX TABLE C.10
Development Case III-4 (HEG Prototype 12)**

UPZONING

Intensity Area: KONO / Art + Garage District - Art + Garage District subarea

24th, 26th Streets, between Broadway and
Telegraph

| | Assumption | Total |
|--|--------------------------------------|--------------------------------|
| DEVELOPMENT PROGRAM | | |
| Lot Size | 0.46 acres | 20,000 sq. ft. |
| Construction Type | Type III (not used in calculations) | |
| Building Height | 65' (not used in calculations) | |
| Building Height Estimated Actual (# of stories) | 6.00 (not used in calculations) | |
| FAR | 5.00 | |
| Gross Building Area (excl. parking) | | 100,000 sq. ft. |
| Net Area | 90% efficiency ratio | 90,000 sq. ft. |
| Office | | 77,400 sq. ft. |
| Retail | | 12,600 sq. ft. |
| Parking Spaces | | 83 spaces |
| Spaces Excluding Retail | | 69 spaces |
| REVENUE | | |
| Office (Full-Service) | \$77.00 per net sq. ft. per year | \$5,959,800 |
| Retail (NNN) | \$35.20 per net sq. ft. per year | \$443,520 |
| Gross Annual Revenue | | \$6,403,320 |
| (less) Operating Expenses | 27.5% of office full-service revenue | (\$1,638,945) |
| (less) Vacancy Rate | 5.0% of gross annual revenue | (\$320,166) |
| (less) Capital Reserves | \$0.50 per net sq. ft. | (\$45,000) |
| (less) Commissions | 2.5% of gross annual revenue | (\$160,083) |
| Net Operating Income | | \$4,239,126 |
| Net Parking Revenue (without retail parking) | \$185 per space per month | \$153,180 |
| Total NOI | | \$4,392,306 |
| Capitalized Value | 5.50% cap rate | \$79,860,109 |
| (less) Cost of Sale/Marketing | 3.0% | (\$2,395,803) |
| Net Project Value | | \$77,464,306 |
| DEVELOPMENT COST | | |
| Direct Costs | | |
| Building Construction Cost | \$355 per gross sq. ft. | \$35,500,000 |
| Parking Construction Cost | \$50,000 per space | \$4,150,000 |
| Demo/Site Improvement Cost | \$10 per land sq. ft. | \$200,000 |
| Total Direct Costs | | \$39,850,000 |
| Indirect Costs | | |
| Tenant Improvements (office) | \$75 per sq. ft. | \$5,805,000 |
| Tenant Improvements (retail) | \$100 per sq. ft. | \$1,260,000 |
| Architecture and Engineering | 6.0% of direct costs | \$2,391,000 |
| Other Expenses | 3.0% of direct costs | \$1,195,500 |
| General and Administrative | 3.0% of direct costs | \$1,195,500 |
| Property Tax During Construction | 2.0% of direct costs | \$797,000 |
| Financing | 5.0% of direct costs | \$1,992,500 |
| Subtotal Indirect Costs excluding Fees | | \$14,636,500 |
| Fees | | |
| Capital Improvements | \$2.00 avg. per gross sq. ft. | \$172,000 |
| Jobs Housing Impact Fee | \$5.90 avg. per gross sq. ft. | \$359,900 |
| Transportation - Office | \$2.00 avg. per gross sq. ft. | \$172,000 |
| Transportation - Retail | \$0.75 avg. per gross sq. ft. | \$10,500 |
| School Impact Fee | \$0.56 avg. per gross sq. ft. | \$56,000 |
| Other Fees | \$25.00 avg. per gross sq. ft. | \$2,500,000 |
| Subtotal Fees | | \$3,270,400 |
| Total Indirect Costs | | \$17,906,900 |
| Subtotal, Direct and Indirect Costs | | \$57,756,900 |
| Contingency | 5.0% of direct and indirect costs | \$2,887,845 |
| Required Return on Investment | 14.0% of direct and indirect costs | \$8,085,966 |
| Total Costs | | \$68,730,711 |
| Residual Land Value (Net Project Value - Total Costs) | | \$8,733,595 |
| (less) Return on Residual Land Value | 14.0% | (\$1,222,703) |
| Net Residual Land Value | | \$7,510,892 |
| Incremental Development | | Net Residual Land Value |
| Gross Building Area (excl. parking) | 50,000 | Base Case |
| | | \$4,749,261 |
| | | \$237 per sf land |
| | | Upzoning |
| | | \$7,510,892 |
| | | \$376 per sf land |
| | | Increase |
| | | \$2,761,631 |
| | | \$55.23 per add'l bldg SF |
| | | 1/3 of Increase |
| | | \$920,544 |
| | | \$18.41 per add'l bldg SF |

APPENDIX TABLE B-4: Key Revenue and Cost Inputs for Representative OFFICE Development Prototypes / Cases

| Office Density | Intensity Area / Subarea | Office Rent | | Building Construction Cost | Required Return on Investment |
|-------------------------------|---------------------------------|---------------------------------------|---|-----------------------------------|--------------------------------------|
| Floor Area Ratio (FAR) | | Current rent per net sq. ft. per year | Current rent + 10% as proxy for achieving feasibility | Cost per gross sq. ft. | |
| High Rise Development | | | | | |
| 30 | CBD | \$78 | \$85.80 | \$420 | 22% |
| 22 | CBD | \$75.75 | \$83.33 | \$405 | 22% |
| 20 | CBD | \$75 | \$82.50 | \$405 | 22% |
| 20 | VC | \$69 | \$75.90 (+10%), \$82.80 (+20%) /a/ | \$405 | 22% |
| 14 | JLW | \$68 | \$75.00 | \$370 | 18% |
| 12 | CBD / 14th St. E | \$70 | \$77.00 | \$368 | 18% |
| 12 | JLW | \$68 | \$75.00 | \$365 | 18% |
| 12 | JLE / VC | \$67 | \$73.70 | \$365 | 18% |
| Mid-Rise Development | | | | | |
| 8 | CBD / 14th St. E | \$67 | \$74.00 | \$360 | 16% |
| 7.5 | JLW / JLE waterfront & nearby | \$65.50 - \$66.50 | \$72.00 - \$73.15 | \$355 | 16% |
| 7.5 | JLE Inland | \$64 | \$70.40 | \$355 | 16% |
| 7 | JLW | \$65 | \$71.50 | \$355 | 16% |
| 5 | Garage District / KONO | \$70 | \$77.00 | \$355 | 14% |
| 5 | VC | \$62 | \$68.20 | \$345 | 14% |
| 5 | JLE / VC | \$62 | \$68.20 | \$345 | 14% |
| 5 | JLE | \$62 | \$68.20 | \$345 | 14% |
| Lower-Rise Development | | | | | |
| 3.5 | JLW / JLE waterfront & nearby | \$63 | \$69.00 | \$335 | 13% |
| 2.5 | Garage District / KONO | \$68 | \$74.80 | \$330 | 12% |
| 2 | JLW | \$60 | \$66.00 | \$330 | 12% |
| 2 | JLE waterfront & nearby | \$61 | \$67.00 | \$330 | 12% |

NOTE: The economic analysis found that higher-intensity development is not feasible under current real estate market and development cost conditions. The analysis then proceeded to identify and evaluate future scenarios when real estate economics improve and developments become feasible. For ease of analysis, the pro forma models tested percentage increases in rents/revenues until feasibility was reached. This is a proxy for the more complex set of changes in various development revenue and cost factors more likely to occur to support feasibility over time. For the office development prototypes, feasibility was achieved in most cases at rent levels approximately 10% higher than current rents *at the time of this economic analysis in 2021*. Since then, office rents have declined due to ongoing uncertainties following the pandemic. Thus, rents/revenues that support feasibility as shown in this analysis are possibly closer to 15% or 20% higher than *current rents in 2023*, for many of the development cases.

/a/ High-rise office development, in an area without such development, will require larger percentage increases in rents/revenue to achieve feasibility.

APPENDIX TABLE B-5: Parking Assumptions for OFFICE Development Cases

| Intensity Area/Subarea | CBD: Lake Merritt, Broadway, City Center | 14th Street | KONO /Art + Garage District | Jack London / Victory Court |
|-------------------------------------|--|-------------|--------------------------------|--|
| Development Cases | I-1, I-2 | I-5 | III-4 | II-1, II-6, II-7, II-10, II-12, II-14 |
| Parking Ratios - BASE ZONING | | | | |
| Office - per 1,000 gross sq. ft. | 0.50 | 0.50 | 1.00 | 1.00 |
| Retail - per 1,000 gross sq. ft. | 1.00 | 1.00 | 1.00 | 1.00 |
| Parking Ratios - UPZONING | | | | |
| Office - per 1,000 gross sq. ft. | 0.45 | 0.50 | 0.80 | 0.80 |
| Retail - per 1,000 gross sq. ft. | 1.00 | 1.00 | 1.00 | 1.00 |

Source: City of Oakland and Hausrath Economics Group, May/June 2021