KEYSER MARSTON ASSOCIATES

DRAFT

FINANCIAL FEASIBILITY ANALYSIS

In Support of Updates to the City's

AFFORDABLE HOUSING ORDINANCE

Prepared for:
City of Fremont

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1.0 INTRODUCTION AND SUMMARY

This report presents a financial feasibility analysis and other context materials prepared by Keyser Marston Associates, Inc. (KMA) to support updates to the City of Fremont's ("City") Affordable Housing Ordinance. For an affordable housing program to be an effective tool for creating affordable housing, it must not burden new development to such a degree that it renders new development financially infeasible. The feasibility analysis evaluates residential development economics in the City and the viability of existing and potential modified affordable housing requirements for residential development.

1.1 City of Fremont Affordable Housing Ordinance

The City's affordable housing requirements for new residential development are established in Section 18.1555 of the City's Planning and Zoning Code (referred to for purposes of this report as the Affordable Housing Ordinance or "AHO"). The AHO applies to residential developments with two or more units.

AHO compliance options for for-sale residential development projects include:

(1) Fee + moderate units – projects may provide on-site moderate units (3.5% for attached projects, 4.5% for detached projects) <u>and</u> pay a fee of $18.50 per square foot (psf) for attached projects or $17.50 psf for detached projects;

(2) Fee only – projects may pay a fee of $27 psf for attached projects and $26 psf for detached projects and provide no units on-site;

(3) On-site affordable rental units – there is an option to provide 13.4% affordable rental units on-site at a range of affordability levels; and

(4) Other alternatives include off-site construction, land dedication, purchase and deed restriction of existing market rate units, preservation of affordable units at risk of loss, and provision of on-site for-sale units at range of affordability levels totaling 18% for attached projects and 21.6% for detached projects.

AHO compliance options for rental development projects include:

(1) Payment of a fee of $8.75 psf for units up to 700 square feet and $17.50 for units over 700 square feet; and

(2) Providing 12.9% on-site affordable rental units at a range of affordability levels.

Table 1-1 provides a summary of the AHO compliance options.

Table 1-1. Summary of Existing AHO Compliance Alternatives

	For-Sale Attached	For-Sale Detached	Rental
On-Site Affordable Units	3.5% Moderate for-sale units (to qualify for $8.50 psf fee reduction) OR 13.4% affordable rental units on-site	4.5% Moderate for-sale units (to qualify for $8.50 psf fee reduction) OR 13.4% affordable rental units on-site	12.9% affordable rental units on-site
Affordable Housing Fee Payment	$27 psf if no units on-site $18.50 psf if provide 3.5% Moderate on-site	$26 psf if no units on-site $17.50 psf if provide 4.5% Moderate on-site	Units over 700 SF: $17.50 psf Units up to 700 SF: $8.75 psf
Other Alternatives	Off-site construction, land dedication, purchase and deed restriction of existing market rate units, preservation of affordable units at risk of loss, on-site for-sale units		Not applicable

The City is currently considering updates to its affordable housing requirements including potential changes to on-site affordable unit requirements, fees, and alternative compliance options.

1.2 Summary of Financial Feasibility Analysis

KMA prepared an analysis evaluating the financial feasibility of residential development under the City's existing affordable housing requirements and then tested a number of alternative requirements.

Five prototype residential development projects were defined for purposes of the analysis. The five prototype projects are representative of projects that have occurred or are expected to occur in the City of Fremont in the future and include:

- Single Family, Larger Lot;
- Single Family, Smaller Lot;
- Townhomes;
- Condominiums; and
- Apartments.

The prototype residential projects vary in terms of residential density, unit size, parking, and construction type.

This analysis organizes the pro forma as a "residual land value analysis," meaning the pro forma solves for what the project can afford to pay for a development site and then compares this to land costs in the current market. The analysis then evaluates feasibility based on whether the economics of the project are strong enough to afford a site under current market conditions.

Table 1-2 provides a summary of the feasibility analysis findings. Feasibility findings reflect representative projects and are intended to provide a general indication of feasibility. The analysis reflects market conditions as of late 2019. Feasibility for specific individual projects will vary based on location, site conditions and other factors. For the apartment prototype, feasibility testing is conducted for two scenarios to reflect differences in estimated apartment rents achievable near BART versus other areas.

Table 1-2. Summary of Feasibility Analysis Findings

Prototype	Feasible Fee Requirements	Feasible Onsite Requirements	Feasible Combined On-site + Fee Options
For Sale Prototypes			
Single Family (larger & smaller lot prototypes)	Current $26 psf fee is feasible. Fee up to $44 psf nexus maximum feasible.	10% to 20% onsite moderate units feasible*	Feasible with current 4.5% onsite + $17.50 psf fee or 5% onsite + $35 psf fee
Townhomes	Current $27 psf fee is feasible. Fee up to $50 psf nexus maximum feasible.	10% to 20% onsite moderate units feasible*	Feasible with current 3.5% onsite + $18.50 psf fee or 5% onsite + $35 psf fee
Stacked Flat Condos	A fee of $15 psf up to a fee in the range of the current $27 psf is feasible but weaker than lower density projects. Higher fee infeasible.	10% onsite moderate units feasible but weaker than lower density prototypes*. Higher requirement infeasible.	Feasible with current 3.5% onsite + $18.50 psf or 5% onsite + $10 psf fee but weaker than lower density projects.
Rental Prototype			
<0.5 Miles to BART	Feasible at current fee of $14 psf** or up to $25 psf. Weaker than lower-density project types.	5% onsite requirement at Very Low or Low is feasible	Not evaluated
>0.5 Miles to BART	Marginal / Weak feasibility with existing $14 psf** fee. Higher fee infeasible.	Onsite units are infeasible	Not evaluated

*Existing option for for-sale projects to provide 13.4% rental units on-site was also analyzed assuming a tax credit project and has stronger feasibility than on-site for-sale affordable units but won't be practical in all cases.
**Apartment fee is $17.50 per square foot for units over 700 SF and $8.75 psf for units up to 700 SF. $14 psf is a blended amount that reflects the unit mix for the representative apartment project analyzed.

Key findings of the analysis are summarized below:

- Residential development is generally feasible in Fremont, as evidenced by the recent surge of market rate development activity in the City.

- Development economics are strongest for detached single family homes and townhomes. These projects have strong feasibility under existing requirements and are estimated to support on-site requirements of up to 20% at moderate income or fees of up to the maximums supported by the Nexus Study (Table 1-3). A mix of 5% on-site units plus a fee of $35 psf was also found to be feasible.

- Development of stacked flat condos is also feasible in Fremont; however, the economics are more challenging than for lower density residential development. The land value supported by the stacked flat condominium prototype is on the lower end of prevailing land values and is estimated to be less than the value supported by townhomes and detached single family homes. The analysis indicates higher density condominium projects support the existing $27 psf fee, the existing option to provide a mix of fees and on-site units, 10% on-site moderate income units, or a combination of 5% moderate income units on-site and a $10 psf fee.

- The existing option to provide 13.4% on-site inclusionary rental units within a for-sale project was found to compare favorably to providing on-site for-sale affordable units. The analysis for this option assumes rental units that receive tax credit financing. This option likely will not be practical for most smaller projects or for sites not able to accommodate a higher density rental.

- Development of apartments is estimated to be feasible in proximity to BART where somewhat higher rents are achievable. Apartment developments in these more favorable locations are estimated to have the ability to support the existing fee or potentially a moderate increase. Elsewhere in the City, feasibility of apartment development is more challenging with the existing fee and generally does not support any increase in requirements.

- Market activity suggests that higher density projects with structured parking (condos and apartments) are still being developed despite more challenging economics than lower density project types. Development activity is concentrated in areas with the greatest potential for premium rents and sale prices, based on proximity to amenities such as schools and transit. For example, of the five apartment developments under construction in Fremont, four are walking distance to BART. KMA's discussions with developers identified a few higher density projects that have been delayed or withdrawn because the project was found to generate a substandard financial return. These projects have been in areas that have less potential for premium rents and sale prices.

- Unless there is a strong incentive to provide affordable units on-site, most developers will elect to pay the fee. On-site options estimated to be roughly equivalent to cost to fees at a range of levels are provided in Section 2.10 to assist in the design of updated requirements.

    - With for-sale units, an onsite requirement at moderate income of 6% to 10% of units is equivalent to the current fee, depending on project type; a requirement of 11% to 19% of units is equivalent in cost to the nexus maximum; and a requirement of approximately 7% of units is equivalent in cost to the $21 psf midpoint of the feasible fee range for condos. The existing option to provide

some moderate income units on site (3.5% or 4.5%) plus pay a fee ($18.50 or $17.50) is estimated to be more costly to the developer than fee payment alone.

- For rentals, an onsite requirement of approximately 3% is equivalent to the current fee; a requirement of approximately 4% to 5% is equivalent to a $20 psf fee; and a requirement of approximately 5% to 6% is equivalent to a $25 psf fee, with Very Low and Low units, respectively. Projects able to meet requirements through a standalone affordable project eligible for Low Income Housing Tax Credits would be capable of supporting a higher affordability requirement.

1.3 Nexus Study Maximum Supported Fees

The separate "Affordable Housing Nexus Analysis" prepared by Keyser Marston Associates (Nexus Study) calculates the maximum affordable housing fees that could be imposed in a manner that is consistent with the requirements of Government Code Section 66000 (Mitigation Fee Act). The Nexus Study estimates the demand for services by new residents such as restaurants, retail, and healthcare and the affordable housing needs of the workers who provide these services. The Nexus Study then calculates maximum supported fee levels based on the cost of providing the needed affordable housing. Maximum fee level findings are presented in Table 1-3. Nexus findings are technical analysis findings not policy recommendations.

Table 1-3. Nexus Analysis Maximum Fee Level Findings

	Single Family, Large Lot	*Single Family, Small Lot*	*Townhomes*	*Condominiums*	*Apartments*
Per Market Rate Unit	$149,700	$96,900	$90,700	$86,700	$57,600
Per Square Foot	$44.10	$44.10	$50.50	$57.80	$61.90

Note: nexus findings are not recommended fee levels. Per square foot findings reflect net rentable or net sellable square feet excluding parking areas, external corridors and other common areas.

Since the City last updated its AHO in April 2015, the decision in California Building Industry Association v. City of San Jose (California Supreme Court Case No. S212072, June 15, 2015) affirmed the ability of cities to implement inclusionary requirements, including in-lieu fees that are alternatives to providing on-site units. Enactment of AB 1505, effective January 1, 2018, has also restored the ability of California cities to apply inclusionary requirements to rental developments. These legal developments clarify that the City has the flexibility to establish inclusionary requirements for both rental and for-sale residential development rather than be limited to a nexus-based fee approach. Nexus support may still be deemed advisable under certain circumstances and would remain necessary if some AHO requirements continue to be structured as nexus-based impact fees.

2.0 FINANCIAL FEASIBILITY ANALYSIS

For an affordable housing program to be an effective tool for creating affordable housing, it must not burden new development to such a degree that it renders new development financially infeasible. KMA prepared an analysis evaluating the financial feasibility of residential development under the City's existing AHO requirements and then tested alternative affordable housing fee and on-site affordable unit obligations to inform updates to the City's AHO. The analysis is summarized in this section. Supporting pro forma tables are provided in Appendix Tables A-1 to A-16.

2.1 Context and Limitations of Analysis

Before describing the feasibility analysis, it can be helpful to put the analysis into perspective by summarizing how it can be useful but also where limitations exist in its ability to inform longer-term policy decisions:

a) *Prototypical Nature of Analysis* – This financial feasibility analysis by its nature can only provide an overview-level assessment of development economics because it is based on prototypical projects rather than specific projects. Every project has unique characteristics that will dictate rents or sale prices supported by the market as well as development costs and developer return requirements. Each developer will assess the project's risk and return and assemble project financing differently. This feasibility analysis is intended to reflect prototypical projects in Fremont but it is recognized that the economics of some projects may look better and some may look worse than those of the prototypes analyzed.

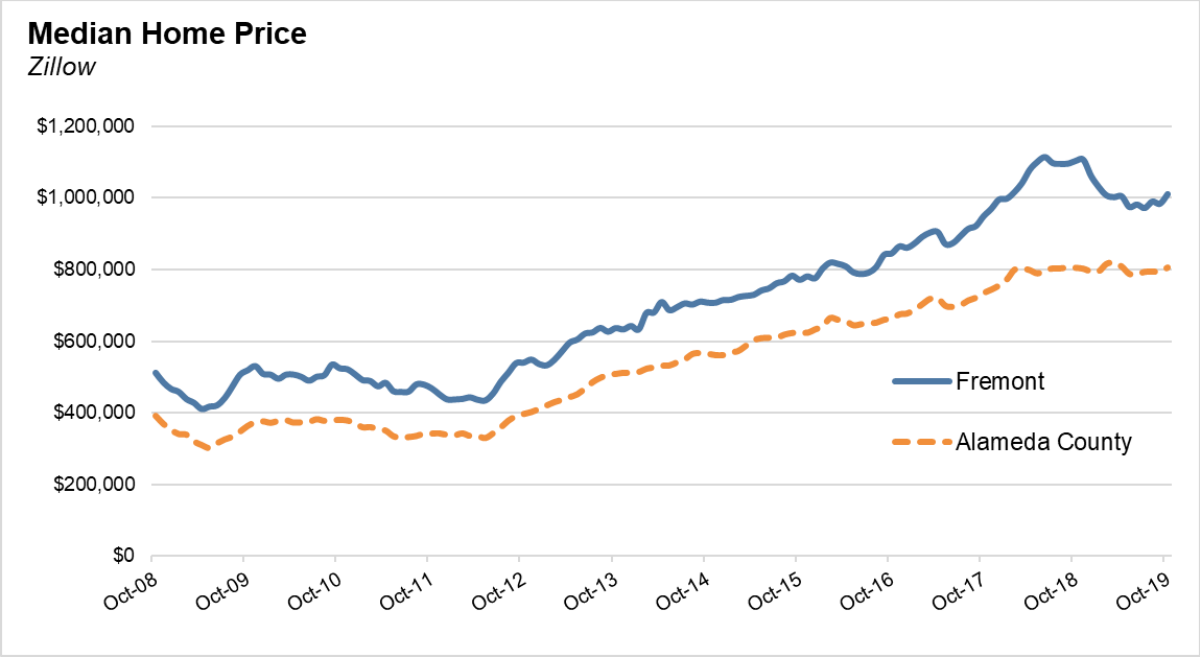
b) *Near Term Time Horizon* – This feasibility analysis is a snapshot of real estate market conditions as of late 2019. The analysis is most informative regarding near term implications that affordable housing requirements could have for projects that have already purchased sites and are currently in the pre-development stages. Real estate development economics are fluid and are impacted by constantly changing conditions with regard to rent potential and sale prices, construction costs, land costs, and costs of financing. A year or two from now, conditions will undoubtedly be different than they are today.

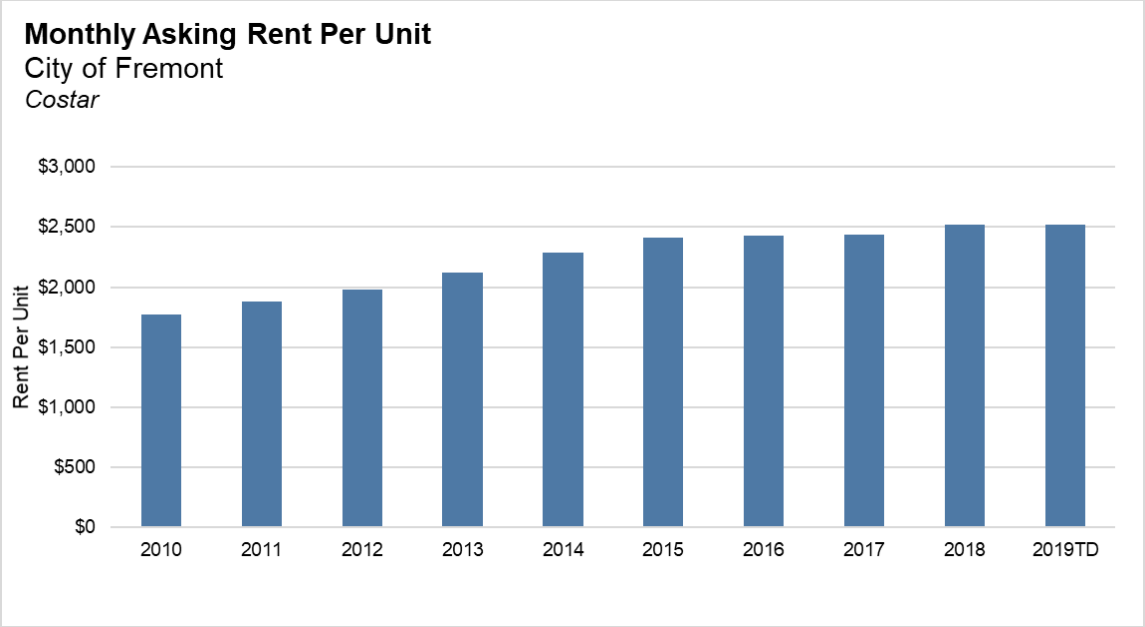
c) *Adjustments to Land Costs over Time* – Developers purchase development sites at values that will allow for financially feasible projects. When a housing fee or inclusionary housing requirement is in place, developers "price in" the requirement when evaluating a project's economics and negotiating the purchase price for development sites. When affordable housing fees or inclusionary requirements are increased, it is possible that downward pressure on land costs could result as developers adjust what they can afford to pay for land. This downward pressure on land prices can to some degree bring costs back into better balance with the overall economics supported by projects. While

adjustments to land costs are possible, several factors limit the extent to which adjustments can occur. Existing uses on a site that generate income or alternative land uses that compete for a site will tend to dampen the potential for downward adjustments to land price. Landowners also have expectations regarding the value of their property and may hold the property off the market rather than accept a less attractive price, especially if the property is generating income.

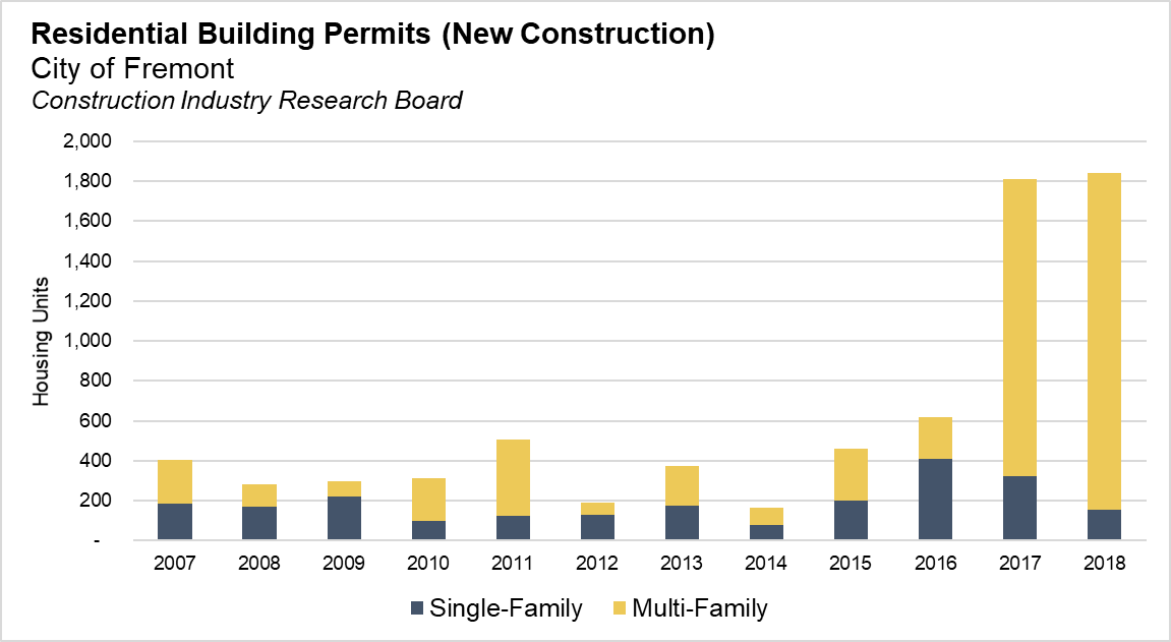
2.2 Residential Market Context

Like most communities in the Bay Area, Fremont has experienced rising home values and apartment rents during the current economic cycle, supported in large part by strong regional job growth and the overall strength of the economy. As shown in the charts below, the median home price in Fremont exceeded $1 million in late 2019; this is about 25% above the median for Alameda County. Asking rents for apartment units built since 1980 averaged approximately $2,500 per unit, a significant increase since 2010, although rent growth has tapered since 2016.





Construction activity has increased significantly over the last several years. A total of more than 3,000 building permits were pulled during the two-year period including 2017 and 2018, exceeding the permitting activity of the previous five years combined. Much of the construction activity since 2017 has been concentrated in the Warm Springs/ South Fremont Community Plan Area adjacent to the new BART station which opened in 2017. New market rate projects under construction include Metro Crossing by Toll Brothers, Embark Apartments by Fairfield Residential, and Innovation at Warm Springs by Lennar.



2.3 Residential Prototypes

For purposes of this feasibility analysis, KMA analyzed the following residential prototypes:

- Single Family Detached, Larger Lot;
- Single Family Detached, Smaller Lot;
- Townhomes;
- Stacked Flat Condos with podium parking; and
- Apartments wrapped around a parking structure.

These prototypes are based on projects in the City's current development pipeline and are representative of a range of residential projects the City is expected to see in the future. Table 2-1 provides a summary of programmatic assumptions for each prototype. Section 4 of the separate Nexus Study provides a summary of pipeline projects reviewed by KMA in identifying these residential development prototypes.

Table 2-1. Residential Development Prototypes

Prototype	Unit Size	Density	Parking	Avg. No. Bedrooms
Single Family, Larger Lot	3,400 sf	4 du/acre	Attached Garage	4.0 br
Single Family, Smaller Lot	2,200 sf	10 du/acre	Attached Garage	3.7 br
Townhomes	1,800 sf	20 du/acre	Attached Garage	3.0 br
Stacked Flat Condos	1,500 sf	40 du/acre	Podium (2.0/du)	2.3 br
Apartments	930 sf	65 du/acre	Wrap Garage (1.5/du)	1.5 br

2.4 Methodology for Financial Feasibility Analysis

The financial feasibility analysis estimates the costs to develop a new market rate residential project and the sales revenues or rental income that would be generated by the project upon completion. If the sales revenues or rental income are sufficient to support the development costs and generate a reasonably sufficient profit margin, the prototype is considered feasible. This approach to financial feasibility, known as a pro forma approach or income approach, is standard practice in the real estate industry and is utilized in one form or another by all developers when analyzing new construction projects.

This analysis organizes the pro forma as a "residual land value analysis," meaning the pro forma solves for what the project can afford to pay for a development site based on the sales/income projections and the non-land acquisition costs of the project. It then compares the residual land values with land costs in the current market in order to test whether developers can afford to buy land and develop projects.

A base case pro forma was prepared assuming payment of the existing in lieu fee. KMA then modeled several alternative onsite requirements and fee levels. The following scenarios were tested:

For-sale Developments

- *Current fee* – $26 psf for detached single family; $27 psf for townhomes and condos.
- *Current onsite plus fee option* – 4.5% onsite moderate units plus fee of $17.50 psf for detached single family; 3.5% onsite moderate units plus fee of $18.50 psf for townhomes and condos.
- *Modified onsite plus fee option* – 5% onsite moderate units plus fee of $35 psf for single family and townhome (based on nexus maximum for 0% to 80% AMI) and $10 psf for condos, in consideration of weaker feasibility for condos.
- *Alternative onsite requirement* – 10%, 15% or 20% moderate income units onsite, a combined 10% moderate plus 5% low income alternative, and 13.4% on-site rental units provided in a standalone tax credit project.
- *Alterative fee requirement* – fee of $30 psf, $40 psf, or the nexus maximum ($44.10 psf for single family detached, $50.50 psf for townhomes, and $57.80 psf for condos). For condos, fees at $15 psf, $20 psf, and $25 psf were also tested.

Rental Developments

- *Current fee payment* – $17.50 psf for units greater than 700 SF and $8.75 psf for units less than 700 SF (weighted average of $14 psf based on prototype unit mix)
- *Alternative onsite requirement* – 5% or 10% Low or Very Low Income units onsite. Additional scenarios with a higher onsite percentage are provided in the Appendix.
- Alternative fee requirement – In-lieu fee of $20 psf, $25 psf or the nexus maximum of $61.90 psf.

2.5 Development Cost Estimates

The direct costs of development include all contractor labor and material costs to construct the project including general requirements, contractor fees, and contingencies. As shown in Appendix A-1 (For Sale Pro Forma Analysis) and Appendix A-10 (Rental Pro Forma Analysis), the direct construction costs are estimated between $349,000 and $782,000/unit depending upon the unit type and size. Key variables with respect to direct costs include the size of the unit, the type of parking, and overall density. In general, higher density prototypes are more costly on a per square foot basis than lower density prototypes. The cost estimates have been made based on review of recent developer pro formas for similar building types, interviews with local developers, and by developer and general contractor cost estimates for similar building types elsewhere in the market.

Indirect costs of development include architecture and engineering (A&E) costs, municipal fees and permits costs, taxes, insurance, overhead, debt financing costs, etc. In the base case scenario, payment of the affordable housing in lieu fee is included as well. These costs have

been estimated to range from roughly $130,000 to $380,000/unit. The higher density prototypes tend to have higher indirect costs on a per square foot basis because they have more complex design and engineering issues than single family homes and because they take longer to build.

2.6 Revenue / Supported Unit Values

The revenue assumptions reflected in the analysis are as follows:

a) For-Sale Project Sales Revenues

For the for-sale residential prototypes – single family detached homes, townhomes, and stacked flat condos – the market rate sale prices have been estimated based upon a review of resales of newer existing homes and sales and list prices for new homes. As shown in the table below, estimated sales prices are $2.2 million for the 3,400 sf detached single family home, $1.4 million for the 2,200 sf detached single family home, $1,050,000 for the 1,800 sf townhome, and $985,000 for the 1,500 sf stacked flat condo.

Table 2-2. Residential Sale Prices by Prototype

Prototype	Unit Size	$/unit	$/sf
Larger Single Family	3,400 sf	$2,200,000	$647/sf
Smaller Single Family	2,200 sf	$1,400,000	$636/sf
Townhomes	1,800 sf	$1,050,000	$583/sf
Stacked Flat Condos	1,500 sf	$985,000	$657/sf

Estimates are based on a review of sales data for new and newer units in Fremont built since 2015 and sold from January 2018 through January 2020. In addition, KMA reviewed asking prices for new units currently being marketed. Market data used to inform pricing estimates is presented in Section 4 of the separate Nexus Study.

b) Rental Project Income and Supported Private Investment

Rental income for the apartment prototype is estimated based on information from local developers and apartment rent comps in Fremont, including the Artist Walk project in Centerville and The Asher near the Fremont BART station. In addition, we gathered rent comps for newer projects near BART in Union City and Milpitas.

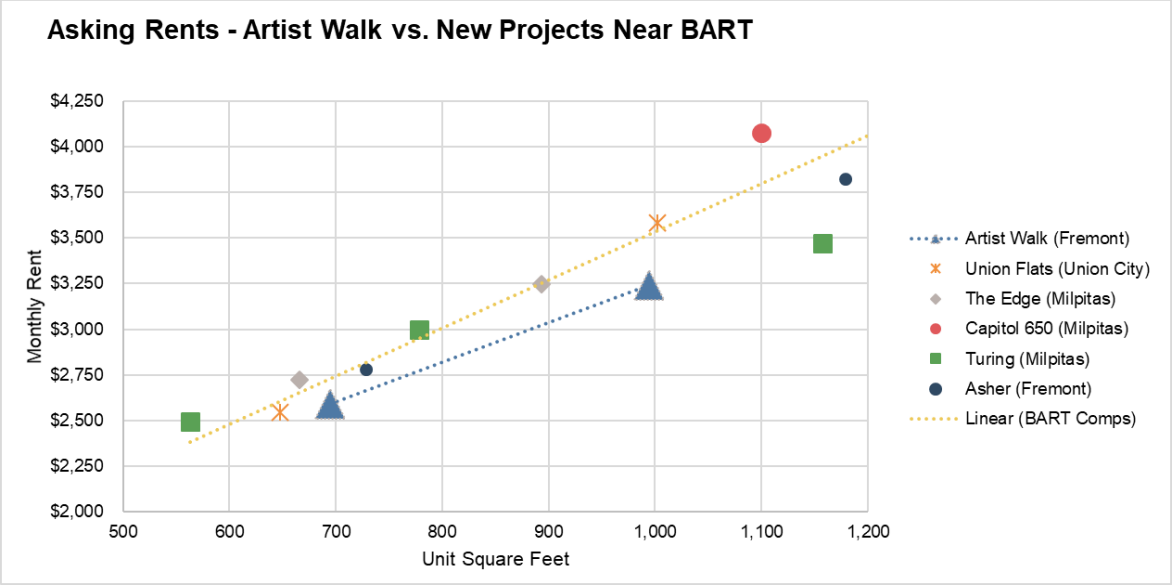
As shown in Table 2-3, the monthly rent for a 930 square foot apartment unit is estimated at $3,350/unit/month ($3.60/square foot) in areas within a half mile of a BART station and $3,200/unit/month ($3.44/square foot) in all other areas. The higher rent estimate in areas close to BART reflects a rent premium for superior transit access. Most apartment units in Fremont's

development pipeline are located within half a mile of a BART station, while the recently built Artist Walk project, is over 1.5 miles from the nearest BART station.[1]

Table 2-3. Residential Lease Rates for the Apartment Prototype

Prototype	Unit Size	$/unit	$/sf
Apartments			
<0.5 Miles to BART	930 sf	$3,350	$3.60/sf
>0.5 Miles to BART	930 sf	$3,200	$3.44/sf

KMA estimated the rent premium for new apartment projects close to BART based on new apartment projects in Union City and Milpitas that are within a half mile of a BART station as well as the recently completed Asher apartment project in Fremont, undergoing initial lease up. As illustrated in the chart below, asking rents of new apartment buildings located closer to BART in these neighboring communities generally command a 5% to 10% rent premium over Artist Walk, controlling for unit size.



Source: CoStar, website for the Asher project

To calculate the supported investment of the rental units, KMA first estimated the Net Operating Income (NOI), which is equal to rental income minus operating expenses. As shown in Appendix Table A-10, the NOI for market rate units is estimated at $28,900/unit/year for locations within half a mile of a BART station. The same apartment prototype is estimated to generate $27,200 of NOI for locations outside the half-mile radius. The NOI is then divided by a return on cost (ROC) to estimate the developer investment supported. For market rate units, a 5.25% developer return on cost requirement is utilized. On this basis, the supported investment

[1] Artist Walk is adjacent to the Fremont Amtrak/ Altamont Corridor Express (ACE) train station. Proximity to a train station is unlikely to command an equivalent rent premium given that ACE's total weekday ridership is a small fraction of BART's weekday ridership and trains run far less frequently.

in the base case (100% market rate units) is estimated at $550,000 for locations closer to BART and $517,000 for locations farther from BART. The estimated return on cost reflects a spread of approximately 0.85% over the estimated cap rate of 4.4% for market rate multifamily projects in Fremont drawn from a combination of sources including recent sales of built apartment properties and publications such as CBRE.

2.7 Development Community Contacts

To supplement the available market data and inform the feasibility analysis, KMA reached out to developers currently pursuing projects in Fremont. The developers we spoke with provided construction cost estimates, information on anticipated sale prices and market rents, and their general opinions regarding development conditions in Fremont.

Developers interviewed have typically complied with the Affordable Housing Ordinance through fee payment, as this was determined to be the most cost-effective option. The reduced fee requirement for rental housing with smaller units was cited as helpful in allowing rental projects to be built. Several developers expressed interest in alternative compliance methods such as the provision of smaller units onsite, or the contribution of land toward an offsite affordable housing project built by a nonprofit housing developer.

Developers expressed confidence in the strength of the residential market in Fremont, although rising construction costs were a common concern, particularly for higher-density apartment and condominium projects with structured parking. Ground floor commercial requirements were also cited as a constraint, due to the added cost of providing parking for the commercial space. Developers cited a few examples of higher density projects that were delayed or withdrawn because projected rents or sale prices were insufficient to offset rising construction costs. The examples mentioned were in areas with weaker rent potential than the locations where new construction of high density residential in Fremont is primarily occurring.

2.8 Residential Land Sales

KMA obtained residential land sale comps from CoStar, a third-party vendor of market data. Transaction details are provided in Appendix Table A-18 and are summarized in Table 2-4 and chart below.

- *Higher Density Land Sales* – Land targeted for higher density development of more than 30 units per acre (consistent with the rental apartment and stacked flat condo prototypes) has sold at an average price of $90 per land square foot and $66,000 per unit based on eight transactions completed since 2016. The targeted residential density of the land sale comps ranges from 34 to 100 units per acre. The land price for sites being developed with more than 60 units per acre (most comparable to the apartment prototype) is generally higher on a per square foot basis but lower on per unit basis than other sites within this category.

- *Medium Density Land Sales* – Land targeted for medium density development of 10 to 30 units per acre (consistent with the townhome prototype) has sold at an average price of $66 per land square foot and $133,000 per unit based on 15 transactions since 2016. The eight most recent transactions (since 2017) have averaged $76 per land square foot and $223,000 per unit. Five of fifteen medium density land transactions had a price above $100 per square foot of land.

- *Low Density Land Sales* – Land targeted for low density development of less than 10 units per acre (consistent with single family detached prototypes) has sold at an average price of $44 per land square foot and $447,000 per unit based on five transactions since 2016 and one transaction that occurred in 2015. The land price for sites being developed with less than four units per acre (most comparable to the large single family prototype) is generally lower on a per square foot basis but higher on per unit basis than other sites within this category.

Table 2-4. Summary of Residential Land Sales

Development Type	Minimum	Maximum	Weighted Average	
			Since 2016[1]	Since 2017
Higher Density (> 30 du/acre)				
Land Price/ sf land	$53	$136	$90	$95
Land Price/ unit	$44,000	$101,000	$66,000	$72,000
Medium Density (10 - 30 du/acre)				
Land Price/ sf land	$38	$125	$66	$76
Land Price/ unit	$67,000	$333,000	$133,000	$223,000
Low Density (<10 du/acre)				
Land Price/ sf land	$22	$83	$44	$35
Land Price/ unit	$272,000	$721,000	$447,000	$364,000

[1] Includes one low-density transaction that occurred in 2015.

2.9 Feasibility Conclusions

The financial feasibility analysis is based on the relationship between the project's revenue potential, the estimated development costs, and a reasonable developer profit commensurate with the cost of funds and development risk. The residual land value approach described earlier produces a residual value that each prototype can afford to pay to acquire a site. If the residual value exceeds the cost to acquire a site for development, the prototype is generally determined to be feasible. If the residual value is less than the cost to acquire and prepare the site, the prototype will need to address economic challenges. As mentioned previously, it would be the case that some projects would have economics that are somewhat better as well as some that are somewhat worse than the "typical" prototype analyzed.

With for-sale units, the analysis reflects a developer return of twelve percent of sales revenue. For rentals, return to the developer is considered in the return on cost discussed in Section 2.6.

The residual land values are derived by subtracting the development costs before land acquisition from the net sales revenues (for the for-sale prototypes) or net project value/ supported investment (for the rental prototypes).

a) Payment of Existing In-Lieu Fee ("Base Case")

Table 2-5 summarizes the residual land value conclusions for the prototypes, assuming payment of the City's existing fee. A more detailed pro forma table can be seen in Appendix Table A-1 for the for-sale unit types and Appendix Table A-10 for the apartment prototype.

For-Sale Findings – The financial feasibility analysis indicates that for-sale residential development is generally feasible in Fremont consistent with the market rate development activity that has been occurring. The single family detached and townhome prototypes have strong feasibility based on supported land values at or above land sales for projects of comparable density as indicated in Table 2-4. The stacked flat condominium prototype supports a land value that falls at the lower end of prevailing land values, suggesting feasibility is weaker for this product type than for lower-density development. However, discussions with developers and market activity suggest that stacked flat condominiums are being developed despite more challenging economics.

Rental Findings – For locations close to a BART station, the apartment prototype supports a land value commensurate with recent land transactions, suggesting that apartment development in Fremont is feasible in strong locations. Feasibility of apartment development is generally weaker and subject to greater uncertainty than lower-density for sale prototypes because it is conditioned on projects achieving a rent premium for proximity to transit. In areas farther from a BART station, current market rents are not sufficient to support a land payment that is commensurate with prevailing land values, suggesting marginal feasibility in these locations.

The findings are consistent with Fremont's pipeline of apartment projects, most of which are located within a half mile of a BART station.

Table 2-5. Summary of Feasibility Analysis Findings with Payment of Existing Fee

Prototype	Revenue or Supported Investment Per Unit[1]	(Less) Development Cost / Unit Before Land [2]	Supported Land Value / Unit	Supported Land Value / Land Sq. Ft.	Feasibility Conclusion with Existing Fee
For Sale Prototypes					
Larger Single Family	$2,200,000	($1,513,700)	$686,300	$63	Feasible
Smaller Single Family	$1,400,000	($1,007,100)	$392,900	$90	Feasible
Townhomes	$1,050,000	($828,000)	$231,400	$106	Feasible
Stacked Flat Condos	$985,000	($921,400)	$63,500	$58	Feasible but weaker than lower density prototypes
Rental Prototype					
<0.5 Miles to BART	$549,700	($483,300)	$66,400	$99	Feasible but not as strong as lower-density
>0.5 Miles to BART	$517,100	($482,000)	$35,100	$52	Marginal feasibility

Key: Green = Feasible; Red = Infeasible; Yellow = Marginal Feasibility

[1] For apartments, investment supported is based on net operating income divided by a return on cost. See appendix tables for details.

[2] With for-sale projects, development costs are inclusive of developer profit and cost of sale. For apartments, developer profit is considered in determining the supported investment indicated in the revenue column.

b) Alternative Onsite Requirements

Using the same pro forma model, KMA tested a series of scenarios where affordable units are provided onsite at different levels of affordability. On-site affordable unit scenarios tested include the following;

For-sale projects:

1. Current on-site plus fee option:
    a. Detached: 4.5% onsite Moderate-Income units plus fee of $17.50 psf
    b. Attached: 3.5% onsite Moderate-Income units plus fee of $18.50 psf

2. Modified on-site plus fee option:
    a. Single Family and Townhome: 5% onsite Moderate-Income units plus a fee of $35 psf (based on nexus maximum for 0% to 80% AMI)
    b. Condo: 5% onsite Moderate-Income units plus a fee of $10 psf, less than other unit types in consideration of weaker feasibility.

3. Current option to provide 13.4% affordable rentals (assumes tax credits)
4. 10% Moderate Income
5. 15% Moderate Income
6. 10% Moderate Income and 5% Low Income
7. 20% Moderate Income

Rental projects:

1. 5% Very Low Income
2. 10% Very Low Income
3. 5% Low Income
4. 10% Low Income

Table 2-6 summarizes the residual land value conclusions for the for-sale scenarios. All of the on-site affordable unit scenarios tested were found to be feasible for the single family and townhome prototype projects. Stacked flat condos were found to have generally weaker feasibility and providing more than 10% moderate income units onsite was found to be infeasible. As interviews with developers confirmed, projects will generally only elect to provide units onsite if the onsite requirement is determined to be more cost effective than the fee. The cost-equivalent onsite requirement is presented in Section 2.10.

Table 2-6. For-Sale Residual Land Values Under Alternative Onsite Requirements

	Supported Land Value / Land Sq. Ft.							
For-Sale Units	Existing Onsite + Fee[1]	Existing 13.4% affordable rental units[3]	5% Moderate + Fee[2]	10% Mod.	15% Mod.	10% Mod +5% Low	20% Mod.	Feasibility Conclusion
Larger Single Family	$59	$65	$54	$58	$52	$51	$46	All scenarios feasible
Smaller Single Family	$87	$88	$77	$86	$78	$75	$69	All scenarios feasible
Townhomes	$105	$102	$88	$106	$95	$90	$84	All scenarios feasible
Stacked Flat Condos	$55	$56	$61	$53	$31	$21	$10	On-site + fee options and 10% feasible but weaker than lower density, 15% - 20% infeasible.

[1] 3.5% onsite moderate and $18.50 psf fee (attached) and 4.5% onsite moderate and $17.50 psf fee (detached).
[2] 5% onsite moderate + fee of $35 psf and $10 psf for condos.
[3] Assumes rental units in stand-alone tax credit project. Option may not be practical for all projects.
Key: Green = Feasible; Red = Infeasible; Yellow = Marginal Feasibility

Table 2-7 summarizes the residual land value conclusions for the rental scenarios. Providing 5% affordable units at 50% to 60% of AMI is estimated to be feasible in strong locations near transit, but the residual land value would be less than the current fee. Higher levels of onsite affordability of 10% or more are infeasible in all locations.

Table 2-7. Rental Residual Land Values Under Alternative Onsite Requirements

	Supported Land Value / Land Sq. Ft.				
Rental Units	5% Very Low	10% Very Low	5% Low	10% Low	Feasibility Conclusion
Apartments, <0.5 mi to BART	$86	$50	$88	$55	5% feasible, 10% infeasible
Apartments, >0.5 mi to BART	$39	$9	$45	$15	All scenarios infeasible

Key: Green = Feasible; Red = Infeasible; Yellow = Marginal Feasibility

Providing affordable units in a separate stand alone affordable project supported by tax credit and other funding sources in conjunction with a non-profit partner could reduce the cost of producing the affordable units and would generally enhance feasibility. The scenario that utilizes the existing option for for-sale projects to provide 13.4% affordable rental units to meet the AHO requirement assumes tax credit financing. However, many projects will not have sufficient scale or an appropriate site for a standalone tax credit rental project to be a workable option.

Affordable sale price calculations are provided in Appendix Table A-25 and A-26 and have been prepared consistent with City's practices. Low Income rents are set at a level affordable to 60% of AMI and Very Low Income rents are set at 50% of AMI.

c) Alternative Fee Levels

KMA also tested alternative fee levels to understand the ability of the development prototypes to support a higher fee. Alternative fee levels tested include the following:

For-sale projects:

1. Current fee payment:
    a. $26 psf for detached single family
    b. $27 psf for townhomes and condos
2. $30 psf fee
3. $40 psf fee
4. Nexus maximum fee: $44.10 psf for single family, $50.50 psf for townhomes, and $57.80 psf for condos
5. For Condos, $15, $20, and $25 psf fees were also tested.

Rental projects:

1. Current fee payment: $17.50 psf for units greater than 700 SF and $8.75 psf for units less than 700 SF (results in an average of $14 psf for the prototype rental project)
2. $20 psf fee
3. $25 psf fee

Table 2-8 summarizes the residual land value conclusions for the for-sale scenarios. Paying a higher fee is feasible for single family detached and townhome prototypes up to the nexus maximum of $44.10 psf for single family detached and $50.50 psf for townhomes. As described previously, the stacked flat condo prototype is feasible but weaker than lower-density prototypes under the existing fee. Increased fees at $40 psf and the nexus maximum of $57.80 were found to be infeasible for the condo.

Table 2-8. For-Sale Residual Land Values Under Alternative Fee Levels

For-Sale Units	Supported Land Value / Land Sq. Ft. Current Fee [1]	$30 psf	$40 psf	Nexus Max.[2]	Feasibility Conclusion
Larger Single Family	$63	$62	$59	$57	All scenarios feasible
Smaller Single Family	$90	$88	$83	$81	All scenarios feasible
Townhomes	$106	$104	$96	$87	All scenarios feasible
Stacked Flat Condos	$58	$54	$40	$16	Current and $30 psf fees feasible but not as strong as low density. Higher fee infeasible.

[1] $26 psf detached single family, $27 psf for attached townhomes and condos

[2] $44.10 psf for detached single family, $50.50 psf for townhomes and $57.80 psf for condos.

Key: Green = Feasible; Red = Infeasible; Yellow = Marginal Feasibility

Additional fee scenarios were tested to identify the feasible fee range for the stacked flat condo prototype. Table 2-9 summarizes the residual land value conclusions for the stacked flat condo prototype assuming a fee of $15 psf up to the current fee of $27 psf. A reduced fee of $15 to $25 psf would strengthen the feasibility of the condo prototype but still generate a land value that is less than the residual land value of lower-density prototypes subject to the current fee.

Table 2-9. Feasible Fee Levels for Condo Prototype

For-Sale Units	Supported Land Value / Land Sq. Ft. Current Fee ($27 psf)	$15 psf	$20 psf	$25 psf	Feasibility Conclusion
Stacked Flat Condos	$58	$75	$68	$61	$15 - $27 psf feasible

Key: Green = Feasible; Red = Infeasible; Yellow = Marginal Feasibility

Table 2-10 summarizes the residual land value conclusions for the rental scenarios. Paying a higher fee in the range of $20 to $25 psf is feasible for the apartment prototype in stronger locations such as near BART where premium rents are achievable but infeasible in other areas. The nexus maximum fee of $61.90 psf would render both apartment prototypes infeasible.

Table 2-10. Rental Residual Land Values Under Alternative Fee Levels

Apartments	Supported Land Value / Land Sq. Ft. Current Fee [1]	$20 psf	$25 psf	Nexus Max. ($61.90 psf)	Feasibility Conclusion
Apartments, <0.5 mi to BART	$99	$91	$84	$33	$14 to $25 psf feasible
Apartments, >0.5 mi to BART	$52	$44	$37	None	Weak with current fee Higher fee infeasible

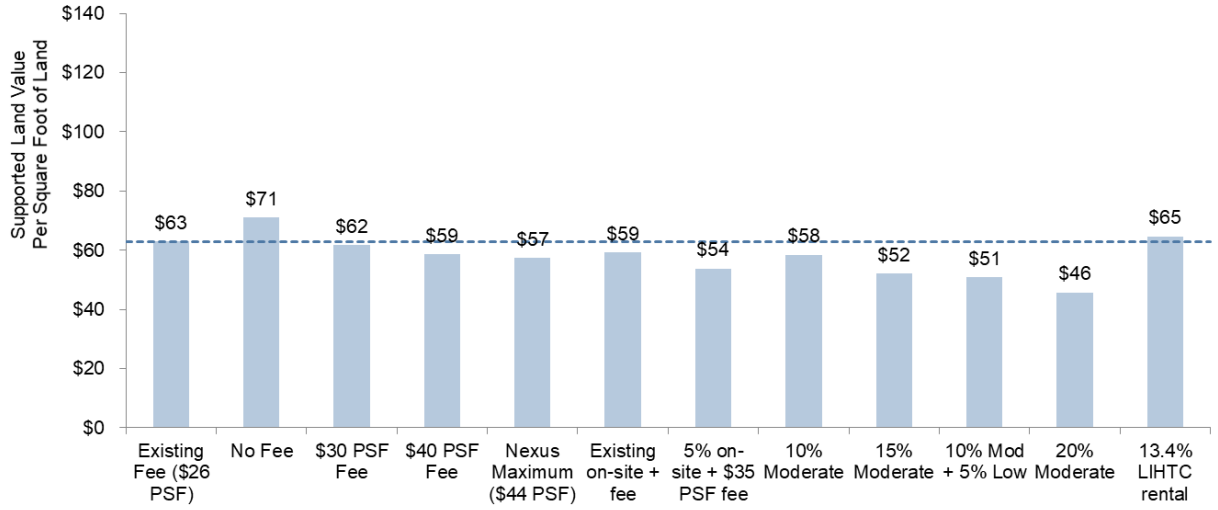
[1] $8.75 for units less than 700 SF and $17.50 for units of 700 SF or more.

Key: Green = Feasible; Red = Infeasible; Yellow = Marginal Feasibility

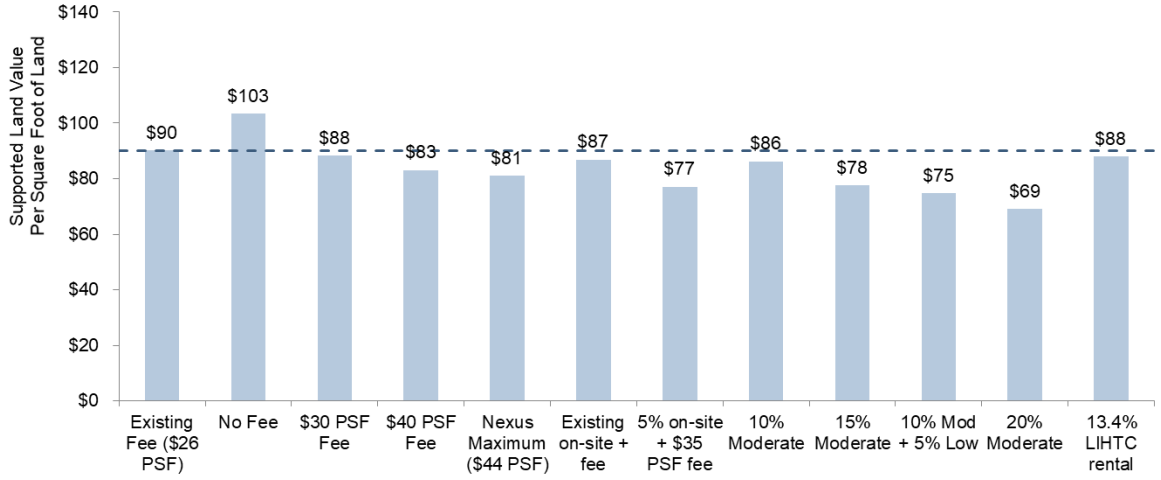
Note: a fee at the nexus maximum results in a negative residual land value for apartments not located near BART, indicating projects would not be feasible even with no land cost. This result is identified in the table as no supported land value.

The residual land value findings discussed above are presented in graphic form in the charts on the subsequent pages. As is illustrated in the charts, supported land values for higher density condominiums and apartments are generally more sensitive to changes in requirements.

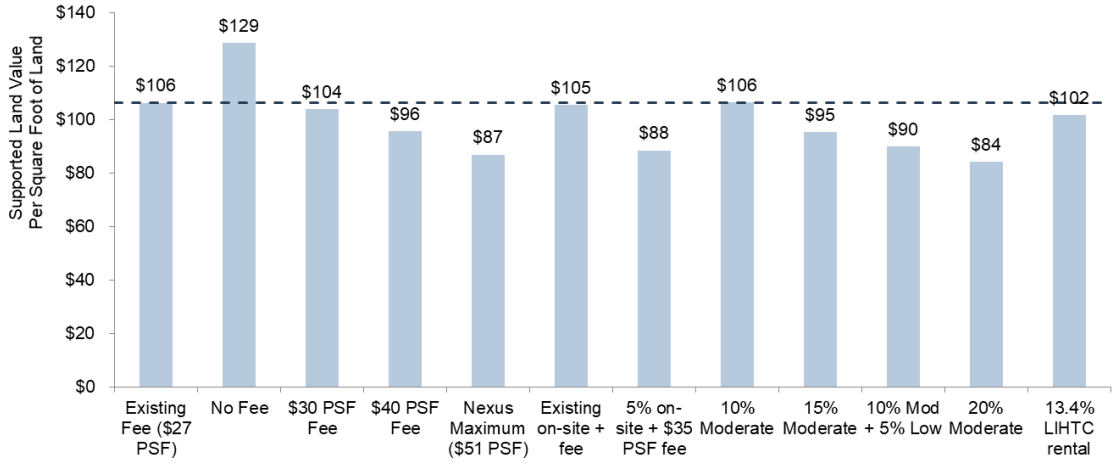
Single Family Land Values, Larger Lot



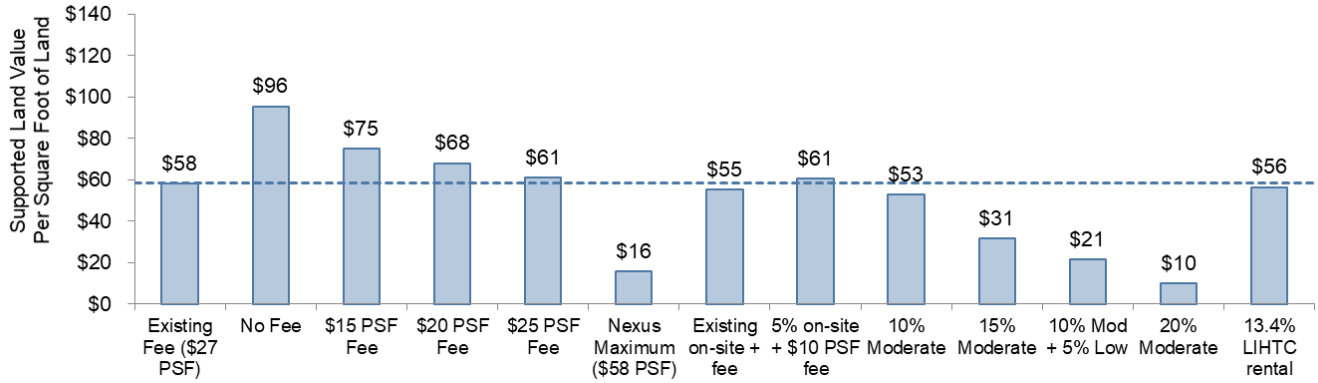
Single Family Land Values, Smaller Lot



Townhome Land Values

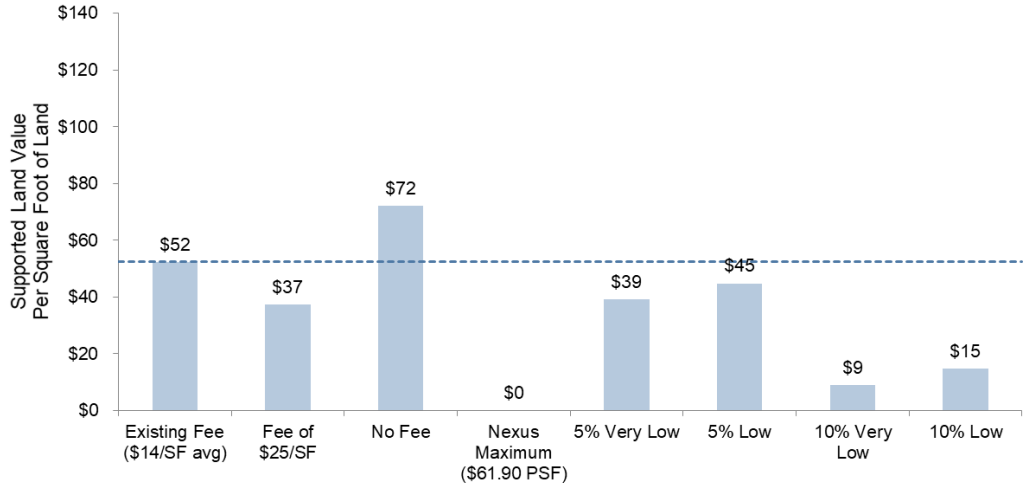


Condo Land Values



Residual Land Values - Apartments Near BART

Residual Land Values - Apartments Not Near Transit



Note: A fee at the nexus maximum results in a negative residual land value for apartments not near transit and indicates the project would not be feasible even with no land cost. This finding is identified in the chart as a zero supported land value.

2.10 Cost Equivalency Between On-Site Compliance Options and Fees

Given the choice between onsite and fee options, projects will generally elect the most cost-effective option. Using the pro forma model described above, KMA estimated the on-site requirement that would represent an equivalent cost for prototype projects in comparison to current and alternative fees. If the onsite requirement exceeds the "cost-equivalent" level, projects will be more likely to pay the fee. If the onsite requirement is less than the "cost equivalent" level, then projects will have some incentive to provide affordable units onsite.

Table 2-11 addresses for-sale projects. The table summarizes the percentage of Moderate Income units estimated to represent a similar cost to the current fee, the nexus maximum fee, and a reduced fee of $21 psf (selected as the midpoint of the feasible condo fee range of $15 to $27 psf). Onsite requirements estimated to be equivalent in cost to the current fee range from 6% to 10%, depending on the prototype. Providing from 11% to 19% of units is estimated to equivalent to the nexus maximum. For condos, a requirement of 7% affordable units approximates the cost of a $21 psf fee.

Table 2-11. Equivalent On-Site Compliance Options (For Sale)

	% of Moderate Units Equivalent To		
	Current Fee $26-$27 psf	Nexus Maximum $45-$59 psf	Feasible Condo Fee $21 psf
Single Family, Large Lot	6.4%	10.8%	not evaluated
Single Family, Small Lot	7.7%	13.0%	not evaluated
Townhomes	10.0%	18.8%	not evaluated
Condos	8.7%	18.6%	6.8%

Table 2-12 summarizes the percentage of Extremely Low, Very Low, and Low Income units that would result in a similar cost for the rental prototype compared to the current fee, a fee of $20 psf and a fee of $25 psf. As shown, an onsite requirement of approximately 3% is equivalent to the current fee; a requirement of approximately 4% to 5% is equivalent to the $20 psf fee; and a requirement of approximately 5% to 6% is equivalent to a $25 psf fee. The cost calculations assume that onsite affordable units are financed privately by the market rate developer without federal or state subsidies. Projects that deliver affordable units through a standalone affordable project that receives Low Income Housing Tax Credits would generally be able to deliver a greater percentage of affordable units; however, not all projects will have the scale to do so.

Table 2-12. Equivalent On-Site Compliance Options (Rental)

	Current Fee	$20 psf fee	$25 psf fee
% ELI Units equivalent to	2.6%	3.7%	4.6%
% VL Units equivalent to	3.0%	4.3%	5.4%
% Low Units equivalent to	3.3%	4.7%	5.9%

APPENDIX TABLES

For-Sale Project Pro Forma

A-1 Fee Scenarios
A-2 Condo Fee Scenarios
A-3 Current Onsite / Fee Mix
A-4 Modified Onsite / Fee Mix
A-5 10% Moderate
A-6 15% Moderate
A-7 10% Moderate + 5% Low
A-8 20% Moderate
A-9 13.4% LIHTC Rental Affordable Units

Rental Project Pro Forma

A-10 Fee Scenarios
A-11 5% Very Low
A-12 10% Very Low
A-13 15% Very Low
A-14 5% Low
A-15 10% Low
A-16 10% Very Low

Supporting Data

A-17 Governmental Fees
A-18 Residential Land Transactions
A-19 Commercial and Industrial Land Transactions
A-20 Multifamily Residential Property Transactions
A-21 Apartment Rents of Newly Built Projects Near BART
A-22 Distance of Recently Built and Proposed Fremont Apartment Projects to BART
A-23 Calculation of Subsidy to Onsite LIHTC Rental Project Per Market Rate Unit
A-24 Estimated Subsidy Requirement, LIHTC Rental Units Used to Satisfy AHO obligation
A-25 Estimated Affordable Home Prices - Moderate Income
A-26 Estimated Affordable Home Prices – Low Income

Appendix Table A-1
Pro Forma Analysis of For-Sale Residential Development - Fee Scenarios
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 1			Prototype 2			Prototype 3			Prototype 4		
	Larger Single Family			Smaller Single Family			Townhomes			Stacked Flat Condos		
Average Unit Size	3,400 sf/unit			2,200 sf/unit			1,800 sf/unit			1,500 sf/unit		
Average No. of Bedrooms	4.0 bedrooms/unit			3.7 bedrooms/unit			3.0 bedrooms/unit			2.3 bedrooms/unit		
Residential Density	4 units/acre			10 units/acre			20 units/acre			40 units/acre		
Parking Type/ Ratio	Attached Garage			Attached Garage			Attached Garage			Podium Garage 2.0 sp/unit		
Sale Price	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$2,200,000	$647	100%	$1,400,000	$636	100%	$1,050,000	$583	100%	$985,000	$657	100%
Residential Sales	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Sales	$2,200,000	$647	100%	$1,400,000	$636	100%	$1,050,000	$583	100%	$985,000	$657	100%
(Less) Closing Costs	($88,000)	($26)	-4%	($56,000)	($25)	-4%	($42,000)	($23)	-4%	($39,400)	($26)	-4%
(Less) Risk Adjusted Return	($264,000)	($78)	-12%	($168,000)	($76)	-12%	($126,000)	($70)	-12%	($118,200)	($79)	-12%
Net Sales Proceeds	$1,848,000	$544	84%	$1,176,000	$535	84%	$882,000	$490	84%	$827,400	$552	84%
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$782,000	$230	100%	$517,000	$235	100%	$432,000	$240	100%	$539,400	$360	100%
A&E	$43,000	$13	5%	$28,400	$13	5%	$23,800	$13	6%	$27,000	$18	5%
Affordable Housing Fee	$88,400	$26	11%	$57,200	$26	11%	$48,600	$27	11%	$40,500	$27	8%
Other Fees & Permits	$87,100	$26	11%	$74,400	$34	14%	$60,500	$34	14%	$56,900	$38	11%
Taxes/Ins./Legal/Marketing	$33,100	$10	4%	$22,900	$10	4%	$19,600	$11	5%	$21,700	$14	4%
Overhead/Admin/Other	$27,400	$8	4%	$18,100	$8	4%	$15,100	$8	3%	$18,900	$13	4%
Contingency	$39,100	$12	5%	$25,900	$12	5%	$21,600	$12	5%	$27,000	$18	5%
Financing	$61,600	$18	8%	$39,200	$18	8%	$29,400	$16	7%	$32,500	$22	6%
Total Costs	$1,161,700	$342	149%	$783,100	$356	151%	$650,600	$361	151%	$763,900	$509	142%
Residual Land Value	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre
With Current Fee	$686,300	$63	$2.7M	$392,900	$90	$3.9M	$231,400	$106	$4.6M	$63,500	$58	$2.5M
Illustrative Fee Levels												
Illustrative Fee at $0 PSF	$774,700	$71	$3.1M	$450,100	$103	$4.5M	$280,000	$129	$5.6M	$104,000	$96	$4.2M
Illustrative Fee at $30 PSF	$672,700	$62	$2.7M	$384,100	$88	$3.8M	$226,000	$104	$4.5M	$59,000	$54	$2.4M
Illustrative Fee at $40 PSF	$638,700	$59	$2.6M	$362,100	$83	$3.6M	$208,000	$96	$4.2M	$44,000	$40	$1.8M
Fee at Nexus Maximum*	$624,800	$57	$2.5M	$353,100	$81	$3.5M	$189,100	$87	$3.8M	$17,300	$16	$0.7M
** Nexus Maximum PSF*	*$44.10 /NSF*			*$44.10 /NSF*			*$50.50 /NSF*			*$57.80 /NSF*		

Appendix Table A-2
Pro Forma Analysis of For-Sale Residential Development - Condo Fee Scenarios
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 4		
	Stacked Flat Condos		
Average Unit Size	1,500 sf/unit		
Average No. of Bedrooms	2.3 bedrooms/unit		
Residential Density	40 units/acre		
Parking Type/ Ratio	Podium Garage		
	2.0 sp/unit		
Sale Price	$/Unit	$/NSF	%Units
Market Rate	$985,000	$657	100%
Residential Sales	$/Unit	$/NSF	%Gross
Gross Sales	$985,000	$657	100%
(Less) Closing Costs	($39,400)	($26)	-4%
(Less) Risk Adjusted Return	($118,200)	($79)	-12%
Net Sales Proceeds	$827,400	$552	84%
Development Costs excl. Land	$/Unit	$/NSF	%Direct
Total Costs	$763,900	$509	142%
Residual Land Value	$/Unit	$/Land SF	$/Acre
With Current Fee	$63,500	$58	$2.5M
Additional Fee Levels			
Illustrative Fee at $15 PSF	$81,500	$75	$3.3M
Illustrative Fee at $20 PSF	$74,000	$68	$3.0M
Illustrative Fee at $25 PSF	$66,500	$61	$2.7M

Appendix Table A-3
Pro Forma Analysis of For-Sale Residential Development - Current Onsite/ Fee Mix
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 1			Prototype 2			Prototype 3			Prototype 4		
	Larger Single Family			Smaller Single Family			Townhomes			Stacked Flat Condos		
Average Unit Size	3,400 sf/unit			2,200 sf/unit			1,800 sf/unit			1,500 sf/unit		
Average No. of Bedrooms	4.0 bedrooms/unit			3.7 bedrooms/unit			3.0 bedrooms/unit			2.3 bedrooms/unit		
Residential Density	4 units/acre			10 units/acre			20 units/acre			40 units/acre		
Parking Type/ Ratio	Attached Garage			Attached Garage			Attached Garage			Podium Garage 2.0 sp/unit		
Sale Price	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$2,200,000	$647	95.5%	$1,400,000	$636	95.5%	$1,050,000	$583	96.5%	$985,000	$657	96.5%
Moderate Income (110% AMI)	$495,000	$146	4.5%	$479,000	$218	4.5%	$455,000	$253	3.5%	$407,800	$272	3.5%
Weighted Average	$2,123,300	$625	100.0%	$1,358,600	$618	100.0%	$1,029,200	$572	100.0%	$964,800	$643	100.0%
Residential Sales	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Sales	$2,123,300	$625	100%	$1,358,600	$618	100%	$1,029,200	$572	100%	$964,800	$643	100%
(Less) Closing Costs	($84,900)	($25)	-4%	($54,300)	($25)	-4%	($41,200)	($23)	-4%	($38,600)	($26)	-4%
(Less) Risk Adjusted Return	($254,800)	($75)	-12%	($163,000)	($74)	-12%	($123,500)	($69)	-12%	($115,800)	($77)	-12%
Net Sales Proceeds	$1,783,600	$525	84%	$1,141,300	$519	84%	$864,500	$480	84%	$810,400	$540	84%
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$782,000	$230	100%	$517,000	$235	100%	$432,000	$240	100%	$539,400	$360	100%
A&E	$43,000	$13	5%	$28,400	$13	5%	$23,800	$13	6%	$27,000	$18	5%
Affordable Housing Fee	$68,000	$20	9%	$38,500	$18	7%	$33,300	$19	8%	$27,750	$19	5%
Other Fees & Permits	$87,100	$26	11%	$74,300	$34	14%	$60,700	$34	14%	$56,800	$38	11%
Taxes/Ins./Legal/Marketing	$33,100	$10	4%	$22,900	$10	4%	$19,600	$11	5%	$21,700	$14	4%
Overhead/Admin/Other	$27,400	$8	4%	$18,100	$8	4%	$15,100	$8	3%	$18,900	$13	4%
Contingency	$39,100	$12	5%	$25,900	$12	5%	$21,600	$12	5%	$27,000	$18	5%
Financing	$59,400	$17	8%	$38,000	$17	7%	$28,800	$16	7%	$31,800	$21	6%
Total Costs	$1,139,100	$335	146%	$763,100	$347	148%	$634,900	$353	147%	$750,350	$500	139%
Residual Land Value	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre
With Current Requirement	$644,500	$59	$2.6M	$378,200	$87	$3.8M	$229,600	$105	$4.6M	$60,050	$55	$2.4M

Appendix Table A-4
Pro Forma Analysis of For-Sale Residential Development - 5% Mod On-Site + Fee
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 1			Prototype 2			Prototype 3			Prototype 4		
	Larger Single Family			Smaller Single Family			Townhomes			Stacked Flat Condos		
Average Unit Size	3,400 sf/unit			2,200 sf/unit			1,800 sf/unit			1,500 sf/unit		
Average No. of Bedrooms	4.0 bedrooms/unit			3.7 bedrooms/unit			3.0 bedrooms/unit			2.3 bedrooms/unit		
Residential Density	4 units/acre			10 units/acre			20 units/acre			40 units/acre		
Parking Type/ Ratio	Attached Garage			Attached Garage			Attached Garage			Podium Garage 2.0 sp/unit		
Sale Price	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$2,200,000	$647	95.0%	$1,400,000	$636	95.0%	$1,050,000	$583	95.0%	$985,000	$657	95.0%
Moderate Income (110% AMI)	$495,000	$146	5.0%	$479,000	$218	5.0%	$455,000	$253	5.0%	$407,800	$272	5.0%
Weighted Average	$2,114,800	$622	100.0%	$1,354,000	$615	100.0%	$1,020,300	$567	100.0%	$956,100	$637	100.0%
Residential Sales	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Sales	$2,114,800	$622	100%	$1,354,000	$615	100%	$1,020,300	$567	100%	$956,100	$637	100%
(Less) Closing Costs	($84,600)	($25)	-4%	($54,200)	($25)	-4%	($40,800)	($23)	-4%	($38,200)	($25)	-4%
(Less) Risk Adjusted Return	($253,800)	($75)	-12%	($162,500)	($74)	-12%	($122,400)	($68)	-12%	($114,700)	($76)	-12%
Net Sales Proceeds	$1,776,400	$522	84%	$1,137,300	$517	84%	$857,100	$476	84%	$803,200	$535	84%
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$782,000	$230	100%	$517,000	$235	100%	$432,000	$240	100%	$539,400	$360	100%
A&E	$43,000	$13	5%	$28,400	$13	5%	$23,800	$13	6%	$27,000	$18	5%
Affordable Housing Fee	$119,000	$35	15%	$77,000	$35	15%	$63,000	$35	15%	$15,000	$10	3%
Other Fees & Permits	$87,100	$26	11%	$74,300	$34	14%	$60,700	$34	14%	$56,800	$38	11%
Taxes/Ins./Legal/Marketing	$33,100	$10	4%	$22,900	$10	4%	$19,600	$11	5%	$21,700	$14	4%
Overhead/Admin/Other	$27,400	$8	4%	$18,100	$8	4%	$15,100	$8	3%	$18,900	$13	4%
Contingency	$39,100	$12	5%	$25,900	$12	5%	$21,600	$12	5%	$27,000	$18	5%
Financing	$59,200	$17	8%	$37,900	$17	7%	$28,600	$16	7%	$31,500	$21	6%
Total Costs	$1,189,900	$350	152%	$801,500	$364	155%	$664,400	$369	154%	$737,300	$492	137%
Residual Land Value	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre
With Current Requirement	$586,500	$54	$2.3M	$335,800	$77	$3.4M	$192,700	$88	$3.9M	$65,900	$61	$2.6M

Appendix Table A-5
Pro Forma Analysis of For-Sale Residential Development - 10% Moderate
Financial Feasibility Analysis
City of Fremont

10/8/2020

	Prototype 1			Prototype 2			Prototype 3			Prototype 4		
	Larger Single Family			Smaller Single Family			Townhomes			Stacked Flat Condos		
Average Unit Size	3,400 sf/unit			2,200 sf/unit			1,800 sf/unit			1,500 sf/unit		
Average No. of Bedrooms	4.0 bedrooms/unit			3.7 bedrooms/unit			3.0 bedrooms/unit			2.3 bedrooms/unit		
Residential Density	4 units/acre			10 units/acre			20 units/acre			40 units/acre		
Parking Type/ Ratio	Attached Garage			Attached Garage			Attached Garage			Podium Garage 2.0 sp/unit		
Sale Price	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$2,200,000	$647	90%	$1,400,000	$636	90%	$1,050,000	$583	90%	$985,000	$657	90%
Moderate Income (110% AMI)	$495,000	$146	10%	$479,000	$218	10%	$455,000	$253	10%	$407,800	$272	10%
Weighted Average	$2,029,500	$597	100%	$1,307,900	$595	100%	$990,500	$550	100%	$927,300	$618	100%
Residential Sales	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Sales	$2,029,500	$597	100%	$1,307,900	$595	100%	$990,500	$550	100%	$927,300	$618	100%
(Less) Closing Costs	($81,200)	($24)	-4%	($52,300)	($24)	-4%	($39,600)	($22)	-4%	($37,100)	($25)	-4%
(Less) Risk Adjusted Return	($243,500)	($72)	-12%	($156,900)	($71)	-12%	($118,900)	($66)	-12%	($111,300)	($74)	-12%
Net Sales Proceeds	$1,704,800	$501	84%	$1,098,700	$499	84%	$832,000	$462	84%	$778,900	$519	84%
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$782,000	$230	100%	$517,000	$235	100%	$432,000	$240	100%	$539,400	$360	100%
A&E	$43,000	$13	5%	$28,400	$13	5%	$23,800	$13	6%	$27,000	$18	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$87,100	$26	11%	$74,300	$34	14%	$60,700	$34	14%	$56,800	$38	11%
Taxes/Ins./Legal/Marketing	$33,100	$10	4%	$22,900	$10	4%	$19,600	$11	5%	$21,700	$14	4%
Overhead/Admin/Other	$27,400	$8	4%	$18,100	$8	4%	$15,100	$8	3%	$18,900	$13	4%
Contingency	$39,100	$12	5%	$25,900	$12	5%	$21,600	$12	5%	$27,000	$18	5%
Financing	$56,800	$17	7%	$36,600	$17	7%	$27,700	$15	6%	$30,600	$20	6%
Total Costs	$1,068,500	$314	137%	$723,200	$329	140%	$600,500	$334	139%	$721,400	$481	134%
Residual Land Value	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre
With 10% Moderate Onsite	$636,300	$58	$2.5M	$375,500	$86	$3.8M	$231,500	$106	$4.6M	$57,500	$53	$2.3M

Appendix Table A-6
Pro Forma Analysis of For-Sale Residential Development - 15% Moderate
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 1			Prototype 2			Prototype 3			Prototype 4		
	Larger Single Family			Smaller Single Family			Townhomes			Stacked Flat Condos		
Average Unit Size	3,400 sf/unit			2,200 sf/unit			1,800 sf/unit			1,500 sf/unit		
Average No. of Bedrooms	4.0 bedrooms/unit			3.7 bedrooms/unit			3.0 bedrooms/unit			2.3 bedrooms/unit		
Residential Density	4 units/acre			10 units/acre			20 units/acre			40 units/acre		
Parking Type/ Ratio	Attached Garage			Attached Garage			Attached Garage			Podium Garage 2.0 sp/unit		
Sale Price	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$2,200,000	$647	85%	$1,400,000	$636	85%	$1,050,000	$583	85%	$985,000	$657	85%
Moderate Income (110% AMI)	$495,000	$146	15%	$479,000	$218	15%	$455,000	$253	15%	$407,800	$272	15%
Weighted Average	$1,944,300	$572	100%	$1,261,900	$574	100%	$960,800	$534	100%	$898,400	$599	100%
Residential Sales	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Sales	$1,944,300	$572	100%	$1,261,900	$574	100%	$960,800	$534	100%	$898,400	$599	100%
(Less) Closing Costs	($77,800)	($23)	-4%	($50,500)	($23)	-4%	($38,400)	($21)	-4%	($35,900)	($24)	-4%
(Less) Risk Adjusted Return	($233,300)	($69)	-12%	($151,400)	($69)	-12%	($115,300)	($64)	-12%	($107,800)	($72)	-12%
Net Sales Proceeds	$1,633,200	$480	84%	$1,060,000	$482	84%	$807,100	$448	84%	$754,700	$503	84%
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$782,000	$230	100%	$517,000	$235	100%	$432,000	$240	100%	$539,400	$360	100%
A&E	$43,000	$13	5%	$28,400	$13	5%	$23,800	$13	6%	$27,000	$18	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$87,100	$26	11%	$74,300	$34	14%	$60,700	$34	14%	$56,800	$38	11%
Taxes/Ins./Legal/Marketing	$33,100	$10	4%	$22,900	$10	4%	$19,600	$11	5%	$21,700	$14	4%
Overhead/Admin/Other	$27,400	$8	4%	$18,100	$8	4%	$15,100	$8	3%	$18,900	$13	4%
Contingency	$39,100	$12	5%	$25,900	$12	5%	$21,600	$12	5%	$27,000	$18	5%
Financing	$54,400	$16	7%	$35,300	$16	7%	$26,900	$15	6%	$29,600	$20	5%
Total Costs	$1,066,100	$314	136%	$721,900	$328	140%	$599,700	$333	139%	$720,400	$480	134%
Residual Land Value	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre
With 15% Moderate Onsite	$567,100	$52	$2.3M	$338,100	$78	$3.4M	$207,400	$95	$4.1M	$34,300	$31	$1.4M

Appendix Table A-7
Pro Forma Analysis of For-Sale Residential Development - 10% Moderate + 5% Low
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 1			Prototype 2			Prototype 3			Prototype 4		
	Larger Single Family			Smaller Single Family			Townhomes			Stacked Flat Condos		
Average Unit Size	3,400 sf/unit			2,200 sf/unit			1,800 sf/unit			1,500 sf/unit		
Average No. of Bedrooms	4.0 bedrooms/unit			3.7 bedrooms/unit			3.0 bedrooms/unit			2.3 bedrooms/unit		
Residential Density	4 units/acre			10 units/acre			20 units/acre			40 units/acre		
Parking Type/ Ratio	Attached Garage			Attached Garage			Attached Garage			Podium Garage 2.0 sp/unit		
Sale Price	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$2,200,000	$647	85%	$1,400,000	$636	85%	$1,050,000	$583	85%	$985,000	$657	85%
Low Income (60% AMI)	$179,000	$53	5%	$181,100	$82	5%	$164,000	$91	5%	$136,800	$91	5%
Moderate Income (110% AMI)	$495,000	$146	10%	$479,000	$218	10%	$455,000	$253	10%	$407,800	$272	10%
Weighted Average	$1,928,500	$567	100%	$1,247,000	$567	100%	$946,200	$526	100%	$884,900	$590	100%
Residential Sales	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Sales	$1,928,500	$567	100%	$1,247,000	$567	100%	$946,200	$526	100%	$884,900	$590	100%
(Less) Closing Costs	($77,100)	($23)	-4%	($49,900)	($23)	-4%	($37,800)	($21)	-4%	($35,400)	($24)	-4%
(Less) Risk Adjusted Return	($231,400)	($68)	-12%	($149,600)	($68)	-12%	($113,500)	($63)	-12%	($106,200)	($71)	-12%
Net Sales Proceeds	$1,620,000	$476	84%	$1,047,500	$476	84%	$794,900	$442	84%	$743,300	$496	84%
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$782,000	$230	100%	$517,000	$235	100%	$432,000	$240	100%	$539,400	$360	100%
A&E	$43,000	$13	5%	$28,400	$13	5%	$23,800	$13	6%	$27,000	$18	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$87,100	$26	11%	$74,300	$34	14%	$60,700	$34	14%	$56,800	$38	11%
Taxes/Ins./Legal/Marketing	$33,100	$10	4%	$22,900	$10	4%	$19,600	$11	5%	$21,700	$14	4%
Overhead/Admin/Other	$27,400	$8	4%	$18,100	$8	4%	$15,100	$8	3%	$18,900	$13	4%
Contingency	$39,100	$12	5%	$25,900	$12	5%	$21,600	$12	5%	$27,000	$18	5%
Financing	$54,000	$16	7%	$34,900	$16	7%	$26,500	$15	6%	$29,200	$19	5%
Total Costs	$1,065,700	$313	136%	$721,500	$328	140%	$599,300	$333	139%	$720,000	$480	133%
Residual Land Value	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre
With 15% Moderate Onsite	$554,300	$51	$2.2M	$326,000	$75	$3.3M	$195,600	$90	$3.9M	$23,300	$21	$0.9M

Appendix Table A-8
Pro Forma Analysis of For-Sale Residential Development - 20% Moderate
Financial Feasibility Analysis
City of Fremont

10/8/2020

	Prototype 1			Prototype 2			Prototype 3			Prototype 4		
	Larger Single Family			Smaller Single Family			Townhomes			Stacked Flat Condos		
Average Unit Size	3,400 sf/unit			2,200 sf/unit			1,800 sf/unit			1,500 sf/unit		
Average No. of Bedrooms	4.0 bedrooms/unit			3.7 bedrooms/unit			3.0 bedrooms/unit			2.3 bedrooms/unit		
Residential Density	4 units/acre			10 units/acre			20 units/acre			40 units/acre		
Parking Type/ Ratio	Attached Garage			Attached Garage			Attached Garage			Podium Garage 2.0 sp/unit		
Sale Price	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$2,200,000	$647	80%	$1,400,000	$636	80%	$1,050,000	$583	80%	$985,000	$657	80%
Moderate Income (110% AMI)	$495,000	$146	20%	$479,000	$218	20%	$455,000	$253	20%	$407,800	$272	20%
Weighted Average	$1,859,000	$547	100%	$1,215,800	$553	100%	$931,000	$517	100%	$869,600	$580	100%
Residential Sales	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Sales	$1,859,000	$547	100%	$1,215,800	$553	100%	$931,000	$517	100%	$869,600	$580	100%
(Less) Closing Costs	($74,400)	($22)	-4%	($48,600)	($22)	-4%	($37,200)	($21)	-4%	($34,800)	($23)	-4%
(Less) Risk Adjusted Return	($223,100)	($66)	-12%	($145,900)	($66)	-12%	($111,700)	($62)	-12%	($104,400)	($70)	-12%
Net Sales Proceeds	$1,561,500	$459	84%	$1,021,300	$464	84%	$782,100	$435	84%	$730,400	$487	84%
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$782,000	$230	100%	$517,000	$235	100%	$432,000	$240	100%	$539,400	$360	100%
A&E	$43,000	$13	5%	$28,400	$13	5%	$23,800	$13	6%	$27,000	$18	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$87,100	$26	11%	$74,300	$34	14%	$60,700	$34	14%	$56,800	$38	11%
Taxes/Ins./Legal/Marketing	$33,100	$10	4%	$22,900	$10	4%	$19,600	$11	5%	$21,700	$14	4%
Overhead/Admin/Other	$27,400	$8	4%	$18,100	$8	4%	$15,100	$8	3%	$18,900	$13	4%
Contingency	$39,100	$12	5%	$25,900	$12	5%	$21,600	$12	5%	$27,000	$18	5%
Financing	$52,000	$15	7%	$34,000	$15	7%	$26,100	$15	6%	$28,700	$19	5%
Total Costs	$1,063,700	$313	136%	$720,600	$328	139%	$598,900	$333	139%	$719,500	$480	133%
Residual Land Value	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre
With 20% Moderate Onsite	$497,800	$46	$2.0M	$300,700	$69	$3.0M	$183,200	$84	$3.7M	$10,900	$10	$0.4M

Appendix Table A-9
Pro Forma Analysis of For-Sale Residential Development - Current Option to Provide 13.4% Rental Units, Assuming LIHTC Financing
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 1			Prototype 2			Prototype 3			Prototype 4		
	Larger Single Family			Smaller Single Family			Townhomes			Stacked Flat Condos		
Average Unit Size	3,400 sf/unit			2,200 sf/unit			1,800 sf/unit			1,500 sf/unit		
Average No. of Bedrooms	4.0 bedrooms/unit			3.7 bedrooms/unit			3.0 bedrooms/unit			2.3 bedrooms/unit		
For-Sale Residential Density	4 units/acre			10 units/acre			20 units/acre			40 units/acre		
% site used for LIHTC rental	1% of site			2% of site			5% of site			9% of site		
Parking Type/ Ratio	Attached Garage			Attached Garage			Attached Garage			Podium Garage 2.0 sp/unit		
Residential Sales	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Market Rate Sales Price	$2,200,000	$647	100%	$1,400,000	$636	100%	$1,050,000	$583	100%	$985,000	$657	100%
(Less) Closing Costs	($88,000)	($26)	-4%	($56,000)	($25)	-4%	($42,000)	($23)	-4%	($39,400)	($26)	-4%
(Less) Risk Adjusted Return	($264,000)	($78)	-12%	($168,000)	($76)	-12%	($126,000)	($70)	-12%	($118,200)	($79)	-12%
Net Sales Proceeds	$1,848,000	$544	84%	$1,176,000	$535	84%	$882,000	$490	84%	$827,400	$552	84%
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$782,000	$230	100%	$517,000	$235	100%	$432,000	$240	100%	$539,400	$360	100%
A&E	$43,000	$13	5%	$28,400	$13	5%	$23,800	$13	6%	$27,000	$18	5%
Subsidy to LIHTC Rental (1)	$63,800	$19	8%	$58,200	$26	11%	$47,700	$27	11%	$36,800	$25	7%
Other Fees & Permits	$87,100	$26	11%	$74,300	$34	14%	$60,700	$34	14%	$56,800	$38	11%
Taxes/Ins./Legal/Marketing	$33,100	$10	4%	$22,900	$10	4%	$19,600	$11	5%	$21,700	$14	4%
Overhead/Admin/Other	$27,400	$8	4%	$18,100	$8	4%	$15,100	$8	3%	$18,900	$13	4%
Contingency	$39,100	$12	5%	$25,900	$12	5%	$21,600	$12	5%	$27,000	$18	5%
Financing	$61,600	$18	8%	$39,200	$18	8%	$29,400	$16	7%	$32,500	$22	6%
Total Costs	$1,137,100	$334	145%	$784,000	$356	152%	$649,900	$361	150%	$760,100	$507	141%
	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre	$/Unit	$/Land SF	$/Acre
Residual Land Value (2)	$710,900	$65	$2.8M	$392,000	$88	$3.8M	$232,100	$102	$4.4M	$67,300	$56	$2.5M

(1) See Appendix Table A-23. Assumes project has sufficient scale and an appropriate site to accommodate a stand-alone LIHTC project. This option may not be practical in many cases.

(2) Residual land values per acre and per square foot reflect an average over the entire site including the % of the site assumed to be provided at no cost to a LIHTC project. Per unit residual values reflect the market rate units net of a subsidy to the LIHTC project.

Appendix Table A-10
Pro Forma Analysis of Rental Residential Development - Fee Scenarios
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 5a			Prototype 5b		
	Apartments (<0.5mi to BART)			Apartments (>0.5mi to BART)		
Average Unit Size	930 sf/unit			930 sf/unit		
Residential Density	65 units/acre			65 units/acre		
Parking Type	Wrap Garage			Wrap Garage		
Parking Ratio	1.5 sp/unit			1.5 sp/unit		
Rents	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$3,350	$3.60	100%	$3,200	$3.44	100%
Operating Income	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Rent	$40,200	$43	95%	$38,400	$41	95%
Other Income	$2,100	$2	5%	$2,100	$2	5%
(Less) Vacancy/Bad Debt	($2,115)	($2)	-5%	($2,025)	($2)	-5%
Effective Gross Income	$40,185	$43	95%	$38,475	$41	95%
(Less) OPEX	($11,325)	($12)	-27%	($11,325)	($12)	-28%
Total NOI	$28,860	$31	68%	$27,150	$29	67%
Return on Cost (blended)	*5.25%*			*5.25%*		
Supported Investment	$549,700	$591		$517,100	$556	
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$348,900	$375	100%	$348,900	$375	100%
A&E	$17,400	$19	5%	$17,400	$19	5%
Affordable Housing Fee	$13,200	$14	4%	$13,200	$14	4%
Other Fees & Permits	$46,700	$50	13%	$46,700	$50	13%
Taxes/Ins./Legal/Marketing	$5,900	$6	2%	$5,900	$6	2%
Overhead/Admin/Other	$12,200	$13	3%	$12,200	$13	3%
Contingency	$17,400	$19	5%	$17,400	$19	5%
Financing	$21,600	$23	6%	$20,300	$22	6%
Total Costs	$483,300	$520	139%	$482,000	$518	138%
Residual Land Value	**$/Unit**	**$/Land SF**	**$/Acre**	**$/Unit**	**$/Land SF**	**$/Acre**
With Current Fee[1]	$66,400	$99	$4.3M	$35,100	$52	$2.3M
With Illustrative Fee Levels						
Illustrative Fee at $0 PSF	$79,600	$119	$5.2M	$48,300	$72	$3.1M
Illustrative Fee at $20 PSF	$61,000	$91	$4.0M	$29,700	$44	$1.9M
Illustrative Fee at $25 PSF	$56,300	$84	$3.7M	$25,000	$37	$1.6M
Max. Nexus at $61.90 PSF	$22,000	$33	$1.4M	($9,300)	($14)	-$0.6M

[1] Assuming all studios and three-quarters of one-bedrooms are less than 700 square feet.

Appendix Table A-11
Pro Forma Analysis of Rental Residential Development - 5% at Very Low
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 5a			Prototype 5b		
	Apartments (<0.5mi to BART)			Apartments (>0.5mi to BART)		
Average Unit Size	930 sf/unit			930 sf/unit		
Residential Density	65 units/acre			65 units/acre		
Parking Type	Wrap Garage			Wrap Garage		
Parking Ratio	1.5 sp/unit			1.5 sp/unit		
Rents	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$3,350	$3.60	95%	$3,200	$3.44	95%
Very Low Inc. (50% AMI)	$1,102	$1.19	5%	$1,102	$1.19	5%
Weighted Average	$3,240	$3.48	100%	$3,090	$3.32	100%
Operating Income	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Rent	$38,880	$42	95%	$37,080	$40	95%
Other Income	$2,000	$2	5%	$2,000	$2	5%
(Less) Vacancy/Bad Debt	($2,044)	($2)	-5%	($1,954)	($2)	-5%
Effective Gross Income	$38,836	$42	95%	$37,126	$40	95%
(Less) OPEX	($11,125)	($12)	-27%	($11,125)	($12)	-28%
Total NOI	$27,711	$30	68%	$26,001	$28	67%
Return on Cost (blended)	*5.26%*			*5.26%*		
Supported Investment	$526,600	$566		$494,200	$531	
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$348,900	$375	100%	$348,900	$375	100%
A&E	$17,400	$19	5%	$17,400	$19	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$46,700	$50	13%	$46,700	$50	13%
Taxes/Ins./Legal/Marketing	$5,900	$6	2%	$5,900	$6	2%
Overhead/Admin/Other	$12,200	$13	3%	$12,200	$13	3%
Contingency	$17,400	$19	5%	$17,400	$19	5%
Financing	$20,700	$22	6%	$19,400	$21	6%
Total Costs	$469,200	$505	134%	$467,900	$503	134%
Residual Land Value	**$/Unit**	**$/Land SF**	**$/Acre**	**$/Unit**	**$/Land SF**	**$/Acre**
With 5% @ Very Low	$57,400	$86	$3.7M	$26,300	$39	$1.7M

Appendix Table A-12
Pro Forma Analysis of Rental Residential Development - 10% at Very Low
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 5a			Prototype 5b		
	Apartments (<0.5mi to BART)			Apartments (>0.5mi to BART)		
Average Unit Size	930 sf/unit			930 sf/unit		
Residential Density	65 units/acre			65 units/acre		
Parking Type	Wrap Garage			Wrap Garage		
Parking Ratio	1.5 sp/unit			1.5 sp/unit		
Rents	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$3,350	$3.60	90%	$3,200	$3.44	90%
Very Low Inc. (50% AMI)	$1,102	$1.19	10%	$1,102	$1.19	10%
Weighted Average	$3,120	$3.35	100%	$2,990	$3.22	100%
Operating Income	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Rent	$37,440	$40	95%	$35,880	$39	95%
Other Income	$1,900	$2	5%	$1,900	$2	5%
(Less) Vacancy/Bad Debt	($1,967)	($2)	-5%	($1,889)	($2)	-5%
Effective Gross Income	$37,373	$40	95%	$35,891	$39	95%
(Less) OPEX	($10,925)	($12)	-28%	($10,925)	($12)	-29%
Total NOI	$26,448	$28	67%	$24,966	$27	66%
Return on Cost (blended)	*5.27%*			*5.28%*		
Supported Investment	$501,500	$539		$473,100	$509	
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$348,900	$375	100%	$348,900	$375	100%
A&E	$17,400	$19	5%	$17,400	$19	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$46,700	$50	13%	$46,700	$50	13%
Taxes/Ins./Legal/Marketing	$5,900	$6	2%	$5,900	$6	2%
Overhead/Admin/Other	$12,200	$13	3%	$12,200	$13	3%
Contingency	$17,400	$19	5%	$17,400	$19	5%
Financing	$19,700	$21	6%	$18,600	$20	5%
Total Costs	$468,200	$503	134%	$467,100	$502	134%
Residual Land Value	**$/Unit**	**$/Land SF**	**$/Acre**	**$/Unit**	**$/Land SF**	**$/Acre**
With 10% @ Very Low	$33,300	$50	$2.2M	$6,000	$9	$0.4M

Appendix Table A-13
Pro Forma Analysis of Rental Residential Development - 15% at Very Low
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 5a			Prototype 5b		
	Apartments (<0.5mi to BART)			Apartments (>0.5mi to BART)		
Average Unit Size	930 sf/unit			930 sf/unit		
Residential Density	65 units/acre			65 units/acre		
Parking Type	Wrap Garage			Wrap Garage		
Parking Ratio	1.5 sp/unit			1.5 sp/unit		
Rents	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$3,350	$3.60	85%	$3,200	$3.44	85%
Very Low Inc. (50% AMI)	$1,102	$1.19	15%	$1,102	$1.19	15%
Weighted Average	$3,010	$3.24	100%	$2,880	$3.10	100%
Operating Income	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Rent	$36,120	$39	95%	$34,560	$37	95%
Other Income	$1,800	$2	5%	$1,800	$2	5%
(Less) Vacancy/Bad Debt	($1,896)	($2)	-5%	($1,818)	($2)	-5%
Effective Gross Income	$36,024	$39	95%	$34,542	$37	95%
(Less) OPEX	($10,725)	($12)	-28%	($10,725)	($12)	-29%
Total NOI	$25,299	$27	67%	$23,817	$26	66%
Return on Cost (blended)	*5.29%*			*5.29%*		
Supported Investment	$478,300	$514		$450,200	$484	
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$348,900	$375	100%	$348,900	$375	100%
A&E	$17,400	$19	5%	$17,400	$19	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$46,700	$50	13%	$46,700	$50	13%
Taxes/Ins./Legal/Marketing	$5,900	$6	2%	$5,900	$6	2%
Overhead/Admin/Other	$12,200	$13	3%	$12,200	$13	3%
Contingency	$17,400	$19	5%	$17,400	$19	5%
Financing	$18,800	$20	5%	$17,700	$19	5%
Total Costs	$467,300	$502	134%	$466,200	$501	134%
Residual Land Value	**$/Unit**	**$/Land SF**	**$/Acre**	**$/Unit**	**$/Land SF**	**$/Acre**
With 15% @ Very Low	$11,000	$16	$0.7M	($16,000)	($24)	-$1.0M

Appendix Table A-14
Pro Forma Analysis of Rental Residential Development - 5% at Low
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 5a			Prototype 5b		
	Apartments (<0.5mi to BART)			Apartments (>0.5mi to BART)		
Average Unit Size	930 sf/unit			930 sf/unit		
Residential Density	65 units/acre			65 units/acre		
Parking Type	Wrap Garage			Wrap Garage		
Parking Ratio	1.5 sp/unit			1.5 sp/unit		
Rents	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$3,350	$3.60	95%	$3,200	$3.44	95%
Low Income (60% AMI)	$1,340	$1.44	5%	$1,340	$1.44	5%
Weighted Average	$3,250	$3.49	100%	$3,110	$3.34	100%
Operating Income	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Rent	$39,000	$42	95%	$37,320	$40	95%
Other Income	$2,000	$2	5%	$2,000	$2	5%
(Less) Vacancy/Bad Debt	($2,050)	($2)	-5%	($1,966)	($2)	-5%
Effective Gross Income	$38,950	$42	95%	$37,354	$40	95%
(Less) OPEX	($11,125)	($12)	-27%	($11,125)	($12)	-28%
Total NOI	$27,825	$30	68%	$26,229	$28	67%
Return on Cost (blended)	*5.26%*			*5.27%*		
Supported Investment	$528,500	$568		$498,100	$536	
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$348,900	$375	100%	$348,900	$375	100%
A&E	$17,400	$19	5%	$17,400	$19	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$46,700	$50	13%	$46,700	$50	13%
Taxes/Ins./Legal/Marketing	$5,900	$6	2%	$5,900	$6	2%
Overhead/Admin/Other	$12,200	$13	3%	$12,200	$13	3%
Contingency	$17,400	$19	5%	$17,400	$19	5%
Financing	$20,800	$22	6%	$19,600	$21	6%
Total Costs	$469,300	$505	135%	$468,100	$503	134%
Residual Land Value	**$/Unit**	**$/Land SF**	**$/Acre**	**$/Unit**	**$/Land SF**	**$/Acre**
With 5% @ Low	$59,200	$88	$3.8M	$30,000	$45	$2.0M

Appendix Table A-15
Pro Forma Analysis of Rental Residential Development - 10% at Low
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 5a			Prototype 5b		
	Apartments (<0.5mi to BART)			Apartments (>0.5mi to BART)		
Average Unit Size	930 sf/unit			930 sf/unit		
Residential Density	65 units/acre			65 units/acre		
Parking Type	Wrap Garage			Wrap Garage		
Parking Ratio	1.5 sp/unit			1.5 sp/unit		
Rents	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$3,350	$3.60	90%	$3,200	$3.44	90%
Low Income (60% AMI)	$1,340	$1.44	10%	$1,340	$1.44	10%
Weighted Average	$3,140	$3.38	100%	$3,010	$3.24	100%
Operating Income	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Rent	$37,680	$41	95%	$36,120	$39	95%
Other Income	$1,900	$2	5%	$1,900	$2	5%
(Less) Vacancy/Bad Debt	($1,979)	($2)	-5%	($1,901)	($2)	-5%
Effective Gross Income	$37,601	$40	95%	$36,119	$39	95%
(Less) OPEX	($10,925)	($12)	-28%	($10,925)	($12)	-29%
Total NOI	$26,676	$29	67%	$25,194	$27	66%
Return on Cost (blended)	*5.28%*			*5.28%*		
Supported Investment	$505,400	$543		$477,100	$513	
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$348,900	$375	100%	$348,900	$375	100%
A&E	$17,400	$19	5%	$17,400	$19	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$46,700	$50	13%	$46,700	$50	13%
Taxes/Ins./Legal/Marketing	$5,900	$6	2%	$5,900	$6	2%
Overhead/Admin/Other	$12,200	$13	3%	$12,200	$13	3%
Contingency	$17,400	$19	5%	$17,400	$19	5%
Financing	$19,800	$21	6%	$18,700	$20	5%
Total Costs	$468,300	$504	134%	$467,200	$502	134%
Residual Land Value	**$/Unit**	**$/Land SF**	**$/Acre**	**$/Unit**	**$/Land SF**	**$/Acre**
With 10% @ Low	$37,100	$55	$2.4M	$9,900	$15	$0.6M

Appendix Table A-16
Pro Forma Analysis of Rental Residential Development - 10% at Very Low
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Prototype 5a			Prototype 5b		
	Apartments (<0.5mi to BART)			Apartments (>0.5mi to BART)		
Average Unit Size	930 sf/unit			930 sf/unit		
Residential Density	65 units/acre			65 units/acre		
Parking Type	Wrap Garage			Wrap Garage		
Parking Ratio	1.5 sp/unit			1.5 sp/unit		
Rents	$/Unit	$/NSF	%Units	$/Unit	$/NSF	%Units
Market Rate	$3,350	$3.60	85%	$3,200	$3.44	85%
Low Income (60% AMI)	$1,340	$1.44	15%	$1,340	$1.44	15%
Weighted Average	$3,040	$3.27	100%	$2,920	$3.14	100%
Operating Income	$/Unit	$/NSF	%Gross	$/Unit	$/NSF	%Gross
Gross Rent	$36,480	$39	95%	$35,040	$38	95%
Other Income	$1,800	$2	5%	$1,800	$2	5%
(Less) Vacancy/Bad Debt	($1,914)	($2)	-5%	($1,842)	($2)	-5%
Effective Gross Income	$36,366	$39	95%	$34,998	$38	95%
(Less) OPEX	($10,825)	($12)	-28%	($10,825)	($12)	-29%
Total NOI	$25,541	$27	67%	$24,173	$26	66%
Return on Cost (blended)	*5.30%*			*5.30%*		
Supported Investment	$482,300	$519		$456,100	$490	
Development Costs excl. Land	$/Unit	$/NSF	%Direct	$/Unit	$/NSF	%Direct
Directs (incl. sitework)	$348,900	$375	100%	$348,900	$375	100%
A&E	$17,400	$19	5%	$17,400	$19	5%
Affordable Housing Fee	$0	$0	0%	$0	$0	0%
Other Fees & Permits	$46,700	$50	13%	$46,700	$50	13%
Taxes/Ins./Legal/Marketing	$5,900	$6	2%	$5,900	$6	2%
Overhead/Admin/Other	$12,200	$13	3%	$12,200	$13	3%
Contingency	$17,400	$19	5%	$17,400	$19	5%
Financing	$18,900	$20	5%	$17,900	$19	5%
Total Costs	$467,400	$503	134%	$466,400	$502	134%
Residual Land Value	**$/Unit**	**$/Land SF**	**$/Acre**	**$/Unit**	**$/Land SF**	**$/Acre**
With 15% @ Low	$14,900	$22	$1.0M	($10,300)	($15)	-$0.7M

Appendix Table A-17
Governmental Fees
Financial Feasibility Analysis
City of Fremont **10/8/2020**

	Single Family Detached	SF Attached/ Multifamily
City of Fremont[1]		
Development Impact Fees		
Studio	$13,667 /du	$13,667 /du
1-Bedroom	$19,389 /du	$19,389 /du
2-Bedroom	$26,515 /du	$26,515 /du
3-Bedroom	$32,234 /du	$32,234 /du
4-Bedrooom	$40,398 /du	$40,398 /du
Affordable Hsg. Impact Fee		
For-Sale w/o Onsite Moderate Units	$26.00 /nsf	$27.00 /nsf
For-Sale w/ Onsite Moderate Units	$17.50 /nsf	$18.50 /nsf
Rental w/ subdivision map		$27.00 /nsf
Rental w/o subdivision map >700 sf		$17.50 /nsf
Rental w/o subdivision map <700 sf		$8.75 /nsf
Construction Taxes	$2,476 /du	$1,840 /du
Art Fees[2]	$0.56 /gsf	$0.56 /gsf
Development Services[3]	$2.80 /gsf	$1.60 /gsf
Utility Districts		
Union Sanitary District Capacity Fee[4]	$8,898 /du	$7,627 /du
ACWD Facilities Connection Charge[5]	$7,178 /du	$5,865 /du
School District		
Level II School Fee[6]	$4.91 /gsf	$4.91 /gsf

[1] City of Fremont Master Fee Schedule effective July 1, 2019 unless otherwise noted.
[2] Applies to Warm Springs Innovation District, Downtown, City Center, and Ardenwood Technology Park.
[3] Based on development service fees paid by several example projects provided by the Fremont Building Division, Plans & Permits Department.
[4] Union Sanitary District Ordinance No. 35.22; FY2020 rate.
[5] Alameda County Water District Rate and Fee Schedule for 2019; FY2020 rate.
[6] Fremont Unified School District fee effective April 2019.

Appendix Table A-18
Recent Residential Land Transactions
Financial Feasibility Analysis
City of Fremont **10/8/2020**

Source: Costar

	Acres	Land SF	Est. Units[1]	Est. Density[1]	Price ($M)[2]	Sale Year	$/SF Land	$/Unit
Higher Density (> 30 du/acre)								
3515 Walnut Ave	2.8	119,790	275	100	$15.5	2019	$129	$56,000
42021 Osgood Rd	2.7	119,220	222	81	$11.8	2019	$99	$53,000
41829 & 41875 Osgood Road	1.4	59,960	96	70	$8.2	2018	$136	$85,000
Warm Springs Blvd & Grimmer	8.1	352,836	524	65	$27.6	2016	$78	$53,000
3900 Thornton Ave	1.1	45,699	54	51	$2.4	2018	$53	$44,000
37753 Niles Blvd	0.3	11,326	12	46	$0.8	2018	$71	$67,000
47201 Mission Falls Ct	4.4	191,699	171	39	$17.0	2017	$89	$99,000
37358 37494 Fremont Blvd.	4.6	201,292	157	34	$15.8	2018	$79	$101,000
Weighted Average				59			*$90*	*$66,000*
Since 2017				58			*$95*	*$72,000*
Medium Density (10 - 30 du/acre)								
44960 Warm Springs Blvd	34.5	1,503,691	1,000	29	$81.0	2016	$54	$81,000
Ellsworth St/ Mission Blvd	0.9	39,204	23	26	$4.2	2018	$106	$180,000
4133-67 Peralta Blvd	1.9	81,457	46	25	$3.1	2016	$38	$67,000
39439 Mission Blvd	3.2	139,534	77	24	$17.5	2016	$125	$227,000
37350 Sequoia Rd	2.5	106,853	56	23	$13.1	2017	$123	$234,000
Grimmer Irvington Center	8.6	374,180	201	23	$16.5	2016	$44	$82,000
Birdsong (Stevenson)	2.0	87,556	46	23	$4.8	2016	$54	$103,000
41223 Roberts Ave	0.7	31,799	15	21	$1.6	2016	$50	$107,000
40733 Chapel Way	0.7	32,234	13	18	$3.3	2016	$103	$255,000
41354 Roberts Ave	2.0	87,124	36	18	$8.5	2019	$98	$237,000
36341 Mission Blvd	0.8	34,277	13	17	$1.9	2019	$54	$142,000
38569 Mission Blvd	1.1	45,738	16	15	$2.6	2019	$57	$164,000
47212-47320 Mission Falls Ct	15.4	669,082	238	15	$71.9	2018	$107	$302,000
44710 Fremont Blvd	20.7	899,950	261	13	$40.3	2017	$45	$154,000
38239 Fremont Blvd	0.5	22,891	6	11	$2.0	2017	$87	$333,000
Weighted Average				21			*$66*	*$133,000*
Since 2017				15			*$76*	*$223,000*
Low Density (<10 du/acre)								
4674 Mowry Ave	2.5	106,722	21	9	$8.9	2018	$83	$424,000
43342 Bryant St	0.3	15,045	3	9	$0.8	2016	$54	$272,000
48495 Ursa Drive	2.7	115,404	18	7	$6.5	2018	$56	$361,000
42410 Palm Ave	7.0	304,920	31	4	$22.4	2015	$73	$721,000
41948 Mission Blvd	16.1	701,880	54	3	$18.0	2018	$26	$334,000
822 Hunter Ln	1.6	69,260	3	2	$1.5	2017	$22	$500,000
Weighted Average				4			*$44*	*$447,000*
Since 2017				4			*$35*	*$364,000*
Affordable								
38853-38871 Bell St	0.9	37,462	49	57	$2.5	2018	$66	$51,000
38631 Fremont Blvd	1.1	47,916	60	55	$3.5	2018	$73	$58,000
45500 Fremont Blvd	5.0	216,929	290	58	$7.3	2016	$34	$25,000
41191 Fremont Blvd	1.2	51,401	59	50	$3.0	2017	$59	$51,000
Weighted Average				56			*$46*	*$36,000*
Since 2017				53			*$66*	*$54,000*

[1] Based on development proposals. Reflects proportional share of proposed units if project site area is larger than subject parcel.
[2] Other uses in mixed-use projects have not been discounted from the land value.

Appendix Table A-19
Recent Commercial and Industrial Land Transactions
Financial Feasibility Analysis
City of Fremont **10/8/2020**

Source: Costar

	Acres	Land SF	Est. GBA[1]	Est. FAR[1]	Price ($M)[2]	Sale Year	$/SF Land	$/SF FAR
Commercial Land								
41965 Fremont Blvd	0.6	24,268	6,972	0.3	$1.9	2017	$78	$273
40935 Grimmer Blvd	0.4	16,871	5,049	0.3	$0.5	2017	$27	$89
43055-77 Osgood Rd	3.9	170,755	57,000	0.3	$8.4	2017	$49	$147
46399 Fremont Blvd	3.1	135,907	56,000	0.4	$5.9	2018	$43	$104
37145 Niles Blvd	0.4	18,731			$0.6	2018	$30	
45968 Warm Springs Blvd	1.2	50,094	70,242	1.4	$1.5	2018	$30	$21
Weighted Average							*$45*	
Industrial Land								
Bunche Dr & Cushing Pky	111.2	4,845,179	1,700,000	0.4	$123.3	2017	$25	$73
Boggs Ave	2.9	125,453			$2.4	2016	$19	
801 Boggs Ave	0.9	38,768			$1.2	2016	$30	
45300 Fremont Blvd	24.5	1,067,220	1,185,400	1.1	$30.4	2016	$29	$26
4850 Hannover Pl	1.5	67,082			$2.3	2016	$35	
Boscell Rd	3.2	137,650			$3.8	2016	$28	
37887-37975 Shin St	23.9	1,042,826			$13.5	2018	$13	
43510 Osgood Rd	7.8	340,204			$9.2	2017	$27	
Weighted Average							*$24*	

Appendix Table A-20
Recent Multifamily Residential Property Transactions
Financial Feasibility Analysis
City of Fremont **10/8/2020**

Source: Costar

Residential Property	Year Built	Year Sold	Sale Price	Units	Price / Unit	Cap Rate	Floors	Unit Size
Artist Walk[1] 3888 Artist Walk Commons Centerville Submarket	2018	2019	$98,719,990	185	$533,622	4.4%	4	852 sf

[1] Sale price excludes value of commercial component of project while cap rate includes commercial component.

Appendix Table A-21
Apartment Rents of Newly Built Projects Near BART
Financial Feasibility Analysis
City of Fremont **10/8/2020**

Source: Costar, Apartment website for The Asher.

Project	Unit Type	Number	Asking Rent	Unit sf	$/SF
Fremont					
The Asher	1BR		$2,779	729	$3.81
1031 Walnut	2BR		$3,825	1,179	$3.24
Built 2020	*average not available*				
4 stories					
0.5 mi to BART					
Union City					
The Union Flats	1BR	223	$2,542	648	$3.92
34588 11th St	2BR	20	$3,585	1,002	$3.58
Built 2018	*Total/Avg*	*243*	*$2,627*	*677*	*$3.88*
4 stories					
0.1 mi to BART					
Milpitas					
The Edge Apartments	1BR	146	$2,724	666	$4.09
753 Montague Expy	2BR	235	$3,248	893	$3.64
Built 2018	*Total/Avg*	*381*	*$3,047*	*805*	*$3.78*
5 stories					
0.1 mi to BART					
Capitol 650	1BR	137	$4,080	1,100	$3.71
650 E Capitol Ave	2BR	214	$4,057	1,331	$3.05
Built 2018	*Total/Avg*	*351*	*$4,066*	*1,240*	*$3.28*
5 stories					
0.2 mi to BART					
Turing	Studio	19	$2,495	563	$4.43
1355 McCandless Dr	1BR	193	$2,998	778	$3.85
Built 2018	2BR	150	$3,471	1,157	$3.00
7 stories	3BR	9	$5,489	1,667	$3.29
0.5 mi to BART	*Total/Avg*	*371*	*$3,224*	*941*	*$3.42*
Amalfi Apartments	1BR	191	$2,423	690	$3.51
1251 Merry Loop	2BR	187	$2,891	870	$3.32
Built 2015	*Total/Avg*	*378*	*$2,654*	*779*	*$3.41*
5 stories					
0.3 mi to BART					

Appendix Table A-22
Distance of Recently Built and Proposed Fremont Apartment Projects to BART
Financial Feasibility Analysis
City of Fremont **10/8/2020**

Source: Costar

Project		Nearest Station	Miles to BART	Notes
Artist Walk	Built 2018	Fremont	2.50	
The Asher	UC (2020)	Fremont	0.44	
3515 Walnut Apartments	UC (2021)	Fremont	0.61	
Fairfield Apts	UC (2020)	Warm Springs/South Fremont	0.32	
Lennar Innovation	UC	Warm Springs/South Fremont	0.52	
Mission Falls - Palmia	Approved	Warm Springs/South Fremont	1.38	Senior housing

Appendix Table A-23
Calculation of Subsidy to Onsite LIHTC Rental Project Per Market Rate Unit
Financial Feasibility Analysis
City of Fremont **10/8/2020**

1. Net Subsidy to LIHTC Rental Project Per Affordable Unit

Affordability Gap per Affordable Unit	$206,000	*See Appendix Table A-24. Reflects 2-bed unit.*

2. Ratio of Market Rate to Affordable Units

Inclusionary Percentage	13.4%	
Ratio: market rate units to affordable units	6.463	*=(1-13.4%)/13.4%*

3. Subsidy to LIHTC Rental Project Per Market Rate Unit

assumes equivalent no. of bedrooms are provided to market rate units

	A.	B.	C.	D.
Prototype	# of BRs in market rate units	Number of Two Bedroom Affordable Rental Units for Equivalent No. of Bedrooms to Market Rate	*Ratio of Market Rate to Affordable Units*	**LIHTC Rental Subsidy Per Market Rate Unit**
		=A. / 2	*=6.463 ratio from no. 2 / B.*	=$206,000 / C.
Larger Single Family	4	2	3.2	$63,800
Smaller Single Family	3.7	1.825	3.5	$58,200
Townhomes	3.0	1.495	4.3	$47,700
Stacked Flat Condos	2.3	1.155	5.6	$36,800

Note: Assumes project of sufficient size for AHO obligation to be met through a stand-alone LIHTC affordable project.

Appendix Table A-24
Estimated Subsidy Requirement, LIHTC Rental Units Used to Satisfy AHO obligation
Residential Affordable Housing Nexus Study
City of Fremont, CA **10/8/2020**

			Very Low	Low Income
I.	**Affordable Prototype** [1]			
	Tenure		Rental	
	Density		65 units/acre	
	Average Number of Bedrooms		2.0 BR	
II.	**Development Costs** [1]		Per Unit	Per Unit
	Land Acquisition[2]		*if site provided by market developer*	
	Directs		$379,000	$379,000
	Indirects		$157,000	$157,000
	Financing		$36,000	$36,000
	Total Development Costs		$572,000	$572,000
III.	**Supported Financing**		Per Unit	Per Unit
	Affordable Rents			
	Maximum TCAC Rent [3]		$1,395	$1,674
	(Less) Utility Allowance [4]		($94)	($94)
	Maximum Monthly Rent		$1,301	$1,580
	Net Operating Income (NOI)			
	Gross Potential Income			
	Monthly		$1,301	$1,580
	Annual		$15,612	$18,960
	Other Income		$140	$140
	(Less) Vacancy	5.0%	($788)	($955)
	Effective Gross Income (EGI)		$14,964	$18,145
	(Less) Operating Expenses		($7,300)	($7,300)
	(Less) Property Taxes [5]		$0	$0
	Net Operating Income (NOI)		$7,664	$10,845
	Permanent Financing			
	Permanent Loan	5.25%	$111,000	$156,000
	Deferred Developer Fee		$5,000	$5,000
	Tax Credit Equity [6]		$220,000	$220,000
	Total Sources		$336,000	$381,000
IV.	**Affordability Gap, Affordable Rental Units**		Per Unit	Per Unit
	Supported Permanent Financing		$336,000	$381,000
	(Less) Total Development Costs		($572,000)	($572,000)
	Affordability Gap		($236,000)	($191,000)
	Weighted Average Affordability Gap [assume 1/3 Very Low, 2/3 Low] [7]		**($206,000)**	

Notes

[1] Cost estimate is based on the average of Warm Springs TOD Village #1 and #2, which were used to satisfy an AHO requirement with costs indexed using TBD index.
[2] Analysis assumes market rate developer provides a site for a LIHTC rental project.
[3] Maximum rents per Tax Credit Allocation Committee (TCAC) for projects utilizing Low Income Housing Tax Credits.
[4] Estimated based on County Housing Authority utility allowance schedule.
[5] Assumes tax exemption for non-profit general partner.
[6] Assumes project receives 4% tax credit equity.
[7] The assumed affordability mix yields somewhat deeper overall affordability than the weighted average AMI level for the mix of ELI, VLI, Low, and Mod units specified in AHO Section 18.155.080 (a) (1).

Appendix Table A-25
Estimated Affordable Home Prices - Moderate Income
Financial Feasibility Analysis
City of Fremont, CA **10/8/2020**

	Single Family Large Lot	Single Family Small Lot		Townhomes	Stacked Flat Condo	
Unit Size	4-Bedroom Unit	4-Bedroom Unit	3-Bedroom Unit	3-Bedroom Unit	2-Bedroom Unit	3-Bedroom Unit
Household Size	5-person HH	5-person HH	4-person HH	4-person HH	3-person HH	4-person HH
100% AMI Alameda County 2019	$120,650	$120,650	$111,700	$111,700	$100,550	$111,700
Annual Income @ 110%	$132,715	$132,715	$122,870	$122,870	$110,605	$122,870
% for Housing Costs [1]	35%	35%	35%	35%	35%	35%
Available for Housing Costs	$46,450	$46,450	$43,005	$43,005	$38,712	$43,005
(Less) Property Taxes	($5,940)	($6,000)	($5,640)	($5,472)	($4,728)	($5,268)
(Less) HOA	($2,400)	($1,920)	($1,920)	($4,200)	($5,400)	($5,400)
(Less) Utilities	($5,208)	($5,208)	($4,152)	($3,048)	($2,388)	($3,048)
(Less) Insurance	($1,600)	($1,700)	($1,600)	($1,500)	($1,300)	($1,500)
(Less) Mortgage Insurance	($3,762)	($3,800)	($3,572)	($3,466)	($2,994)	($3,336)
Income Available for Mortgage	$27,540	$27,822	$26,121	$25,319	$21,901	$24,452
Mortgage Amount	$470,000	$475,000	$446,000	$432,000	$374,000	$418,000
Down Payment (homebuyer cash)	$25,000	$25,000	$24,000	$23,000	$20,000	$22,000
Supported Home Price	$495,000	$500,000	$470,000	$455,000	$394,000	$440,000
Bedroom Size Weight		30%	70%		70%	30%
Weighted Average	$495,000	$479,000		$455,000	$407,800	
Key Assumptions						
- Mortgage Interest Rate [2]	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%
- Down Payment [1]	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
- Insurance as % of Mortgage [2]	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
- Property Taxes (% of sales price) [2]	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
- HOA (per month) [3]	$200	$160	$160	$350	$450	$450
- Utilities (per month) [4]	$434	$434	$346	$254	$199	$254
- Mortgage Ins (% of loan amount) [2]	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%

(1) Consistent with health and safety code for moderate income households and current City practice.
(2) Assumptions are based on those used by the City of Fremont for purposes of its affordable home price calculations.
(3) Homeowners Association (HOA) dues estimated consistent with nexus study.
(4) Utility allowances based on Alameda County Housing Authority (2019) utility allowance schedule. Assumes electric appliances consistent with City affordable pricing calculations.

Appendix Table A-26
Estimated Affordable Home Prices - Low Income
Financial Feasibility Analysis
City of Fremont, CA **10/8/2020**

	Single Family Large Lot	Single Family Small Lot		Townhomes	Stacked Flat Condo	
Unit Size	4-Bedroom Unit	4-Bedroom Unit	3-Bedroom Unit	3-Bedroom Unit	2-Bedroom Unit	3-Bedroom Unit
Household Size	5-person HH	5-person HH	4-person HH	4-person HH	3-person HH	4-person HH
100% AMI Alameda County 2019	$120,650	$120,650	$111,700	$111,700	$100,550	$111,700
Annual Income @ 60% [1]	$72,390	$72,390	$67,020	$67,020	$60,330	$67,020
% for Housing Costs [1]	30%	30%	30%	30%	30%	30%
Available for Housing Costs	$21,717	$21,717	$20,106	$20,106	$18,099	$20,106
(Less) Property Taxes	($2,160)	($2,232)	($2,148)	($1,980)	($1,584)	($1,776)
(Less) HOA	($2,400)	($1,920)	($1,920)	($4,200)	($5,400)	($5,400)
(Less) Utilities	($5,208)	($5,208)	($4,152)	($3,048)	($2,388)	($3,048)
(Less) Insurance	($600)	($600)	($600)	($500)	($400)	($500)
(Less) Mortgage Insurance	($1,368)	($1,414)	($1,360)	($1,254)	($1,003)	($1,125)
Income Available for Mortgage	$9,981	$10,343	$9,926	$9,124	$7,324	$8,257
Mortgage Amount	$170,000	$177,000	$170,000	$156,000	$125,000	$141,000
Down Payment (homebuyer cash)	$9,000	$9,000	$9,000	$8,000	$7,000	$7,000
Supported Home Price	$179,000	$186,000	$179,000	$164,000	$132,000	$148,000
Bedroom Size Weight		30%	70%		70%	30%
Weighted Average	$179,000	$181,100		$164,000	$136,800	
Key Assumptions						
- Mortgage Interest Rate [2]	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%
- Down Payment [1]	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
- Insurance as % of Mortgage [2]	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
- Property Taxes (% of sales price) [2]	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
- HOA (per month) [3]	$200	$160	$160	$350	$450	$450
- Utilities (per month) [4]	$434	$434	$346	$254	$199	$254
- Mortgage Ins (% of loan amount) [2]	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%

(1) Consistent with City of Fremont AHO pricing standard for Low Income for-sale units.
(2) Assumptions are based on those used by the City of Fremont for purposes of its affordable home price calculations.
(3) Homeowners Association (HOA) dues estimated consistent with nexus study.
(4) Utility allowances based on Alameda County Housing Authority (2019) utility allowance schedule. Assumes electric appliances consistent with City affordable pricing calculations.