



london moeder
advisors

College Area Market & Feasibility Analysis City of San Diego

September 2021

Prepared by:

Gary London, *Senior Principal*

Nathan Moeder, *Principal*

Robert Martinez, *Senior Analyst*

Jonathan Rivas, *Analyst*

825 10th Avenue
San Diego, CA 92101
619. 269.4010

2792 Gateway Road #104
Carlsbad, CA 92024
619.269.4012

londonmoeder.com

Table of Contents

EXECUTIVE SUMMARY	4
<i>Demand Analysis</i>	4
<i>Financial Feasibility</i>	5
<i>Constraints</i>	6
<i>Opportunities</i>	7
INTRODUCTION	8
DEVELOPMENT CONSTRAINTS	10
OPPORTUNITIES	12
POSITIONING THE COLLEGE AREA FOR THE FUTURE	12
DEMAND ANALYSIS	13
SAN DIEGO'S SHIFTING DEMOGRAPHICS	13
SAN DIEGO AS A REGION (SAN DIEGO COUNTY)	13
<i>Regional Increase in Family Households</i>	13
<i>Shifting Age Distribution</i>	14
CITY OF SAN DIEGO	16
<i>Shifting Age Distribution</i>	16
COLLEGE AREA	16
<i>Shifting Age Distribution</i>	16
HOUSING DEMAND: COLLEGE AREA	18
FORECASTED HOUSING GROWTH	18
<i>Housing Mix</i>	18
<i>Regional Housing Shortage</i>	18
<i>Housing Growth Scenarios</i>	19
SAN DIEGO STATE UNIVERSITY STUDENT GROWTH	20
SUPPORTABLE RETAIL SPACE: COLLEGE AREA	22
<i>Approach to Analysis</i>	22
<i>Low – Capacity for 20,000 Additional Units</i>	24
<i>High – Capacity for 40,000 Additional Units</i>	25
RETAIL DEMAND SUMMARY	26
GENERAL COMMERCIAL	27
SUPPLY ANALYSIS/EXISTING CONDITIONS	28
RESIDENTIAL	28
COLLEGE AREA APARTMENT MARKET	28
<i>Unit Mix</i>	28
<i>Monthly Rental Rates</i>	29

<i>Future College Area Residential Supply</i>	32
COMPARABLE APARTMENT MARKET ANALYSIS	33
<i>Unit Mix</i>	34
<i>Monthly Rental Rates - Stacked Flats</i>	35
<i>Monthly Rental Rates, Townhomes</i>	36
COMMERCIAL RETAIL	36
<i>Historical Inventory & Rent</i>	36
<i>Absorption & Vacancy</i>	38
FINANCIAL FEASIBILITY ANALYSIS	40
OVERVIEW OF PROTOTYPES	40
LAND VALUES	41
PROTOTYPE FEASIBILITY	42
TRANSITIONAL INFILL AREA	42
<i>Area Description</i>	42
<i>Prototype 1 (37 du/ac)</i>	42
<i>Prototype 2 (32 du/ac)</i>	44
MIXED-USE CORRIDOR	45
<i>Area Description</i>	45
<i>Prototype 1 (113 du/ac)</i>	46
<i>Prototype 2 (212 du/ac)</i>	47
GATEWAY NODE	48
<i>Area Description</i>	48
<i>Prototype 1 (110 du/ac)</i>	49
<i>Prototype 2 (152 du/ac)</i>	50
SUMMARY FEASIBILITY CONCLUSIONS	52
APPENDIX	53
RETAIL EXPENDITURE PROPENSITIES	54
PROTOTYPE MARKET ASSUMPTIONS	55
FINANCIAL PROFORMAS	56
TRANSITIONAL INFILL AREA	57
MIXED-USE CORRIDOR	58
GATEWAY NODE	59
CORPORATE PROFILE	60
CONTACT INFORMATION	61

Executive Summary

LMA highlights the overarching conclusions contained in this report. LMA's methodological approach to the Market Analysis is to subdivide it into two distinct sections: supply and demand. The Demand analysis addresses current and forecasted demand for residential and commercial space. The Supply analysis details current, under construction and announced supply of residential and commercial projects. The two are then melded to determine the future needs of the community and serve as an economic basis for land use planning.

LMA has summarized its recommendations and market-based solutions, which are referred to as "prototypes". These include LMA's recommendations of the types of developments and projects which are likely to be most suitable to fulfill the housing and commercial needs of the community in the coming years.

Demand Analysis

LMA has completed a comprehensive analysis of the demand factors which will influence the housing needs in the College Area CPA (see [Demand Analysis](#)). The demand for housing will be driven primarily by the growth in population that is anticipated for the College Area CPA coupled with the shortfall in housing development experienced in the region that has resulted in a housing affordability crisis.

Based on LMA's analysis of historical housing development in the region between 2012 and 2020, San Diego County has only achieved 50.3% of the housing development that was forecasted during the same period. This represents pent up demand for housing that has strained the availability and decreased the affordability of existing housing. Under current conditions, land use policy informs the San Diego Association of Government's ("SANDAG") forecasted growth in housing units to reach 10,183 additional units in the College Area CPA by 2050. The following table summarizes prospective low and high growth scenarios under current land use conditions and the potential for increased housing capacity:

Forecasted Housing Growth Capacity (2019 Est. - 2050)

College Area Community Plan Update

	2019 Est.	2020	2030	2040	2050	Housing Units Added 2019 Est. to 2050
City of SD Housing Units	534,820	551,655	603,465	653,835	688,371	153,551
College Area Housing Units	7,845	8,402	14,253	17,679	18,028	10,183
Housing Units Added		557	5,851	3,426	349	
Cumulative Housing Units Added		557	6,408	9,834	10,183	
% Capture	1.47%	1.52%	2.36%	2.70%	2.62%	

Source: SANDAG Series 13 Forecast

Existing College Area Housing Growth Capacity	10,183
---	--------

Forecast Housing Growth Scenarios	Low	High
Increased College Area Housing Capacity (by 2050)	9,817	29,817
Total College Area Housing Units Added	20,000	40,000

To make up for the historical shortfall in housing development and to accommodate future population growth, LMA has analyzed a low and high scenario for housing demand. The low scenario evaluates the addition of 9,817 units to the currently forecasted housing capacity. The high scenario evaluates the addition of 29,817 units to currently forecasted housing capacity. Under the low and high scenario, the total forecasted growth in housing units will be 20,000 units and 40,000 units, respectively, by 2050.

Demand for ancillary land uses will be primarily driven by the growth in population and households. LMA has completed a demand analysis for commercial retail space in the College Area CPA based on the anticipated household expenditures dedicated to the corresponding retail categories envisioned in this community (see [Supportable Retail Space: College Area](#)). Based on the low scenario of housing demand, LMA has concluded that 89,188 to 111,486 square feet of retail can be supported by the market. Based on the high scenario of housing demand, LMA has concluded that 356,754 to 445,942 square feet of retail can be supported by the market. The following table summarizes the anticipated retail space demand in the College Area CPA:

Retail Demand Growth Summary
College Area Community Planning Area

	Low		High	
Housing Growth	20,000 Units		40,000 Units	
Consumer Expenditures	\$445,942,409		\$891,884,817	
Locally Captured Retail Expenditures	\$44,594,241		\$178,376,963	
Sales Volume (PSF)	Low \$500	High \$400	Low \$500	High \$400
Estimated Additional Supportable Retail (S.F.)	89,188	111,486	356,754	445,942
per household	4.5	5.6	8.9	11.1

Source: London Moeder Advisors

Financial Feasibility

LMA has completed financial proformas analyzing the feasibility of prototype developments within the College Area CPA (see [Financial Feasibility Analysis](#)). This analysis results in the land values a development must achieve to be financially feasible.

Based on LMA research into land sale transactions in the College Area CPA between 2019 and 2021, the following average land values represent the target land value of property in the College Area CPA based on existing use (see [Financial Feasibility Analysis, Land Values](#)):

Summary of Property Transactions
92115 & 92182

Zoning	2019		2020		2021		Total	
	# of Transactions	Avg. \$/SF Land	# of Transactions	Avg. \$/SF Land	# of Transactions	Avg. \$/SF Land	# of Transactions	Avg. \$/SF Land
Church	1	\$39.15					1	\$39.15
Commercial	7	\$110.46	6	\$115.28	4	\$100.69	17	\$109.86
Commercial Vacant Land	1	\$22.45	1	\$312.40			2	\$167.43
Multifamily	52	\$160.06	54	\$139.62	17	\$216.64	123	\$158.90
Residential Vacant Land	1	\$63.04					1	\$63.04
Student Housing	1	\$590.97	1	\$418.60			2	\$504.79
Sub Total	63	\$155.75	62	\$144.55	21	\$194.55	146	\$156.57
Single Family	368	\$93.88	389	\$101.82	76	\$115.71	833	\$99.58
Total	431	\$102.92	451	\$107.70	97	\$132.78	979	\$108.08

Source: Courthouse Retrieval System ("CRS")

When compared to target average land values in the College Area CPA, an achieved land value equal to or above represents a development concept that is feasible under the assumed density, costs and revenue rates. The following table summarizes the results of LMA's financial feasibility analysis, which demonstrates that various approaches to infill development are feasible (in green), while other approaches are not yet feasible, but this may change in the future:

Development Prototype Scenarios
College Area CPA, San Diego, CA
Feasibility Summary

Development Summary	Transitional Infill Area		Mixed-Use Corridor		Gateway Node	
	1	2	1	2	1	2
Prototype	Rowhomes/Townhomes	Stacked Flats	Podium Multi-Family	Podium Multi-Family	Wrap Multi-Family	Wrap/Podium
Product Type						
Parcel Size (SF)	7,000	23,325	30,800	30,800	102,890	102,890
Units/Homes	6	17	80	150	260	358
DU/Acre	37.3	31.7	113.1	212.1	110.1	151.6
FAR	0.9	0.7	2.6	4.8	2.4	3.3
Total Project Costs	\$2,272,279	\$6,151,434	\$32,592,796	\$58,747,418	\$103,519,416	\$141,642,546
per unit/home	\$378,713	\$361,849	\$407,410	\$391,649	\$398,152	\$395,650
per GSF	\$361	\$396	\$400	\$393	\$416	\$416
Land Values						
Target Average Land Value (per SF)	\$99.58	\$99.58	\$115.92	\$115.92	\$108.08	\$108.08
Achievable Land Values-						
All Market Rate Housing	\$105.00	\$90.00	\$110.00	\$171.00	\$115.00	\$160.00
Pay the In-Lieu Fee	\$82.00	\$75.00	\$56.00	\$70.00	\$62.00	\$87.00
Including On-Site Affordable Units	\$100.00	\$82.00	\$97.00	\$135.00	\$91.00	\$128.00

Constraints

The vision for the College Area CPA cannot be insulated by current and anticipated challenges to change and development. To address these challenges, planning policy and community investment will be vital to the successful evolution of the College Area over the next 20 to 30 years. The following bullet points summarize the challenges and constraints faced in the College Area CPA, which are further detailed in this report (see [Development Constraints](#)):

- ☐ high costs of land and construction
- ☐ restrictive land use policy
- ☐ parking requirements and transportation infrastructure

- community amenities and placemaking
- economic development

Opportunities

The growth in housing demand has outpaced the availability of affordable housing, resulting in an undersupply throughout the San Diego region. There is an opportunity to increase housing counts in the College Area through an efficient utilization of land. These opportunities include:

- Revitalizing El Cajon Blvd. to return it to its historical role as a major commercial corridor connecting Downtown San Diego with San Diego's eastern communities.
- Evolving a walkable urban lifestyle.
- Planning for a mix of unit sizes and housing types, to maintain a multi-generational community while capturing a portion of the region's growing housing needs.
- Implementing higher density and transit-friendly development to reduce harmful greenhouse gases.
- Targeting housing types which promote a seamless transition to higher density development while maintaining the character of the existing community.

There is an order to the redevelopment of the College Area, starting with the growth and development of the Gateway Node, encouraged by programs such as Complete Communities¹ and relaxation of density regulations, followed by development of the mixed-use corridors. In time the transitional infill areas will see opportunity transform into feasibility.

While achievable land values are an important metric to feasibility, they represent a snapshot of today's economics. LMA envisions a future for the College Area similar to other established communities to its west such as North Park and Hillcrest, whose development progress have significantly increased land values, enabling feasible projects. The College Area possesses unique advantages which will serve it well into the future, including the presence of SDSU, a unique economic catalyst which has ambitions for growth that will impact demand and development of the surrounding community.

¹ Complete Communities is an initiative by the City of San Diego aimed to improve housing, mobility, parks and infrastructure in the city. Complete Communities includes planning strategies that work together to create incentives to build homes near transit, provide more mobility choices and enhance opportunities for places to walk, bike, relax and play (<https://www.sandiego.gov/complete-communities>).

Introduction

London Moeder Advisors ("LMA") has completed this comprehensive market analysis which analyzes and evaluates the long-term development opportunity for the College Area Community Planning Area ("College Area CPA") in San Diego, CA. The area consists of approximately 1,969 acres surrounding and including the San Diego State University ("SDSU") campus. Approximately 63% of the developable land is devoted to single-family residential use. The development opportunities which LMA has analyzed include a mix of residential housing products and supporting commercial, which will be achieved as market and development opportunities evolve.

The College Area CPA is located near the center of the City of San Diego ("City"), bordering Mission Valley to the north, the Mid-City community planning area neighborhoods of Kensington-Talmadge to the west and Eastern Area to the south and the City of Lemon Grove to the east. The following map illustrates the location of the College Area CPA in relation to the greater City of San Diego:



The primary purpose of the report is to analyze the supply and demand conditions, now and forecasted, to establish the amount and type of housing that can reasonably be captured by the College Area CPA, including:

- ➔ What types of housing should be built in this area?
- ➔ How much commercial square footage, unit mix and housing types can be supported by the market?
- ➔ In what locations should new development be directed?
- ➔ What is the timing and phasing of the proposed housing types?

Research for this project was completed in July 2021. Conclusions and recommendations are strictly those of London Moeder Advisors. Users of this information should recognize that assumptions and projections contained in this report *will* vary from the actual experience in the marketplace. Therefore, London Moeder Advisors is not responsible for the actions taken or any limitations, financial or otherwise of property owners, investors, developers, lenders, public agencies, operators or tenants.

Development Constraints

To realize the goals of the community plan update, in this section LMA highlights the challenges and constraints which now exist, and are anticipated, in the College Area CPA. They include:

- ➔ Land and Construction Costs: The increasing costs of land and construction have emerged as a significant obstacle to new development, straining the markets' ability to achieve revenue levels necessary to achieve financially feasible projects. These direct costs include building materials, such as lumber and steel, which have dramatically increased in recent years, as well as construction labor. Construction costs issues are likely only resolvable in the market. Some land costs can be selectively ameliorated through public policy and redevelopment law, which are likely to be necessary before new development can be realized.
- ➔ Land Use Policy: To achieve the higher density development required to increase the housing stock in the College Area CPA and to incentivize the redevelopment of existing assets, land use policy must provide a new framework focused on reducing the risk of project approval. Land use policy which tightly restricts height and density, as well as other design requirements, cumulatively and negatively impact the risk and attraction of higher density real estate development. The path to development should be streamlined and include zoning classifications which encourage mixed use and density. LMA also recommends incentives to encourage assembly of parcels, particularly along the major commercial corridors, so that they may be scaled larger to achieve the higher density development envisioned.
- ➔ Parking and Transportation: The high cost of land available for surface parking, and the high cost of construction for structured parking, combine to make it difficult to achieve financially feasible development. Implementation of the guidelines for Multifamily TPA's, which most of the community falls within, can be implemented in recognition of the changing nature of parking demand, to drive down the cost of development and increase density. Parking requirements should be more market-based decision, encouraging project solutions and abet the utilization of alternative forms of transportation, including public transit, consistent with SANDAG's regional goals. The challenge in the College Area is to provide the flexibility for young adults to form families and continue living in this area. High quality transportation infrastructure investment will be needed to make this area attractive to live in while having easy access to jobs and amenities throughout the city.
- ➔ Community Amenities and Placemaking: To attract higher density living, there must be a greater emphasis to create public spaces and amenities. This will encourage the market rents necessary to reconcile the high cost of development and increases in density. Private/public partnerships are one tool to promote, fund, and implement the development of parks, cultural amenities, art, open space and design diversity.
- ➔ Economic Development: Consistent with the Citywide goal in the General Plan, economic development includes the creation and availability of high paying jobs to encourage economic activity and employment within the community.

- ➔ Reconciliation of Neighborhoods in Transition: A source of unique and significant land use conflict in the community is the proliferation of so-called “high occupancy single-family homes” involving the remodeling and expansion of single-family homes in the vicinity of SDSU to accommodate student tenants. This phenomenon nevertheless spotlights both the shortage of - and need for- consistent land use policies to address neighborhood tensions, while realizing the transition to higher density. As the key economic anchor of the community, SDSU must have a path to accommodate its growth.

LMA highlights these challenges because they represent fundamental risks and assessments which ultimately inform the underwriting of potential projects in the private sector. Assumptions of costs, achievable revenues and pace of absorption must be reconciled with appropriate required returns for capital, while also accounting for the various other risks that are inherent in real estate development. Strong and proactive public policy that promote redevelopment and reduce the risks become catalysts to private funding of new projects.

Opportunities

Positioning The College Area for the Future

To achieve the forecasted growth in population the area must provide a mix of housing types. This will be critical to accommodate the growth in the young adult and student population, while providing the flexibility for newly formed families in the future. To realize this vision, greater utilization of developable land will be required, achievable only through an increase in density and community investment.

El Cajon Blvd. has existed as a major thoroughfare through the City of San Diego, connecting the city's Downtown district with the eastern portions of the city and county. Yet, it's historical role has long been supplanted by the construction of Mission Valley's major highways which have suppressed new development activity. This corridor has retained its vestigial identity as an auto-oriented, low-density corridor with mid-20th century strip commercial.

There exists a major opportunity to achieve higher density projects and renew its importance as an important transportation corridor and a new center of affordable development. Residentially dominated, mixed use projects, with ground level commercial, ought to be the norm for future development of the corridor. A transit-friendly and walkable urban lifestyle can be achieved to accommodate the anticipated population growth in the community.

By focusing development along this commercial corridor, in parallel with planned improvements to transportation infrastructure, El Cajon Blvd. can be revitalized to the prominence it once commanded. It can also serve as the centerpiece of an urban renaissance and as a cornerstone of the College Area CPA.

Over the next 20 to 30 years, existing single-family neighborhoods are likely to continue transitioning to accommodate some medium-density housing. Areas transitioning to medium-density housing will serve as a buffer between existing single-family neighborhoods and the dense commercial corridor along major corridors such as El Cajon Blvd.

By being attentive to the design standards that currently exist in the community, a seamless transition can be created. The College Area can be a demonstration of how communities can produce housing solutions through careful, creative and attractive higher density projects targeted toward multiple market segments, while still maintaining its existing character and identity.

Demand Analysis

San Diego's Shifting Demographics

The purpose of this section is to analyze the historical and projected demographic trends that will influence housing demand in San Diego with a focus on the College Area Community Planning Area ("CPA"). The projected total growth in population and its characteristics will directly influence the types of housing that will be needed to accommodate future housing demand. Based on this analysis LMA has recommended various housing prototypes that can be encouraged through land use planning policy contained within the Housing Element of the College Area Community Plan Update ("CPU").

San Diego as a Region (San Diego County)

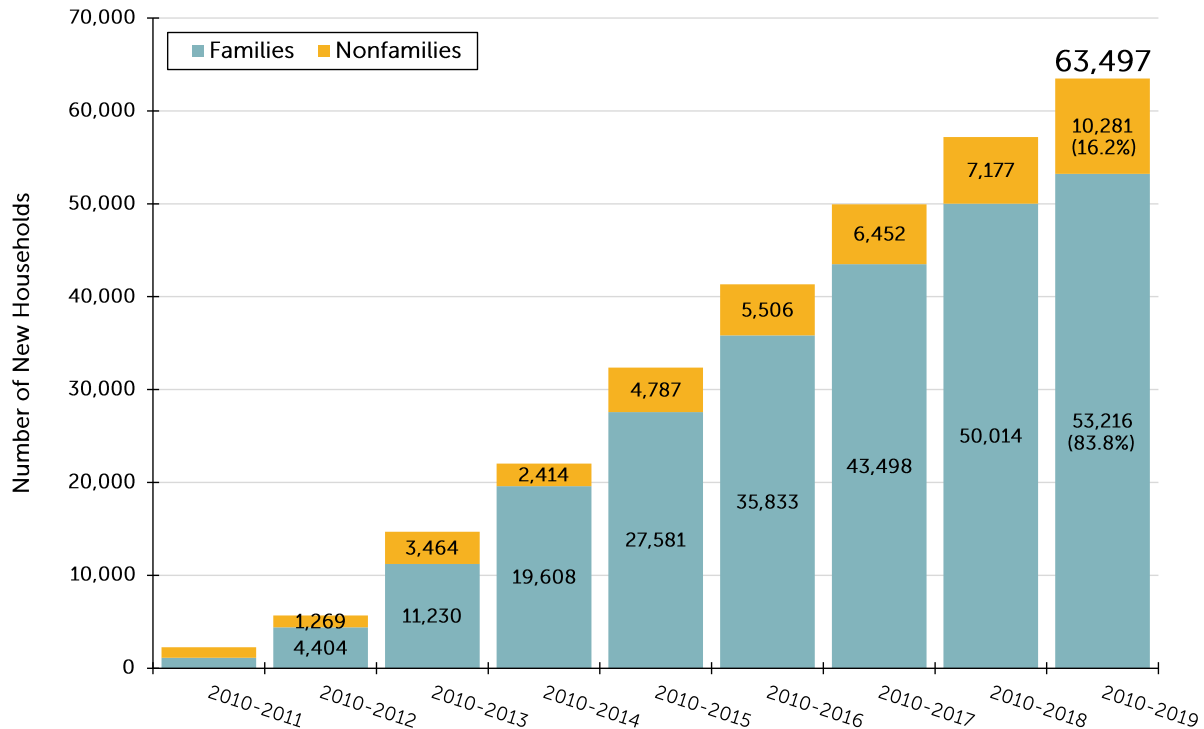
This section analyzes the shifting population age and family household growth of the San Diego region and how this will inform where demand in housing will be in the future.

Regional Increase in Family Households

In the nine years prior to 2020, San Diego County ("County") added 63,497 households to the region, a 6% growth in total households. The growth in households has been predominately comprised of family households, representing 84% of total growth. Family households have grown from a total of 703,747 to 756,963, a 7.6% increase. In that same period non-family households have increased from a total of 358,042 to 368,323, or a 2.9% increase. Relative to total household growth, the share of family households has increased.

The following chart demonstrates the historical make-up of household growth in San Diego County:

Family v. Non-Family Household Cumulative Growth San Diego County (2010-2019)



Source: U.S. Census Bureau, American Community Survey (5-year Estimate), Households & Families

Additionally, average household size has increased from 2.75 to 2.87 persons per household.

An increase in the share of family households and the number of persons within a household create demand for larger, family-oriented housing units. This presents a possible dilemma for the future as proposed future housing development may not be suitable for this growing sector of the population. The consequences could lead to exodus from the region due to affordability issues and families competing for smaller housing options.

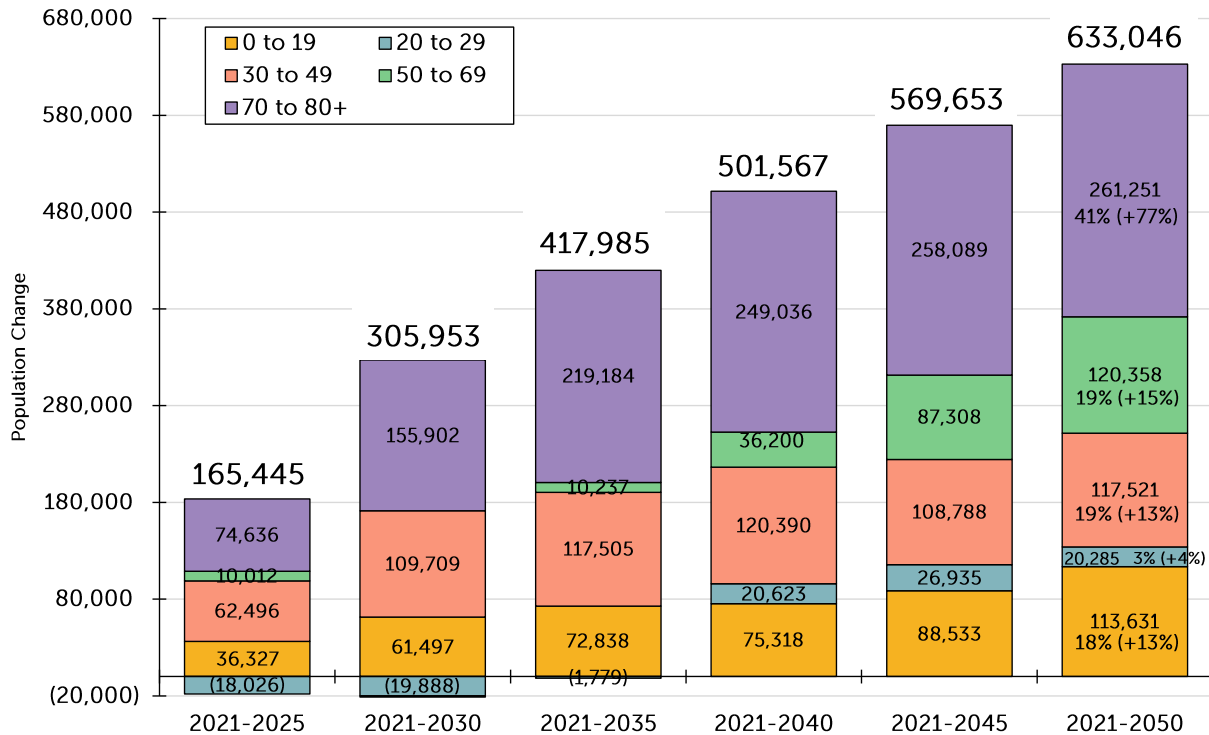
Shifting Age Distribution

According to SANDAG's Series 13 forecast of population growth, the County is expected to grow by 633,046 total residents between 2020 and 2050, a 18.4% increase. The biggest demographic shifts will be experienced in the portion of the population aged 70 and over, comprising 41.3% of the total population growth over the next 30 years. The portion of the population aged 70 and over is forecasted to grow by 261,251, a 77.4% increase.

Following the 70 and over age group, the age groups of 0 to 19, 30 to 49 and 50 to 69 are forecasted to experience relatively equal growth in population size consisting of 17.9%, 18.6% and 19% of total population growth in the County.

The following chart illustrates the cumulative population growth in San Diego County by age group:

Population Age Distribution Forecasted Cumulative Change San Diego County (2021-2050)



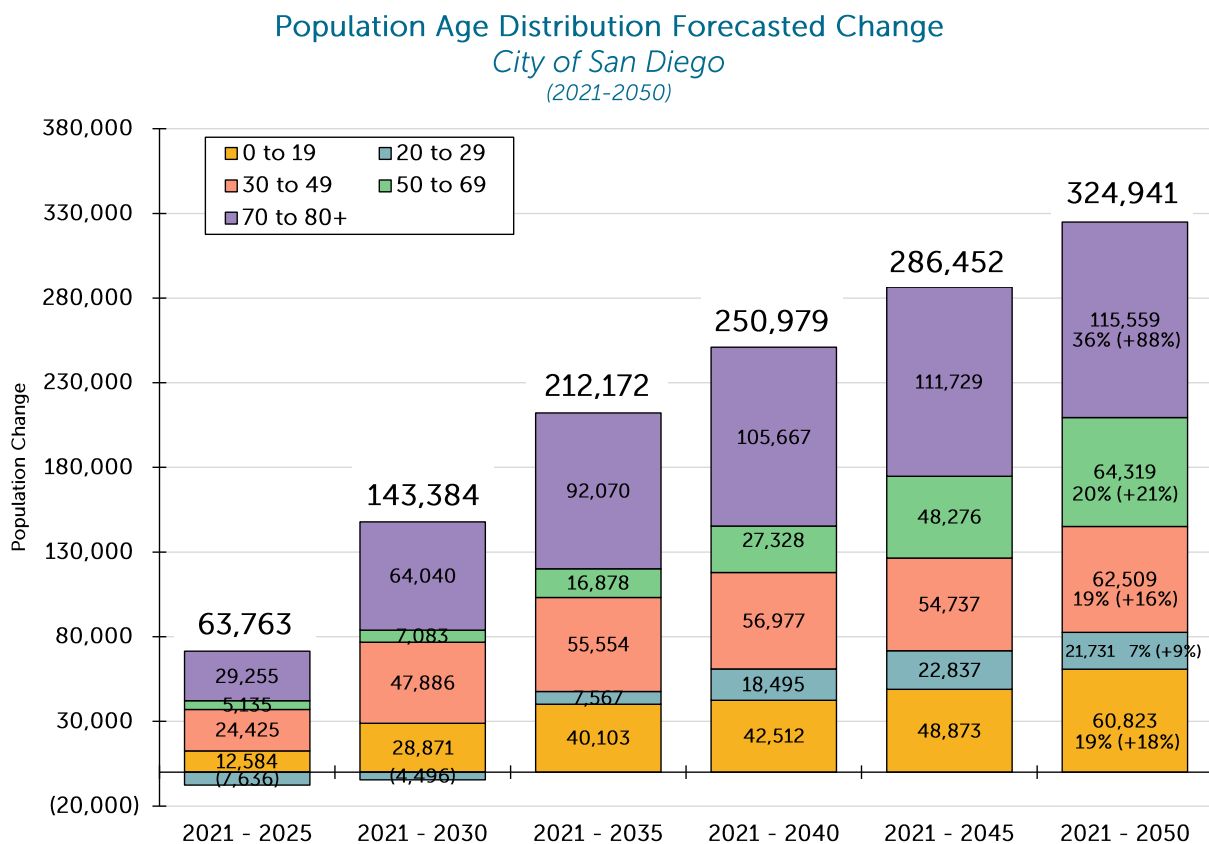
Source: SANDAG Growth Forecast (Series 13)

The anticipated growth in persons aged 70 and over ("senior population"), can be largely attributed to the natural aging of adults aged 50 to 69 who occupy the region's existing stock of family-oriented housing (housing units comprised of two or more bedrooms).

As today's young adult population ages, there will be an uptick in those aged 30 to 49 ("young families") reaching total cumulative growth of 117,505 by 2035. The growth in this age group will translate to an increase in family formation.

When compared to total population growth, those aged 20 to 29 ("young adults") will experience the smallest increase in population. In fact, this age group is forecasted to decrease county-wide by 19,888 persons between 2020 and 2030, a 3.7% decrease in population. By 2050, young adults are forecasted to account for 3% of the total population growth in San Diego County.

According to SANDAG, the City of San Diego is positioned to experience a similar demographic shift. The City is forecasted to grow by 324,941 residents between 2020 and 2050, a 22.9% increase. The following chart illustrates the cumulative population growth in the City of San Diego by age groups:



Source: SANDAG Growth Forecast (Series 13)

College Area

Shifting Age Distribution

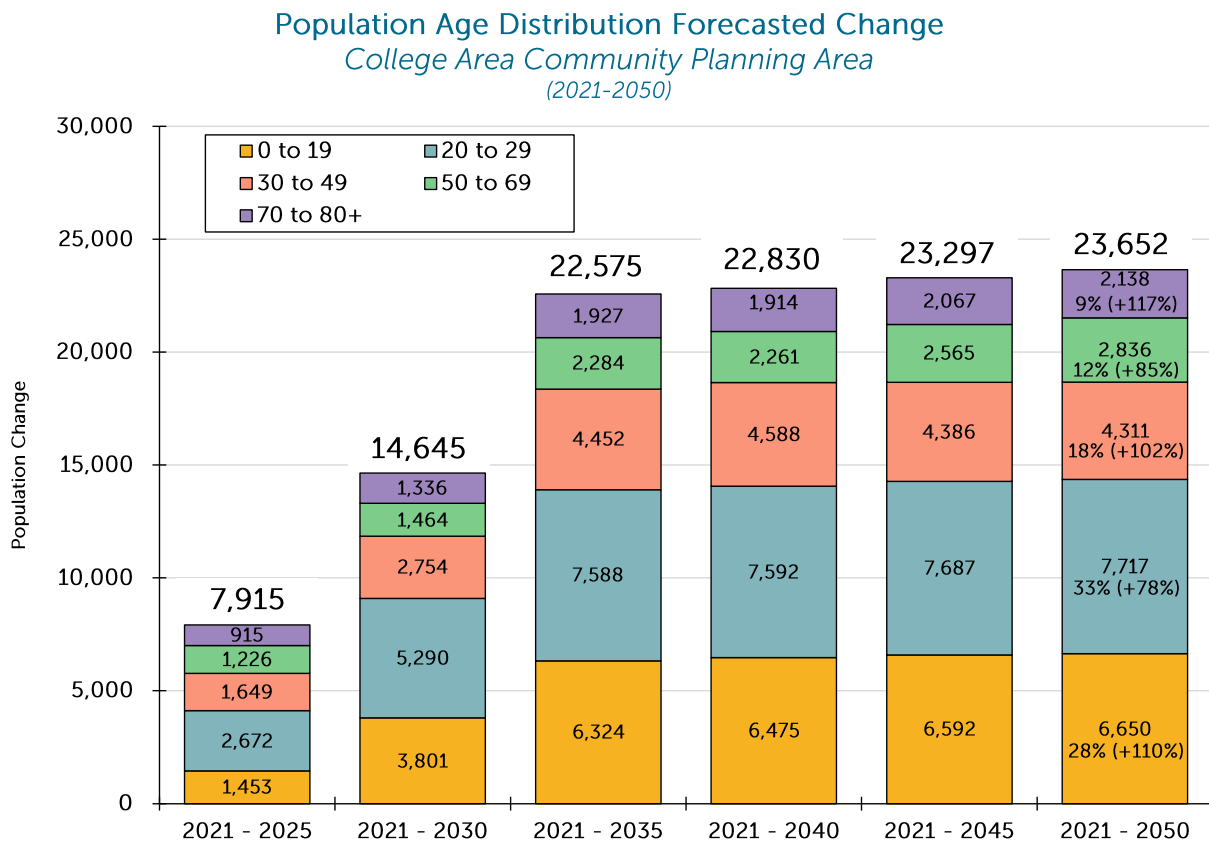
SANDAG's current forecast for the College Area contrasts greatly with the City and the region. The College Area is forecasted to more than double its current population by 2040. The area is forecasted to add 25,393 residents between 2019 and 2050, with projected population growth from 23,696 to 49,089, a 107.2% increase.

The forecast anticipates that young adults will account for the largest portion of population growth in the College Area, followed by that of children aged 0 to 19. The portion of the population aged 20 to 29 will grow by 7,717 which accounts for 32.6% of the total population growth in the area.

while the portion of the population aged 0 to 19 will grow by 6,650, or 28.1% of the total population growth.

Those aged 30 to 49 will add 4,311 residents, or 18.2% of the total population growth. The anticipated growth in the child population coupled with growth in the ages of 30 to 49 suggest that today's young adults, aged 20 to 29, will begin to form families and continue to live in this area.

The following chart illustrates the cumulative population growth in the College Area by age groups:



Source: SANDAG Growth Forecast (Series 13)

Housing Demand: College Area

Forecasted Housing Growth

This section reconciles the forecasted population growth patterns with forecasted housing growth to inform the amount and types of housing that should be targeted in planning policy for the College Area CPU.

Housing Mix

The growth in the child population must be accounted for within adult households. To provide a recommended distribution of housing types to be envisioned in the College Area, LMA made the following assumptions in the allocation of child population growth:

- ➔ 5% of children housed in the young adults age group (aged 20 to 29)
- ➔ 75% of children housed in the young families age group (aged 30 to 59)
- ➔ 20% of children housed in the older families age group (aged 50 to 69)

Based on these key assumptions and the forecasted population growth trends, young adults and young family households will drive the largest demand for housing in the College Area, accounting for 53.2% and 25.9% of forecasted population growth. The following table details the housing demand distribution based on types of households:

Population Growth Distribution (2020-2040)
College Area Community Planning Area

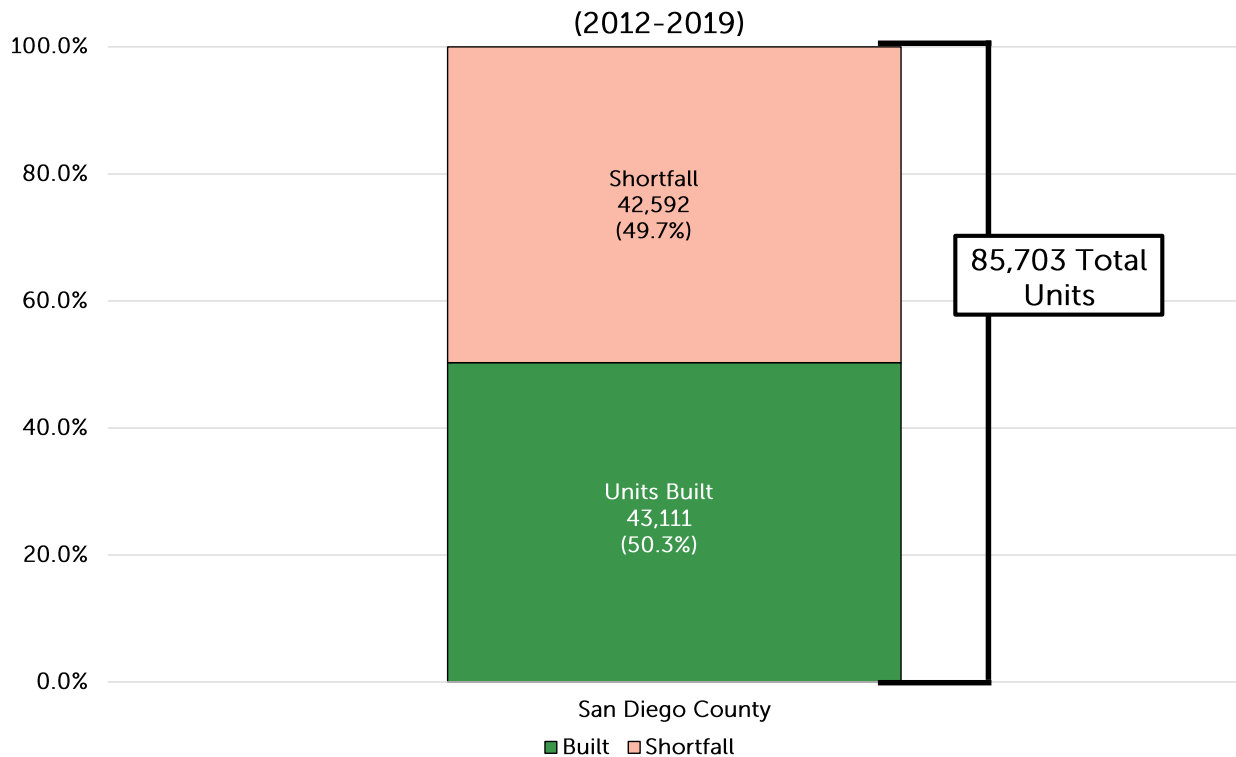
Child Population Growth (0 to 19)		5,167		
Age Groups	Child Allocation %	Child Allocation #	Total Population Growth	Household Growth Distribution
20 to 29	5%	258	13,513	53.2%
30 to 49	75%	3,875	6,584	25.9%
50 to 69	20%	1,033	3,048	12.0%
70 to 80+	0%	0	2,247	8.8%
Total		5,167	25,393	

Source: LMA, SANDAG Series 13 Forecast

Regional Housing Shortage

LMA has completed an overview of historical housing development between 2012 and 2020 in San Diego County. According to SANDAG's Series 13 forecast, a total of 85,703 units were anticipated to be developed in the County. Based on SANDAG estimates, only 43,111 units were added to the County during this same period. This translates to a shortfall of 49.7%, or 42,592 total units. This represents an annual average shortfall of 5,324 units. The following chart illustrates the region's housing development shortfall:

San Diego County Housing Development Progress Report -



An increase in the rate of housing development is required to accommodate a growing population as well as to address the shortfall. The City must more than double its housing counts to meet the historically forecasted rate, and achieve an even more robust rate to address multiple years of housing shortages.

Housing Growth Scenarios

To address the region's housing shortage and affordability goals LMA has analyzed a low and high housing growth scenario. According to existing land use plans, SANDAG forecasts that there is capacity for an additional 10,183 housing units in the College Area CPA by 2050. As part of a low scenario, LMA has analyzed an increase in housing capacity to 20,000 units (increase of 9,817 units) by 2050. As part of a high scenario, LMA has analyzed an increase in housing capacity to 40,000 units (increase of 29,817 units). The following table details the existing housing growth forecast and potential increase to housing growth capacity:

Forecasted Housing Growth Capacity (2019 Est. - 2050)

College Area Community Plan Update

	<u>2019 Est.</u>	<u>2020</u>	<u>2030</u>	<u>2040</u>	<u>2050</u>	Housing Units Added 2019 Est. to 2050
City of SD Housing Units	534,820	551,655	603,465	653,835	688,371	153,551
College Area Housing Units	7,845	8,402	14,253	17,679	18,028	10,183
Housing Units Added		557	5,851	3,426	349	
Cumulative Housing Units Added		557	6,408	9,834	10,183	
% Capture	1.47%	1.52%	2.36%	2.70%	2.62%	

Source: SANDAG Series 13 Forecast

Existing College Area Housing Growth Capacity	10,183
---	--------

<u>Forecast Housing Growth Scenarios</u>	<u>Low</u>	<u>High</u>
Increased College Area Housing Capacity (by 2050)	9,817	29,817
Total College Area Housing Units Added	20,000	40,000

The concentration of future population growth, and the characteristics of this growth, suggest housing prototypes consisting of **dense multifamily housing** including a mix of small units including micro-units, studios and 1-bedrooms, all of which would target the growth of students and young adults. As part of the mix to accommodate additional population cohorts, **high-density townhomes and rowhomes** can provide flexibility to accommodate recently formed young families. This will require gradual conversion of some single family to higher density multifamily homes.

LMA has applied the distribution of household types by age group (including SDSU student demand) to the total forecasted housing units in the area to recommend a mix of targeted housing development:

Household Demand Distribution (2020-2050)

College Area Community Planning Area

		<i>Low</i>	<i>High</i>
<u>Age Groups</u>	<u>Household Growth Distribution</u>	<u>Household Unit Mix</u>	<u>Household Unit Mix</u>
20 to 29	53.2%	10,643	21,287
30 to 49	25.9%	5,186	10,372
50 to 69	12.0%	2,401	4,802
70 to 80+	8.8%	1,770	3,540
Total		20,000	40,000

Source: LMA, SANDAG Series 13 Forecast

San Diego State University Student Growth

The San Diego State University campus and its population of students, staff and visitors has been a major influence on the College Area CPA and will continue to inform the development patterns of the area for the foreseeable future. The expansion of SDSU to Mission Valley will likely accelerate the development and expansion of the existing campus, as it will propel the university into new areas of academic concentration as well as research and development. This will likely include the

expansion of residential, commercial, retail and research and development footprint within the College Area CPA.

In this section LMA summarizes the historical growth in student population compared to the forecasted growth in students by SDSU campus planners. The growth of the student population directly impacts the traffic patterns, parking and off-campus housing in the communities neighboring the university.²

The following table summarizes the historical and forecasted student population growth at SDSU:

San Diego State Historical Student Population Growth
College Area Community Plan Update

<u>Change in Student Population</u>	<u>2010-2020¹</u>	<u>Annual Average</u>
Undergraduate Enrollment	6,241	624.1
Graduate Enrollment	(916)	(91.6)
Headcount (Change in Student Enrollment)	5,325	532.5
Undergraduate (FTEs)	6,805	680.5
Post Bach. & Graduate (FTEs)	(326)	(32.6)
Full Time Equivalent Population (Change in FTEs)	6,479	647.9
	<u>2020-2035</u>	<u>Annual Average</u>
Headcount (Change in Student Enrollment)	10,314	687.6
Full Time Equivalent Population (Change in FTEs)	2,931	293.1

Source: SDSU Department of Analytic Studies & Institutional Research, SDSU 2007 Campus Master Plan Revision (2018 DAA/FAA)

¹ Fall semester enrollment figures

During the 10-year period between 2010 and 2020 the undergraduate enrollment at SDSU grew by 6,241 from 23,901 to 30,142, a 26.1% increase in undergraduate enrollment. In this same period graduate student enrollment has gradually decreased by a total of 916 from a high of 5,286 in 2010 to 4,370 in 2020, a 17.3% reduction in graduate enrollment. Overall, this represents total student enrollment increase of 5,325 (18.2% increase), or an annual average increase of approximately 533 students between 2010 and 2020. Typically, student population growth is measured on a full-time equivalent basis ("FTE") since not all enrolled students are enrolled in a full course load and are not expected to spend as much time on or around the campus. An FTE is defined as one student taking 15 course units, which is considered to be a full course load. Two part-time students, each taking 7.5 course units, would also be considered one FTE student.³

Between 2010 and 2020 the undergraduate FTE population at SDSU grew by 6,805 from 21,660 to 28,465, a 31.4% increase in the undergraduate student population. During this same period, the graduate student FTE population has gradually decreased by a total of 326 from a high of 3,930 in 2010 to 3,604 in 2020, an 8.3% reduction in graduate student population. Overall, this represents

² Forecasted student population is included in the overall growth patterns previously analyzed in this report.

³ SDSU 2007 Campus Master Plan Revision (2018 DAA/FAA)

a total student FTE population increase of 6,479 (25.3% increase), or an annual average increase of approximately 648 students between 2010 and 2020.

Based on SDSU's 2007 Campus Master Plan, last revised in 2018, the total student enrollment is forecasted to increase by 10,314 to 44,826 by 2035, an annual average increase of 688. This represents a total increase in FTE population of 2,931 to 35,000, an annual average of 195. This suggests that SDSU campus planners anticipate a greater increase in part-time enrollment when compared to the growth in full-time students.

The anticipated increase in the share of part-time students compared to full-time students will contribute to an increase in traffic because part-time students are more likely to be commuters who do not live on or around campus. The availability of transit will be essential to mitigating the strains to parking and traffic that students will contribute to in the College Area CPA.

Supportable Retail Space: College Area

The purpose of this section is to detail LMA's demand forecast for retail space in the College Area.

Approach to Analysis

Most supporting retail expenditures will be generated from residents who live in the College Area. The 2021 estimated population within the College Area CPA is 21,796 persons living in 7,492 households (2.91 persons per household).⁴ The following bullet points and table summarize the key characteristics of the College Area population compared to the City of San Diego:

- ➡ **Education:** Citywide, 45% percent of the City's population hold either a bachelor or more advanced degree. In the College Area, the percentage is 46%.
- ➡ **Median Household Income:** Citywide, the median household income is \$86,326 compared to \$58,728 in the College Area.
- ➡ **Average Household Income:** Citywide, the average household income is \$121,622 compared to \$85,617 in the College Area.
- ➡ **Ownership Tenure:** In the City of San Diego, owner-occupied homes account for 48% of the households. In the College Area 41% are owner-occupied.
- ➡ **Home Prices:** The Citywide median price of a single-family home is \$697,002. In the College Area, the median price is \$656,175.

⁴ Claritas is an industry leader in providing demographic data.

Demographic Overview Summary

College Area Community Planning Area, San Diego, CA

	College Area	City of San Diego	College Area as % of City of San Diego
Education - Bachelor's Degree or Higher	46%	45%	-
Median Household Income	\$58,728	\$86,326	68%
Average Household Income	\$85,617	\$121,622	70%
Owner-Occupied Households	41%	48%	-
Median Price - Owner-Occupied Housing Unit	\$656,175	\$697,002	94%

Source: London Moeder Advisors, Claritas (2021)

An estimated 79.1% of household income is spent on consumer expenditures.⁵ While total consumer expenditures account for 79.1% of total household income, the relevant categories for this analysis account for 27.6% of total household income. These categories were chosen because they best reflect the types of non-regional retail space and the tenants likely to occupy space in the local College Area Community.

The largest category is food stores, accounting for 10.9% of household income. This includes food purchased from grocery stores as well as restaurants and food stands. The second largest category is entertainment, accounting for 4.7% of household income. This includes income used to purchase fees and admissions, television and sound equipment, pets and toys and other entertainment equipment and services. A table that further defines each category is located in the [Appendix](#) (see [Retail Expenditure Propensities](#)).

Based on factors such as traffic patterns, place of employment, specialization and convenience, individuals within the College Area may choose to shop outside of the community. For LMA's analysis, LMA has assumed that the College Area will capture a range of 10% to 20% of retail expenditures generated by the local population within the primary market area. It is probable that the estimated retail demand will be higher based on increased demand from consumers within the secondary and tertiary market areas. In addition, the required sales volume to generally support retail in the College Area is assumed to range from \$400 to \$500 per square foot.⁶

⁵ United States Bureau of Labor Statistics ("BLS"), 2020 Consumer Expenditures Survey (San Diego MSA)

⁶ This estimated sales volume per square foot is based on how community oriented commercial retail centers have historically performed in a developed retail market.

Low – Capacity for 20,000 Additional Units

The following table details the household income and retail expenditures generated by the growth in the College Area population at a low scenario. Existing housing growth forecasts anticipate the College Area CPA will add 10,183 housing units by 2050. The low scenario assumes that the College Area is planned to increase existing capacity for housing development by 9,817 units. This results in a total of 20,000 new housing units added to the College Area. The average household income in the College Area is estimated to be \$85,617, resulting in a total household income growth of approximately \$1.7 billion by 2050. This translates into total consumer expenditures of approximately \$1.4 billion annually generated by the estimated growth in households.

Low Scenario	2050
Households	20,000
Average Household Income ¹	\$85,617
Total Household Income	\$1,712,340,000
% Income Spent on Consumer Expenditures	79.15%
Total Consumer Expenditures	\$1,355,323,243

Source: London Moeder Advisors, Claritas (2021), BLS (Consumer Expenditures Survey)

¹2021 dollars

The following table delineates the College Area population consumer expenditures by category. The total retail expenditures available for capture by the Subject Project is estimated to be \$445.9 million annually.⁷

Low - 20,000 Units

Retail Category	% of Household Income	Retail Expenditures	Less Online	Online Sales	2021 Dollars
Food Stores ¹	10.9%	\$186,382,976	0.5%	(\$931,915)	\$185,451,061
Alcoholic Beverages ¹	1.1%	\$19,389,009	0.5%	(\$96,945)	\$19,292,064
Home Furnishings & Supplies	3.0%	\$51,919,847	10.7%	(\$5,529,464)	\$46,390,383
Apparel and Services	2.3%	\$39,792,967	10.7%	(\$4,237,951)	\$35,555,016
Auto Expenses (Gas, Oil, etc.) ¹	2.6%	\$45,077,697	2.9%	(\$1,307,253)	\$43,770,443
Entertainment	4.7%	\$80,320,896	10.7%	(\$8,554,175)	\$71,766,720
Miscellaneous Other Expenses	2.9%	\$48,927,500	10.7%	(\$5,210,779)	\$43,716,721
Total Big-box, Neighborhood and Community Targeted Expenditures	27.6%				\$445,942,409

Source: London Moeder Advisors, BLS (Consumer Expenditures Survey - San Diego MSA), U.S. Federal Reserve Bank of St. Louis (E-Commerce Retail Sales)

¹Based on 2017 Annual Retail Trade Survey (E-Commerce Sales)

Assuming a capture rate of 10% to 20%, the total available expenditures for retail support in the College Area is estimated to be \$44.6 million to \$89.3 million annually. Based on the required retail sales volume of \$400 to \$500 per square foot, the total supportable retail space ranges from 89,188 to 222,971 square feet.

⁷ Expenditure categories represent community retail expenditures and are adjusted for online sales.

College Area Capture

Total Big-box, Neighborhood and Community Targeted Expenditures	\$445,942,409			
Locally Captured Retail Expenditures	10% \$44,594,241		20% \$89,188,482	
Sales Volume (PSF)	Low \$500	High \$400	Low \$500	High \$400
Estimated Supportable Retail (S.F.)	89,188	111,486	178,377	222,971

High – Capacity for 40,000 Additional Units

The following table details the household income and retail expenditures generated by the growth in the College Area population at a high scenario. Existing housing growth forecasts anticipate the College Area CPA will add 10,183 housing units by 2050. The high scenario assumes that the College Area is planned to increase existing capacity for housing development by 29,817 units. This results in a total of 40,000 new housing units added to the College Area. The average household income in the College Area is estimated to be \$85,617, resulting in a total household income growth of approximately \$3.4 billion by 2050. This translates into total consumer expenditures of approximately \$2.7 billion annually generated by the estimated growth in households.

High Scenario	2050
Households	40,000
Average Household Income ¹	\$85,617
Total Household Income	\$3,424,680,000
% Income Spent on Consumer Expenditures	79.15%
Total Consumer Expenditures	\$2,710,646,487

Source: London Moeder Advisors, Claritas (2021), BLS (Consumer Expenditures Survey)

¹2021 dollars

The following table delineates the College Area population consumer expenditures by category. The total retail expenditures available for capture by the Subject Project is estimated to be \$891.9 million annually.⁸

⁸ Expenditure categories represent community retail expenditures and are adjusted for online sales.

High - 40,000 Units

Retail Category	% of Household Income	Retail Expenditures	Less Online	Online Sales	2021 Dollars
Food Stores ¹	10.9%	\$372,765,952	0.5%	(\$1,863,830)	\$370,902,122
Alcoholic Beverages ¹	1.1%	\$38,778,018	0.5%	(\$193,890)	\$38,584,128
Home Furnishings & Supplies	3.0%	\$103,839,694	10.7%	(\$11,058,927)	\$92,780,766
Apparel and Services	2.3%	\$79,585,933	10.7%	(\$8,475,902)	\$71,110,031
Auto Expenses (Gas, Oil, etc.) ¹	2.6%	\$90,155,393	2.9%	(\$2,614,506)	\$87,540,887
Entertainment	4.7%	\$160,641,791	10.7%	(\$17,108,351)	\$143,533,440
Miscellaneous Other Expenses	2.9%	\$97,855,000	10.7%	(\$10,421,557)	\$87,433,442
Total Big-box, Neighborhood and Community Targeted Expenditures	27.6%				\$891,884,817

Source: London Moeder Advisors, BLS (Consumer Expenditures Survey - San Diego MSA), U.S. Federal Reserve Bank of St. Louis (E-Commerce Retail Sales)

¹Based on 2017 Annual Retail Trade Survey (E-Commerce Sales)

Assuming a capture rate of 10% to 20%, the total available expenditures for retail support in the College Area is estimated to be \$89.2 million to \$178.4 million annually. Based on the required retail sales volume of \$400 to \$500 per square foot, the total supportable retail space ranges from 178,377 to 445,942 square feet.

College Area Capture

Total Big-box, Neighborhood and Community Targeted Expenditures	\$891,884,817			
Locally Captured Retail Expenditures	10% \$89,188,482		20% \$178,376,963	
Sales Volume (PSF)	<u>Low</u> \$500	<u>High</u> \$400	<u>Low</u> \$500	<u>High</u> \$400
Estimated Supportable Retail (S.F.)	178,377	222,971	356,754	445,942

Retail Demand Summary

The purpose of this section is to summarize the total retail expenditures generated in the low and high growth scenarios.

Retail Demand Summary

College Area Community Planning Area

	Low		High	
Housing Growth	20,000 Units		40,000 Units	
Consumer Expenditures	\$445,942,409		\$891,884,817	
Locally Captured Retail Expenditures	\$44,594,241		\$178,376,963	
Sales Volume (PSF)	<u>Low</u> \$500	<u>High</u> \$400	<u>Low</u> \$500	<u>High</u> \$400
Estimated Supportable Retail (S.F.)	89,188	111,486	356,754	445,942
per household	4.5	5.6	8.9	11.1

Source: London Moeder Advisors

In the low scenario, total retail expenditures are estimated to be \$44.6 million annually. This represents retail support for 89,188 to 111,486 square feet of space in the College Area. When compared to the anticipated growth in housing (20,000 units), this represents 4.5 to 5.6 square feet per additional household.

In the high scenario, total retail expenditures are estimated to be \$178.4 million annually. This represents retail support for 356,754 to 445,942 square feet of space in the College Area. When compared to the anticipated growth in housing (40,000 units), this represents 8.9 to 11.1 square feet per additional household.

General Commercial

There is not expected to be significant growth in the other commercial sectors, such as general office space. SDSU will generate some commercial demand, perhaps also in the high tech or life science areas, but the current plans will be to support that demand through their Mission Valley campus. The general support commercial needs of the community can be accommodated in mixed use projects which are expected to be dominantly residential, with a mix of commercial support.

Supply Analysis/Existing Conditions

Residential

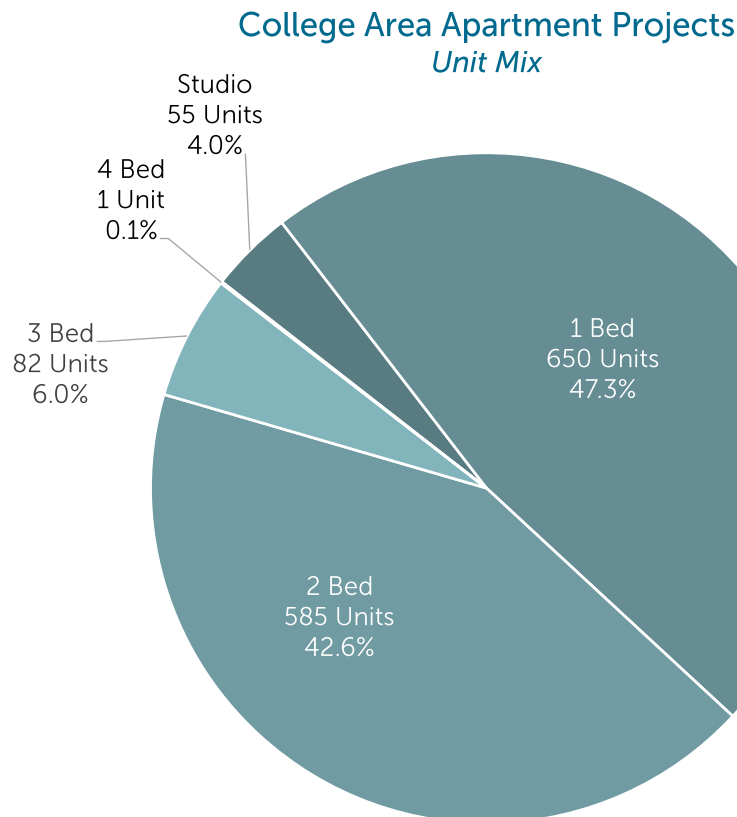
The purpose of this section is to detail the current residential market conditions in the College Area and surrounding neighborhoods. The current College Area market largely consists of multifamily residential units with approximately 60% of the total residential units.

College Area Apartment Market

There are currently 1,435 market-rate apartment units in 59 projects within the College Area boundary. Project sizes range from three units to 203 units. These units are found in projects that were constructed as early as 1926 and as recently as 2019 with an average year built of 1966.

Unit Mix

Of the 1,435 market-rate units, there are 1,373 units in 50 projects where a unit mix is known. The following chart depicts by percentage the array of unit mix within the existing supply of apartment inventory in the competitive set:



Source: London Moeder Advisors, CoStar

Apartments in the College Area consist of predominantly one- and two-bedroom units. There are a total of 650 one-bedroom units (47.3%) and 585 two-bedroom units (42.6%) which combined comprise approximately 89.9% of units in the College Area.

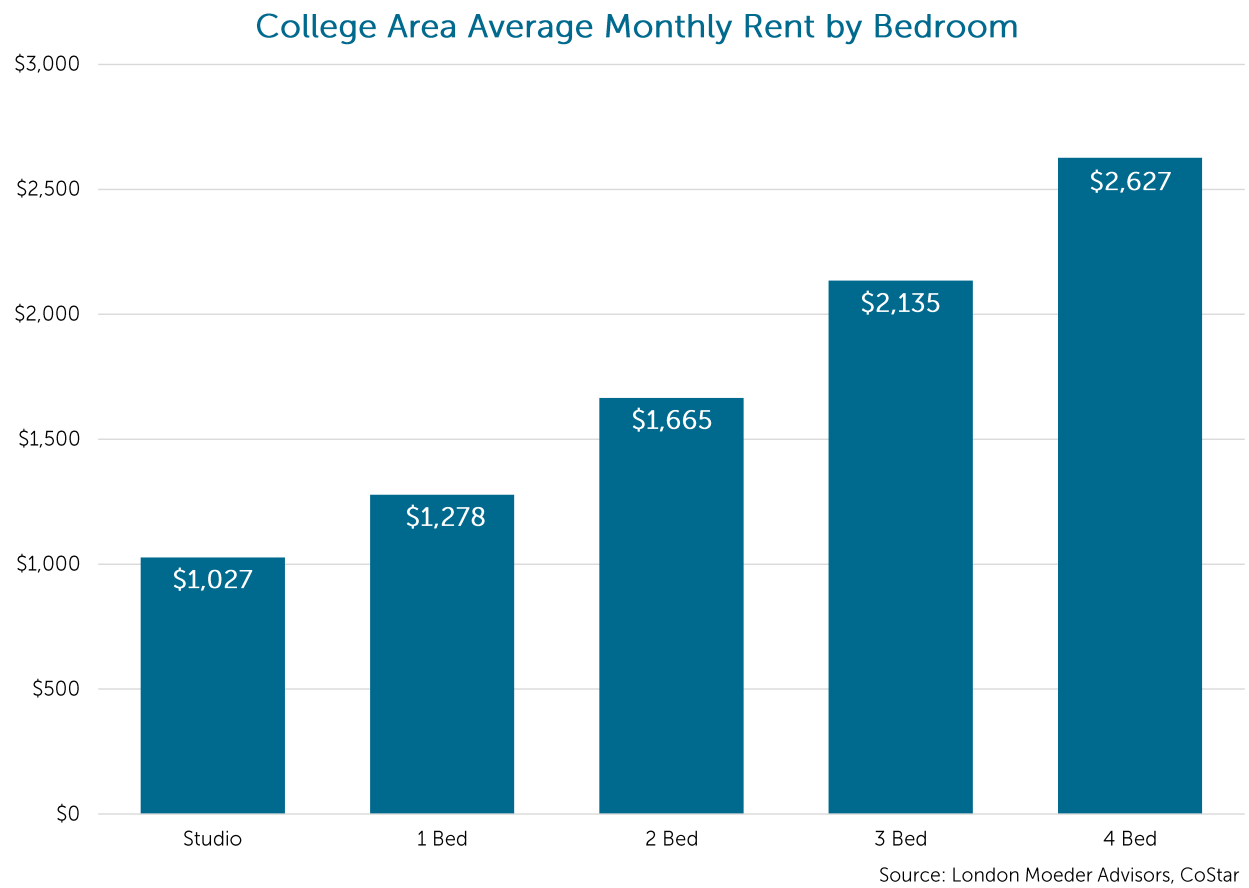
The next largest segment consists of three-bedroom units. There are 82 three-bedroom units comprising 6% of units in the College Area.

Additionally, there are 55 studio units (4%) and 1 four-bedroom unit (0.1%) in the College Area.

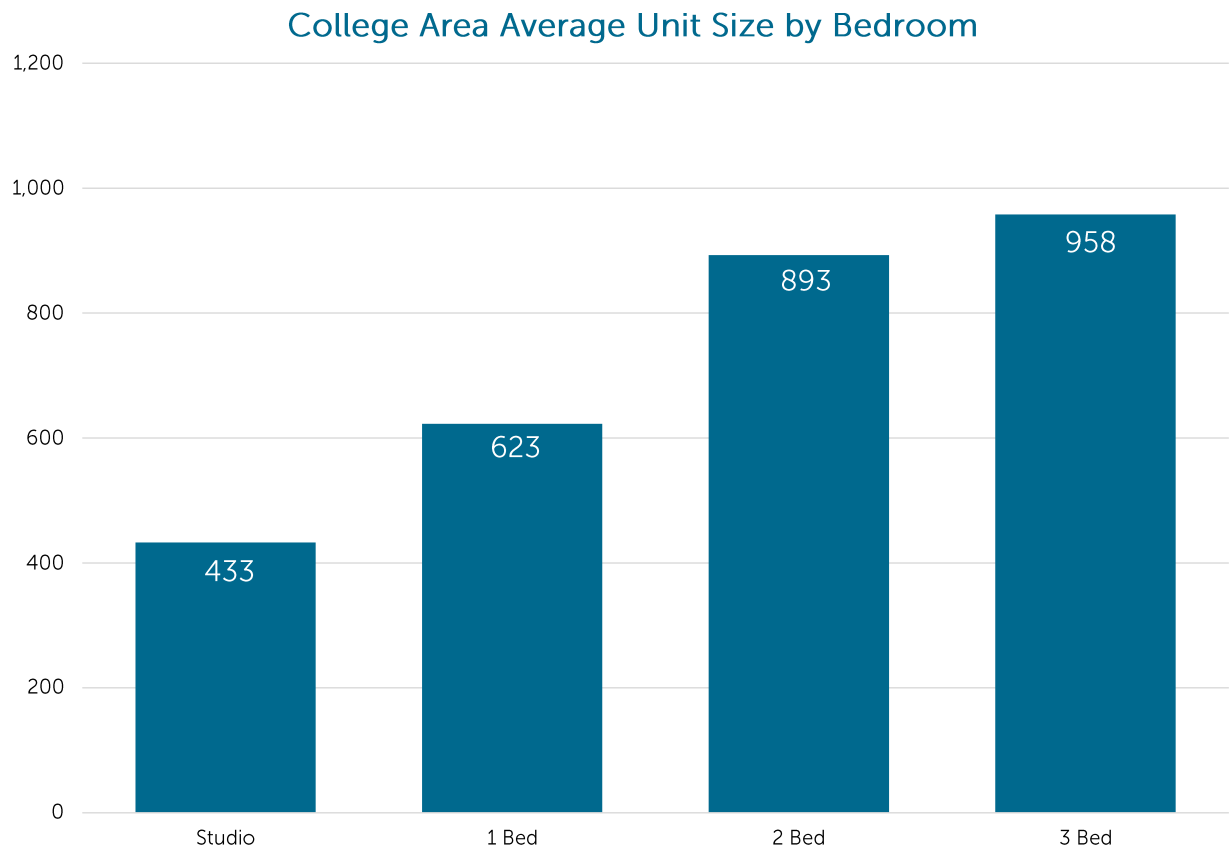
Monthly Rental Rates

There are 1,435 apartment units in the College Area within 59 projects. Of those projects where monthly rental rates and unit sizes are known, the overall average monthly rent is \$1,523 for a 752 square foot average unit, or \$2.03 monthly per square foot.

Apartment rents range from \$671 to \$2,832 per month. The following chart details the monthly rental rates by bedroom for apartment units in the College Area:

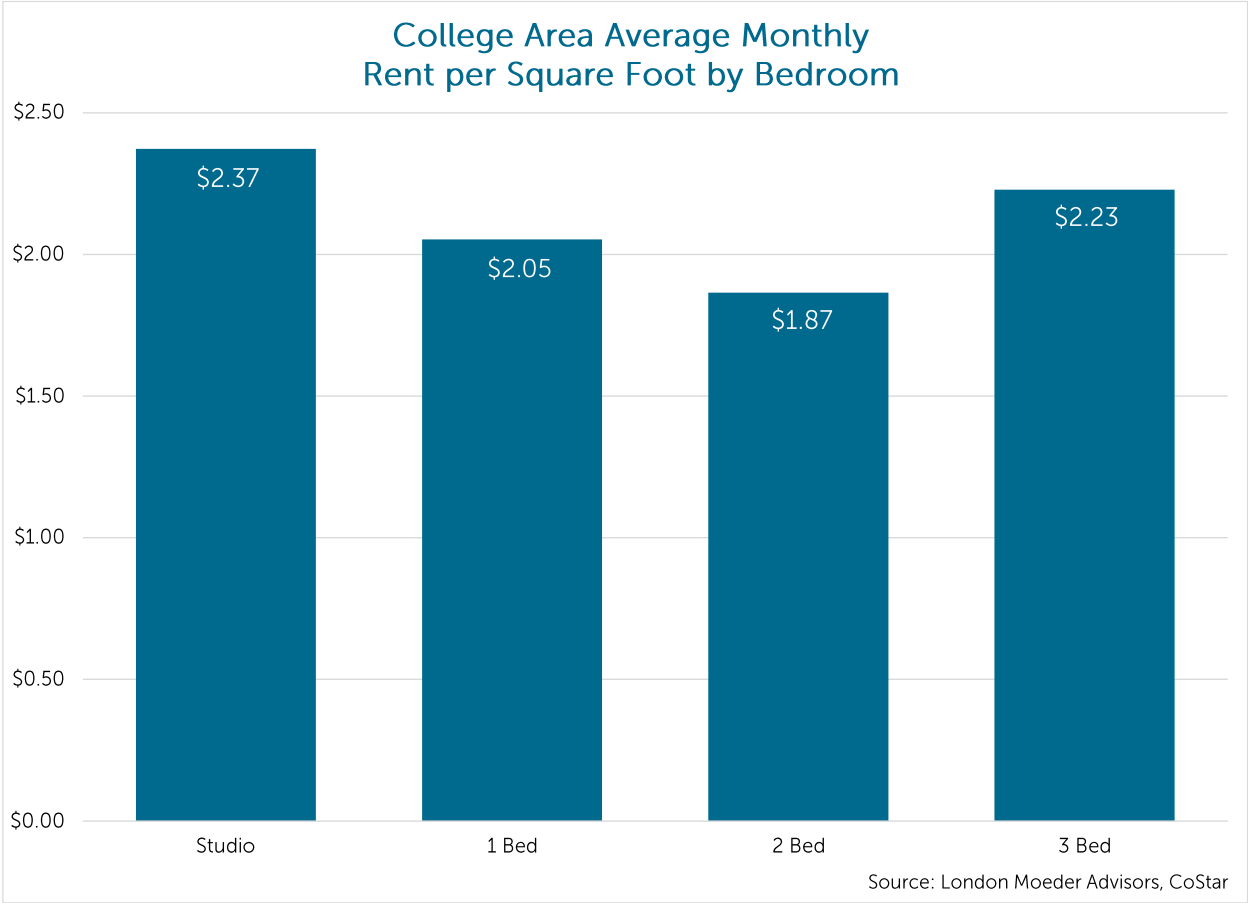


Apartment unit sizes range from 300 to 1,200 square feet. The following chart details the average unit sizes by bedroom for apartment units in the College Area:



Source: London Moeder Advisors, CoStar

Monthly rent per square foot averages \$2.03 per square foot. The following chart details the average rent per square foot by bedroom for apartment units in the College Area:



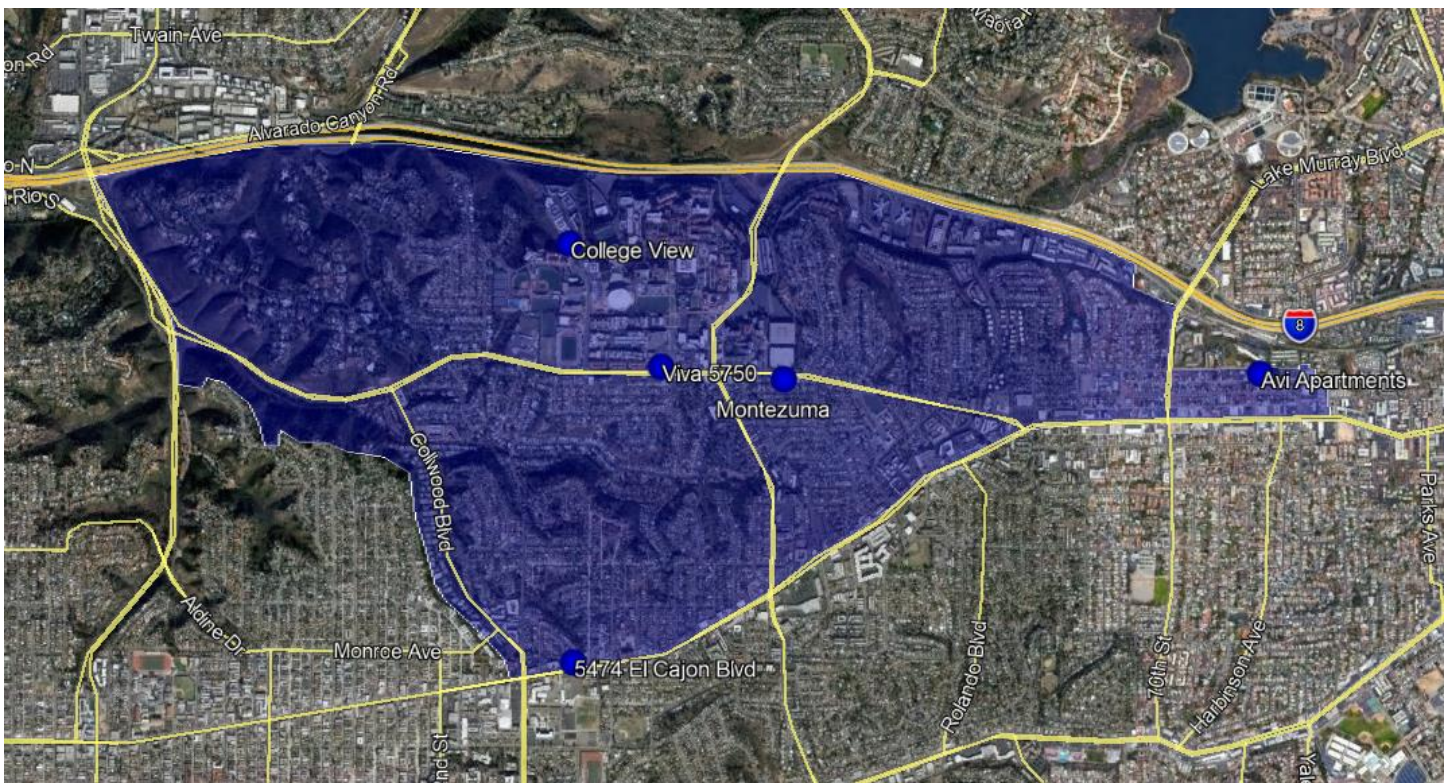
These rental levels are considered moderate relative to other San Diego communities. Downtown San Diego, the beach communities, and UTC command rental rates that generally exceed \$3 monthly per square foot. These rates reflect locational attributes, as well as newer, more highly amenitized stock. Nearby Mission Valley is also supporting comparable higher rates, particularly in newer projects located in west Mission Valley.

Future College Area Residential Supply

LMA has identified five rental projects in the entitlement process or under construction with a total of 456 units within the College Area. None of these projects offer market-rate rents. Three are student focused and two are income restricted. The following table and map detail the future supply:

Future Projects College Area

Project	Type	Status	Developer	Location	Stories	# Units	Construction Start	Expected Deliveries	Expected Size Range	Notes
Viva 5750	Student Housing	Under Construction	Capstone	5750 Montezuma Road	4	60	May-20	Fall 2021	378 - 1,301sf	182 total beds
Avi Apartments	Affordable Rental	Approved	Avi Cohen	7201 Saranac	2	16	n/a	n/a	998 - 1,106sf	Possible increase to 20 units
Montezuma	Student Housing	Approved	Else Partners	6213 Montezuma Road	5	128	n/a	n/a	n/a	Dormitory style with private bed/baths and shared kitchens
5474 El Cajon Blvd	Affordable Rental	Proposed	Family Health Centers of San Diego	5474 El Cajon Blvd	8	162	n/a	n/a	n/a	42 units for Family Health Center workers
College View Apartments	Student Housing	Proposed	PEP-JSW SDSU, LLC	5420 55th Street	6	90	Summer 2021	Summer 2023	474 - 1,440sf	301 total beds
						Total	456			

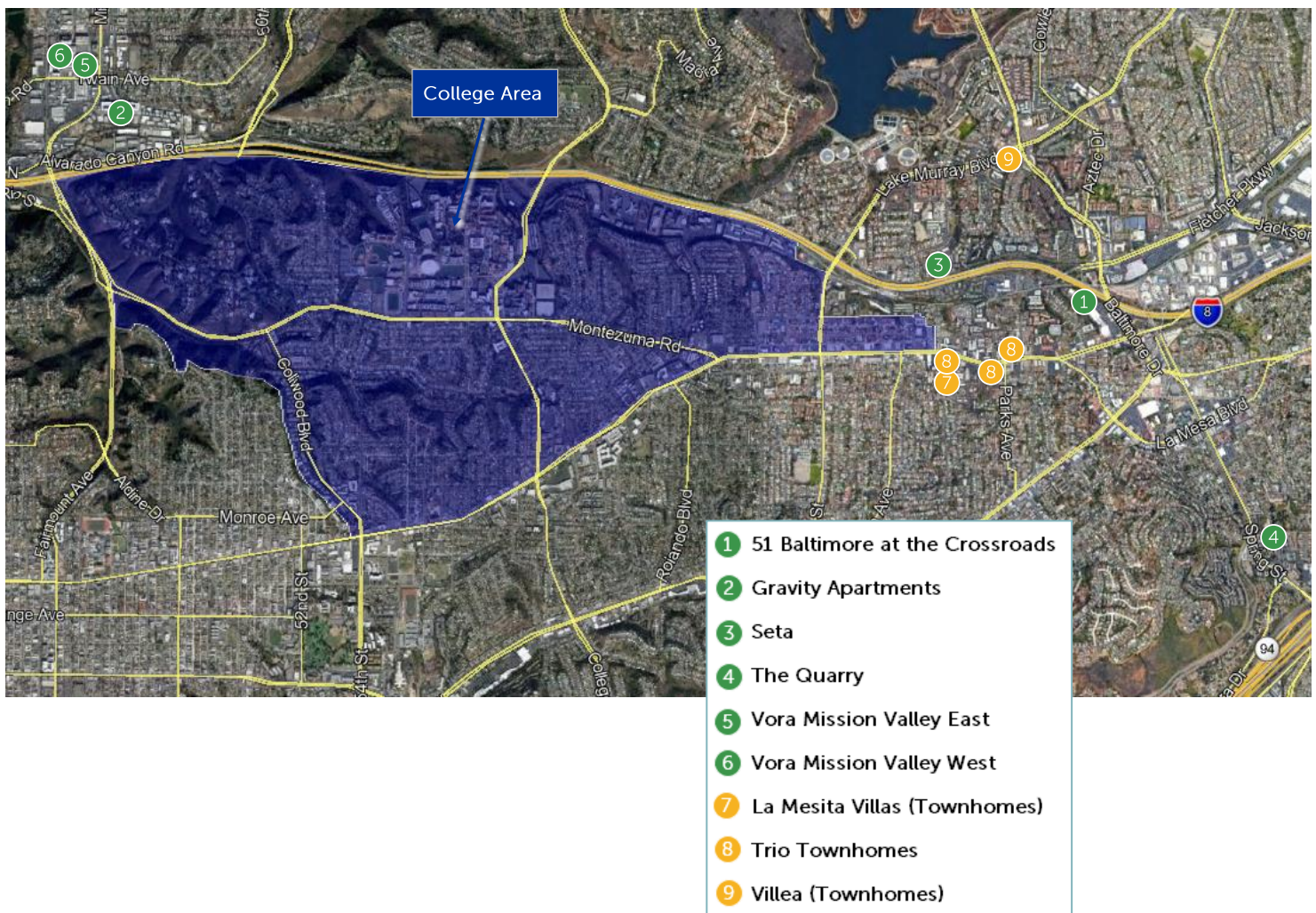


Comparable Apartment Market Analysis

The most recent market-rate entry to the College Area rental market is a six-unit project completed in 2019. No other market-rate projects have been built since the late 1980's. There has been significant student housing developed in recent years, including Huaxyacac Hall and South Campus Plaza, along with renovations at other student-oriented housing. As previously detailed, additional supply is under construction and in planning.

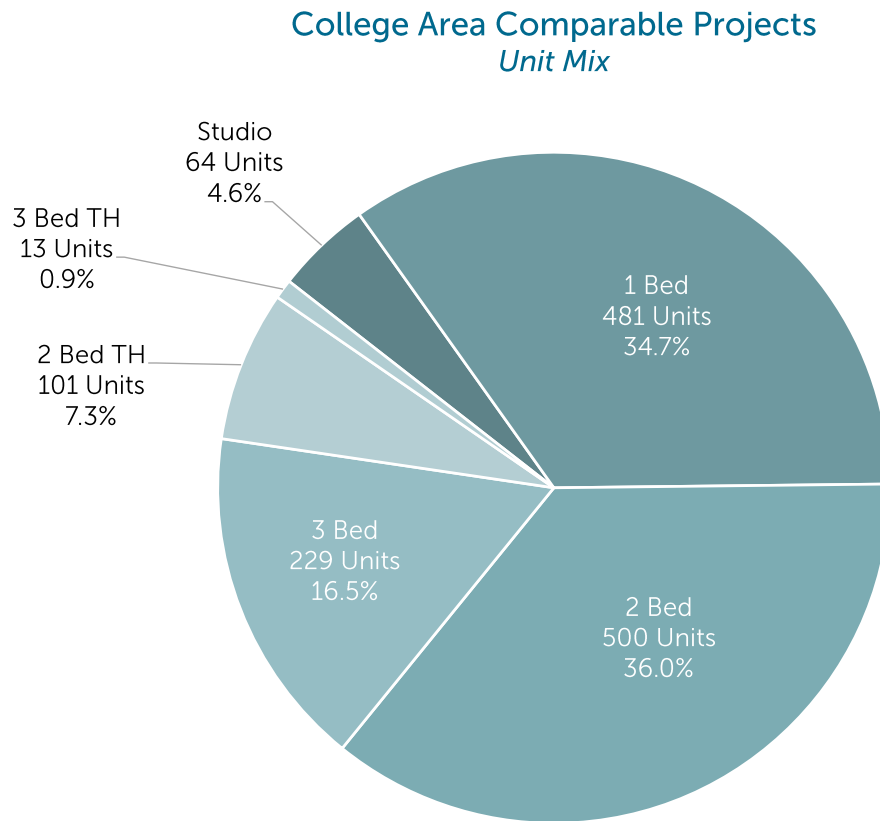
To assess the current rental market in the College Area, LMA conducted an analysis of newer apartment projects outside of the College Area.

LMA analyzed newer apartment projects (including townhome rentals) in the Grantville community and in the city of La Mesa. There are a total of 1,520 market-rate units in these projects. Of these, 1,406 are in traditional stacked-flat projects and 114 are in townhome rental projects. Project sizes range from 13 units to 383 units. The following map depicts the location of these projects relative to the College Area:



Unit Mix

LMA has conducted a detailed analysis of the supply, which includes 1,520 units in nine projects. The following chart depicts by percentage the array of unit mix within the existing supply of apartment inventory in the competitive set:



Source: London Moeder Advisors, CoStar

Apartments consist of predominantly one-, two and three-bedroom units. The mix includes 481 one-bedroom units (34.7%), 500 two-bedroom units (36%) and 229 three-bedroom units (16.5%).

There are 101 two-bedroom townhome units (7.3%) and 13 three-bedroom townhome units (0.9%). Studio units total 64 units (4.6%)

Monthly Rental Rates - Stacked Flats

There are a total of 1,406 stacked flat apartment units within the six analogue projects. Apartment unit sizes range from 528 to 1,529 square feet with an overall weighted average size of 1,011 square feet.

The following table details the rental rates and unit size ranges for the analogue units. The average monthly rental rates range from \$1,701 to \$4,422 with a weighted average of \$2,678 per month. The lowest monthly rent in the competitive set is \$1,701 (The Quarry) while the highest monthly rent is \$4,422 (Gravity Apartments).

Comparable Apartment Projects (Stacked Flats)

College Area

Project	Units	Year Built	Sqft Range			Avg. Rent Range			Avg. \$/Sqft Range		
			Low	High	Wt.Avg.	Low	High	Wt.Avg.	Low	High	Wt.Avg.
51 Baltimore at the Crossroads	66	2017	528	953	767	\$1,900	\$2,389	\$2,128	\$2.46	\$3.60	\$2.77
Gravity Apartments	325	2021	604	1,529	910	\$2,110	\$4,422	\$2,586	\$2.51	\$3.57	\$2.84
Seta	198	2016	757	1,369	989	\$2,081	\$3,150	\$2,440	\$2.30	\$2.91	\$2.47
The Quarry	60	2015	553	1,166	666	\$1,701	\$2,237	\$1,865	\$1.63	\$3.17	\$2.80
Vora Mission Valley East	374	2017	578	1,518	1,123	\$1,895	\$4,294	\$2,961	\$2.33	\$3.60	\$2.64
Vora Mission Valley West	383	2019	555	1,518	1,095	\$1,865	\$4,170	\$2,825	\$2.24	\$3.48	\$2.58
Total / Average	1,406	2018	528	1,529	1,011	\$1,701	\$4,422	\$2,678	\$1.63	\$3.60	\$2.65

Source: London Moeder Advisors

Monthly per square foot rents for units range from \$1.63 to \$3.60 with a weighted average of \$2.65 per square foot. The lowest rent per square foot is \$1.63 (The Quarry) while the highest is \$3.60 per square foot (51 Baltimore at the Crossroads and Vora Mission Valley East).

Monthly Rental Rates, Townhomes

There are a total of 114 townhome rental units within the three projects. Rental townhome unit sizes range from 1,120 to 1,608 square feet with an overall weighted average size of 1,272 square feet. Trio townhomes is a single townhome project that encompasses three different parcels along El Cajon Boulevard that are not adjacent but are all within approximately 0.25 miles of each other.

The following table details the rental rates and unit size ranges. The average monthly rental rates range from \$2,575 to \$2,943 with a weighted average of \$2,694 per month. The lowest monthly rent in the competitive set is \$2,575 (Trio Townhomes) while the highest monthly rent is \$2,943 (La Mesita Villas).

Comparable Projects (Townhomes)

College Area

Project	Units	Year Built	Sqft Range			Avg. Rent Range			Avg. \$/Sqft Range		
			Low	High	Wt.Avg.	Low	High	Wt.Avg.	Low	High	Wt.Avg.
La Mesita Villas (Townhomes)	13	2017	1,608	1,608	1,608	\$2,943	\$2,943	\$2,943	\$1.83	\$1.83	\$1.83
Trio Townhomes	74	2020	1,262	1,286	1,268	\$2,575	\$2,685	\$2,602	\$2.04	\$2.09	\$2.05
Villea (Townhomes)	27	2020	1,120	1,120	1,120	\$2,800	\$2,850	\$2,825	\$2.50	\$2.50	\$2.52
Total / Average	114	2019	1,120	1,608	1,272	\$2,575	\$2,943	\$2,694	\$1.83	\$2.50	\$2.12

Source: London Moeder Advisors

Monthly per square foot rents for units range from \$1.83 to \$2.50 with a weighted average of \$2.12 per square foot. The lowest rent per square foot is \$1.83 (La Mesita Villas) while the highest is \$2.50 per square foot (Villa).

Commercial Retail

The purpose of this section is to detail the historical market conditions for retail space in the College Area CPA.

Historical Inventory & Rent

The following table and chart detail the historical performance for retail space in the College Area CPA. Total retail supply in the College Area is comprised of approximately 594,407 square feet of rentable building area. Since 2006, the supply of retail space has increased by 50,141 square feet or approximately 9.2%.

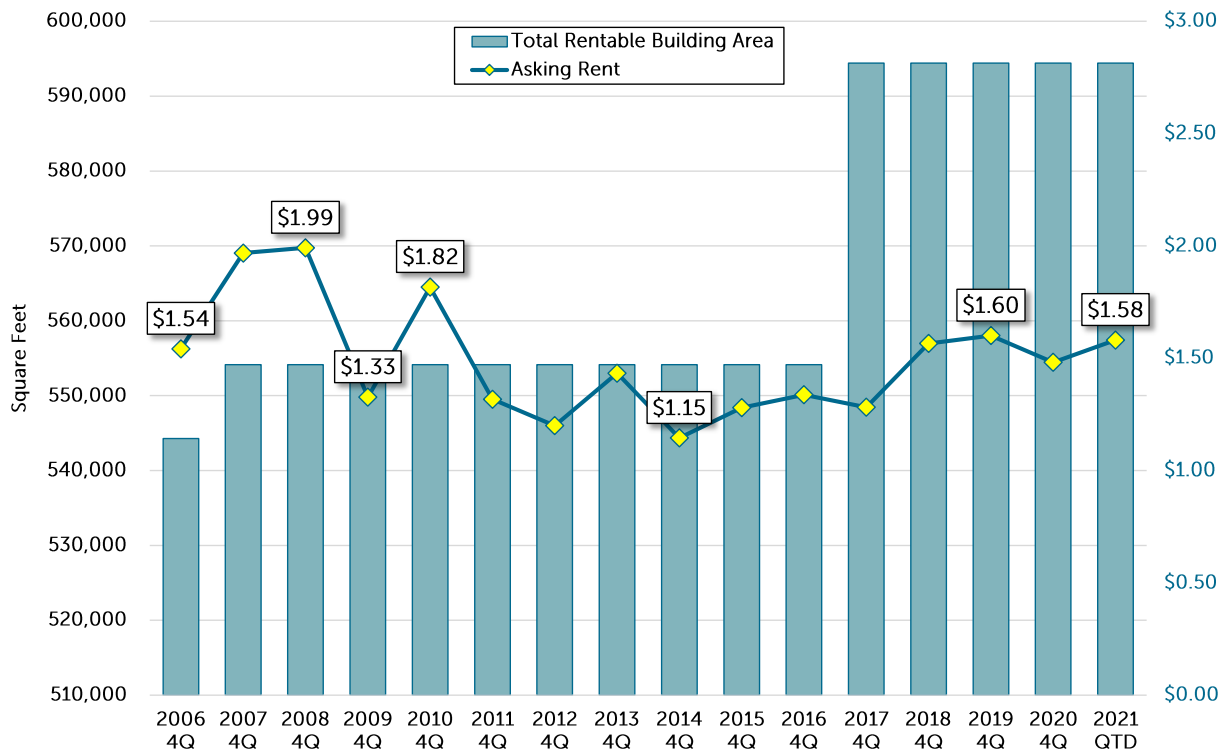
The current average monthly asking rent is \$1.58 NNN per square foot, which is near the levels achieved in 2006 (\$1.54). The average monthly asking rate for retail peaked in 2008 at \$1.99 per square foot, which dropped to a low of \$1.15 per square foot by 2014 (42.5% decrease). Since then, the average monthly asking rent has increased 38.1% to \$1.58 per square foot in 2021.

Historical Retail Market Conditions
College Area Community Planning Area

Period	Total Rentable Building Area	Occupied SF	Absorption	Direct Vacant SF	Sublet Vacant SF	Total Vacant %	Asking Rent
2006 4Q	544,266	528,066	-	16,200	0	3.0%	\$1.54
2007 4Q	554,129	529,954	1,888	24,175	0	4.4%	\$1.97
2008 4Q	554,129	537,906	7,952	16,223	0	2.9%	\$1.99
2009 4Q	554,129	529,588	(8,318)	24,541	0	4.4%	\$1.33
2010 4Q	554,129	532,857	3,269	21,272	0	3.8%	\$1.82
2011 4Q	554,129	530,722	(2,135)	23,407	0	4.2%	\$1.32
2012 4Q	554,129	538,485	7,763	14,619	1,025	2.8%	\$1.20
2013 4Q	554,129	534,439	(4,046)	18,000	1,690	3.6%	\$1.43
2014 4Q	554,129	539,555	5,116	14,574	0	2.6%	\$1.15
2015 4Q	554,129	531,150	(8,405)	22,979	0	4.1%	\$1.28
2016 4Q	554,129	538,772	7,622	15,357	0	2.8%	\$1.34
2017 4Q	594,407	576,518	37,746	17,139	750	3.0%	\$1.28
2018 4Q	594,407	569,205	(7,313)	25,202	0	4.2%	\$1.57
2019 4Q	594,407	579,700	10,495	14,707	0	2.5%	\$1.60
2020 4Q	594,407	574,126	(5,574)	20,281	0	3.4%	\$1.48
2021 QTD	594,407	572,077	(2,049)	22,330	0	3.8%	\$1.58
Total Inventory Increase		50,141					
Total Net Absorption		44,011					

Source: London Moeder Advisors, CoStar

Total Retail Supply & Average Asking Rent
College Area CPA 2006 Q4 - 2021 QTD



Source: London Moeder Advisors, CoStar

Absorption & Vacancy

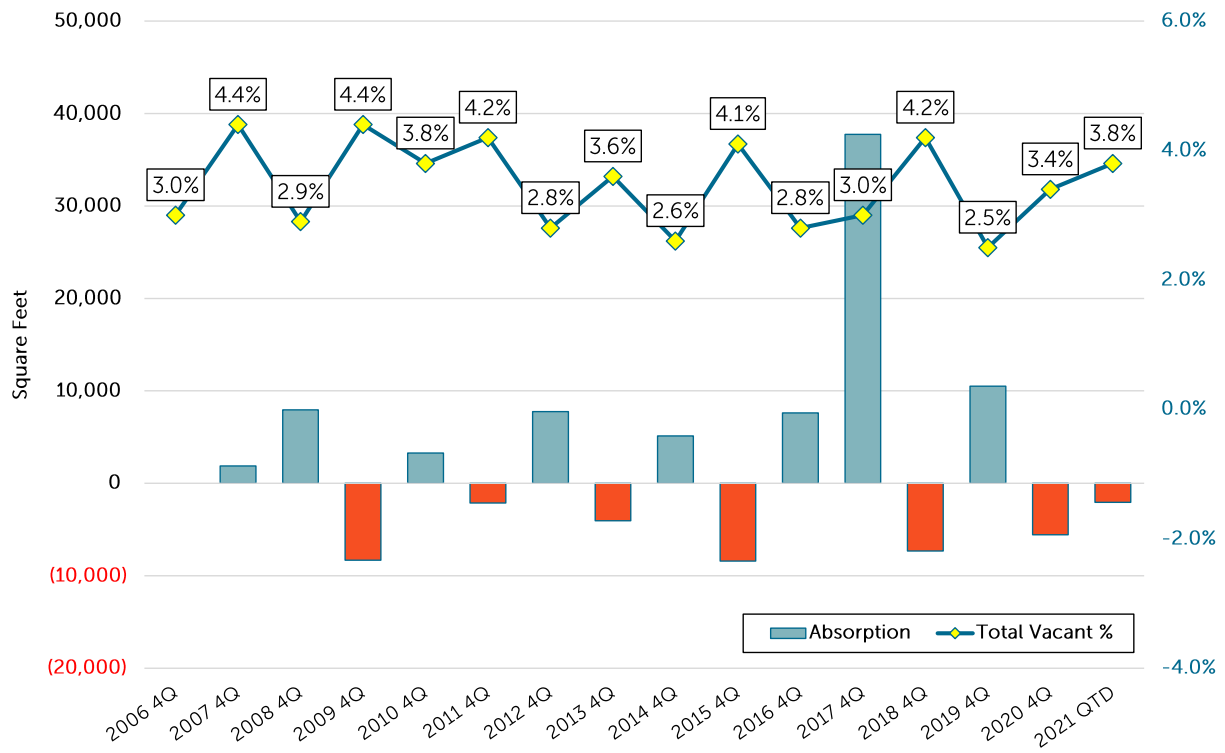
Overall absorption between 2006 and 2017 remained relatively consistent with minor oscillation between positive and negative absorption. During this period, absorption ranged between negative 8,318 and positive 8,405. Overall occupancy increased by 10,706 square feet, or an annual average net absorption of 1,070 square feet. With no new additions to total rentable building area in this period, vacancy ranged between 2.6% and 4.4%.

With the addition of South Campus Plaza North and South Tower in 2017, 40,278 square feet of retail space was added to the total rentable building area in the College Area (7.3% increase). This resulted in a peak in absorption of 37,746 square feet in 2017. As a result of the relatively large increase in retail supply, vacancy increased from 2.8% in 2016 to 4.2% by 2018, representing a turnover period before re-stabilizing in 2019.

Prior to the COVID-19 pandemic in 2020, vacancy reached an all-time low of 2.5% in 2019. This suggests that strong demand for retail space exists.

It is important to note that demand for brick-and-mortar retail space has been affected by the preponderance and growth of online shopping, a trend that has been highlighted and accelerated during the quarantine closures of the COVID-19 pandemic in 2020. This has translated to an increase in vacancy to 3.8% by 2021. It is unclear how COVID-19 will permanently affect retail demand in the College Area. Convenience retailers, restaurants and other services will not be supplanted by online shopping.

Retail Net Absorption & Vacancy Rate College Area CPA 2006 Q4 - 2021 QTD



Source: London Moeder Advisors, CoStar

Financial Feasibility Analysis

The purpose of this section is to detail LMA's financial analysis of the development prototypes that have been identified for the College Area CPA. Detailed financial proformas are included in the [Appendix](#) of this report (see [Financial Proformas](#)).

Overview of Prototypes

The following summarizes the types of development that are contemplated for the College Area CPA. Design information was prepared by City Thinkers.

➡ Transitional Infill Area:

- Prototype 1 (37 dwelling units/acre)
 - Development Concept: For-sale walk up lofts and townhomes
 - Average Parking Ratio: One per unit
 - Construction Type: Type V-wood
 - Height: Two stories
- Prototype 2 (32 dwelling units/acre)
 - Development Concept: Rental multifamily stacked flats
 - Average Parking Ratio: 0.6 per unit
 - Construction Type: Type V-wood
 - Height: Two stories

➡ Mixed-Use Corridor:

- Prototype 1 (113 dwelling units/acre)
 - Development Concept: Podium style mixed-use residential
 - Average Parking Ratio: 0.6 per unit
 - Construction Type: Type V-wood over concrete podium
 - Height: Five stories
- Prototype 2 (212 dwelling units/acre)
 - Development Concept: Podium style mixed-use residential
 - Average Parking Ratio: 0.5 per unit
 - Construction Type: Type III-wood over concrete podium
 - Height: Seven stories

➡ Gateway Node:

- Prototype 1 (110 dwelling units/acre)
 - Development Concept: Wrapped parking mixed-use residential
 - Average Parking Ratio: 0.8 per unit
 - Construction Type: Type V-wood over concrete podium
 - Height: Six stories
- Prototype 2 (152 dwelling units/acre)
 - Development Concept: Wrapped parking mixed-use residential
 - Average Parking Ratio: 0.6 per unit
 - Construction Type: Type III-wood over concrete podium

- Height: Seven stories

Land Values

One of the key factors that results in housing development is the achievable land value that is supported by development. There is virtually no vacant land in the College Area CPA with existing parcels containing uses such as residential and commercial. For development to occur, property owners must be willing to sell their property to a developer. Therefore, the price a developer offers a property owner must be higher than what the owner could expect for its current use.

LMA has surveyed the transaction values of property in the College Area CPA between 2019 and 2021. The overall average land value of property in the College Area CPA is approximately \$108.08 per square foot. Properties that are exclusively zoned for single-family residential use have an average land value of \$99.58, or 7.9% below the average. The average land value for property exclusively zoned for commercial use is \$115.92 per square foot, or 7.3% above the average. These represent the minimum land values that must be achieved by each of the corresponding prototype developments.

Summary of Property Transactions 92115 & 92182

Zoning	2019		2020		2021		Total	
	# of Transactions	Avg. \$/SF Land	# of Transactions	Avg. \$/SF Land	# of Transactions	Avg. \$/SF Land	# of Transactions	Avg. \$/SF Land
Church	1	\$39.15					1	\$39.15
Commercial	7	\$110.46	6	\$115.28	4	\$100.69	17	\$109.86
Commercial Vacant Land	1	\$22.45	1	\$312.40			2	\$167.43
Multifamily	52	\$160.06	54	\$139.62	17	\$216.64	123	\$158.90
Residential Vacant Land	1	\$63.04					1	\$63.04
Student Housing	1	\$590.97	1	\$418.60			2	\$504.79
Sub Total	63	\$155.75	62	\$144.55	21	\$194.55	146	\$156.57
Single Family	368	\$93.88	389	\$101.82	76	\$115.71	833	\$99.58
Total	431	\$102.92	451	\$107.70	97	\$132.78	979	\$108.08

Source: Courthouse Retrieval System ("CRS")

As the table details, these are the values that property owners can expect to achieve for their properties under their currently existing use. In the following section, this report references these values in comparison to what is achievable under each of the development prototypes.

Prototype Feasibility

Transitional Infill Area

Area Description

The purpose of this section is to demonstrate the development potential and financial feasibility of transitional infill locations. We have analyzed two distinct prototype developments. Prototype 1 is envisioned to occur within a single-family home parcel of approximately 7,000 square feet, which is typical for this area of the College Area CPA. Prototype 2 is envisioned to include potential lot assemblage of approximately 20,000 square feet.

Transitional infill areas demonstrate the opportunity to convert single-family residential property to a denser form of residential product. The prototype developments detailed in the analysis are envisioned to occur in transitional areas adjacent to existing single-family neighborhoods.

For the purpose of this analysis, City Thinkers has identified test site locations near the SDSU campus that abut existing single-family areas. The test site locations are comprised of residential parcels that currently include existing single-family homes that are characteristic of this area of the College Area CPA. Prototype 1 has been analyzed assuming a 7,000 square foot parcel and Prototype 2 has been analyzed assuming the assemblage of two parcels totaling 23,252 square feet.

Prototype 1 (37 du/ac)

LMA has prepared a financial proforma that analyzes the feasibility of a transitional infill area development under a density scenario of 37 dwelling units per acre. This translates to 6 residential units on a 7,000 square foot lot. The type of residential development envisioned under this scenario is for-sale walk up rowhomes or townhomes.

The average residential unit size of this prototype is 1,050 square feet. Based on the analysis of comparable sale prices, the assumed average sale price for this prototype is \$470,000 (2021 dollars), or \$448 per square foot.⁹

LMA has completed research into the average land cost of single-family home property in the College Area CPA. The average land value of a single-family home property in the College Area CPA is \$99.58 per square foot of land. In this scenario, a land value of \$99.58 per square foot of land represents an average cost per unit of \$132,417.

To understand land values and the impact from development, LMA has tested the achievable land values under the following three scenarios: 1) as a 100% market rate project; 2) pay an in-lieu fee; 3) include 15% affordable housing at the low-income level (120% AMI).

⁹ Based on LMA's data of 19 townhome sales between 2019 and 2021. A summary of the assumed unit mix, unit size and rent recommendations can be found in the [Appendix](#) (see [Prototype Market Assumptions](#))

All Market Rate Housing

When the project is completed and all units are sold, the total net sales revenues is estimated to be \$2,742,450. This assumes the project is all market rate housing with no in-lieu fee or affordable units included.

Assuming a land value of \$105 per square foot, the total project costs of land and construction are estimated to be \$2.3 million, the project achieves a total net profit of \$470,171. When compared to the equity investment of \$795,298, the resulting Return on Investment ("ROI") is 59%. To be considered financially feasible and achieve project financing, the minimum target ROI for a for-sale residential project is 50%.

To further illustrate feasibility, a for-sale residential project must achieve a target minimum Margin on Cost ("MOC") of 20% and a Margin on Revenue ("MOR") of 17%. Based on a total net profit of \$470,171, and total project costs of \$2.3 million, this development achieves a MOC of 21%. When compared to the total net revenue of \$2.7 million, this development achieves a MOR of 17%.

Based on this analysis, the average land value of \$99.58 per square foot is achievable.

Pay the In-Lieu Fee

This scenario assumes that an affordable housing in-lieu fee of \$25 per square foot of net building area of unrestricted market-rate units is required.

When the project is completed and all units are sold, the total net sales revenues is estimated to be \$2,742,450.

Assuming a land value of \$82 per square foot, the total project costs of land and construction are estimated to be \$2.3 million, the project achieves a total net profit of \$465,689. When compared to the equity investment of \$796,867, the resulting ROI is 58%. To be considered financially feasible and achieve project financing, the minimum target ROI for a for-sale residential project is 50%.

To further illustrate feasibility, a for-sale residential project must achieve a target minimum MOC of 20% and a MOR of 17%. Based on a total net profit of \$465,689, and total project costs of \$2.3 million, this development achieves a MOC of 21%. When compared to the total net revenue of \$2.7 million, this development achieves a MOR of 17%.

Based on this analysis, the average land value of \$99.58 per square foot is not achievable.

Including On-Site Affordable Inclusionary Units

In this scenario, the project will include one income-restricted for-sale unit available to purchase by *moderate-income* households, or 120% of the County's average median income ("AMI").¹⁰ This income-restricted unit is estimated to sell at a price of \$399,838, or \$436 per square foot.

When the project is completed and all units are sold, the total net sales revenues is estimated to be \$2,674,218.

Assuming a land value of \$100 per square foot, the total project costs of land and construction are estimated to be \$2.2 million, the project achieves a total net profit of \$457,148. When compared to the equity investment of \$775,975, the resulting ROI is 50%. To be considered financially feasible and achieve project financing, the minimum target ROI for a for-sale residential project is 50%.

To further illustrate feasibility, a for-sale residential project must achieve a target minimum MOC of 20% and a MOR of 17%. Based on a total net profit of \$457,148, and total project costs of \$2.2 million, this development achieves a MOC of 21%. When compared to the total net revenue of \$2.7 million, this development achieves a MOR of 17%.

Based on this analysis, the average land value of \$99.58 per square foot is achievable.

Prototype 2 (32 du/ac)

LMA has prepared a financial proforma that analyzes the feasibility of a transitional infill area development under a density scenario of 32 dwelling units per acre. This translates to 17 residential units on a 23,325 square foot lot. The type of residential development envisioned under this scenario is multifamily stacked flats for rent.

The average unit size of the 17 units is assumed to be 759 square feet with an initial average monthly rent of \$2,341 (\$3.09 per square foot).

LMA has completed research into the average land cost of single-family home property in the College Area CPA. The average land value of a single-family home property in the College Area CPA is \$99.58 per square foot of land. In this scenario, a land value of \$99.58 per square foot of land represents an average cost per unit of \$136,630.

To understand land values and the impact from development, LMA has tested the achievable land values under the following three scenarios: 1) as a 100% market rate project; 2) pay an in-lieu fee; 3) include 10% affordable housing at the low-income level (80% AMI).

All Market Rate Housing

When the project is completed and is fully leased, the stabilized Net Operating Income in Year 3 is estimated to be \$345,589. This assumes the project is all market rate housing with no in-lieu fee or affordable units included.

¹⁰ To comply with the City of San Diego's inclusionary housing requirement, a for-sale residential development must provide 15% of total dwelling units in a development as affordable to households at or below moderate income (120% of AMI).

Assuming a land value of \$90 per square foot, the total project costs of land and construction are estimated to be \$6.2 million, the project achieves a stabilized Yield-on-Cost ("YOC") of 5.6%.¹¹ To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

Based on this analysis, the average land value of \$99.58 per square foot is not achievable.

Pay the In-Lieu Fee

This scenario assumes that an affordable housing in-lieu fee of \$25 per square foot of net building area of unrestricted market-rate units is required. The 17 market-rate units are assumed to be rented at average of \$2,341 per unit, or \$3.09 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 3 is estimated to be \$345,771. Based on the project costs of \$6.2 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

This scenario achieves a residual land value of \$75 per square foot of land.

Including On-Site Affordable Inclusionary Units

In this scenario, 15 market-rate units are assumed to be rented at an average of \$2,333 per unit, or \$3.11 per square foot. The project will include 10% of total residential units (two affordable units) available for rent by *low-income* households, or 80% of the County's average median income ("AMI"). The two affordable units are assumed to be rented at an average of \$1,773 per unit, or \$2.15 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 3 is estimated to be \$332,015. Based on the project costs of \$5.9 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

This scenario achieves a residual land value of \$82 per square foot of land.

Mixed-Use Corridor

Area Description

The purpose of this section is to demonstrate the development potential and financial feasibility of a commercial corridor mixed-use location with potential lot assemblage of approximately 31,000 square feet. Mixed-use commercial corridors demonstrate the opportunity to convert under-utilized commercial property to a denser form of residential mixed-use product. The prototype

¹¹ This assumes a land value of \$90 per square foot. Based on LMA's data of 834 single-family property sales between 2019 and 2021, 39.3% had a price of \$90 per square foot or less.

developments detailed in the analysis are envisioned to occur along existing commercial corridors with access to public transit.

For the purpose of this analysis, City Thinkers has identified a test site location along El Cajon Blvd. The test site location comprises of multiple commercial parcels that currently include commercial strip centers that are characteristic of this area of the College Area CPA. The test site contains a total of 30,800 square feet of land.

Prototype 1 (113 du/ac)

LMA has prepared a financial proforma that analyzes the feasibility of a mixed-use commercial corridor development under a density scenario of 113 dwelling units per acre. This translates to 80 residential units on a 30,800 square foot lot. The type of residential development envisioned under this scenario is medium-density multifamily over concrete podium parking.

The average unit size of the 80 units is assumed to be 775 square feet with an initial average monthly rent of \$2,360 (\$3.05 per square foot).

LMA has completed research into the average land cost of commercial property in the College Area CPA. The average land value of commercial property in the College Area CPA is \$115.92 per square foot of land. In this scenario, a land value of \$115.92 per square foot of land represents an average cost per unit of \$44,630.

To understand land values and the impact from development, LMA has tested the achievable land values under the following three scenarios: 1) as a 100% market rate project; 2) pay an in-lieu fee; 3) include 10% affordable housing at the low-income level (80% AMI).

All Market Rate Housing

When the project is completed and is fully leased, the stabilized Net Operating Income in Year 3 is estimated to be \$1,826,560. This assumes the project is all market rate housing with no in-lieu fee or affordable units included. The 80 market-rate units are assumed to be rented at average of \$2,360 per unit, or \$3.05 per square foot.

Assuming a land value of \$110 per square foot, the total project costs of land and construction are estimated to be \$32.6 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

Based on this analysis, the average commercial land value of \$115.92 per square foot is not achievable.

Pay the In-Lieu Fee

This scenario assumes that an affordable housing in-lieu fee of \$25 per square foot of net building area of unrestricted market-rate units is required. The 80 market-rate units are assumed to be rented at average of \$2,360 per unit, or \$3.05 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 3 is estimated to be \$1,827,247. Based on the project costs of \$32.6 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

This scenario achieves a residual land value of \$56 per square foot of land.

Including On-Site Affordable Inclusionary Units

In this scenario, 72 market-rate units are assumed to be rented at an average of \$2,364 per unit, or \$3.05 per square foot. The project will include 10% of total residential units (eight affordable units) available for rent by *low-income* households, or 80% of the County's average median income ("AMI"). The eight affordable units are assumed to be rented at an average of \$1,724 per unit, or \$2.24 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 3 is estimated to be \$1,796,528. Based on the project costs of \$32 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

This scenario achieves a residual land value of \$97 per square foot of land.

Prototype 2 (212 du/ac)

LMA has prepared a financial proforma that analyzes the feasibility of a mixed-use commercial corridor development under a density scenario of 212 dwelling units per acre. This translates to 150 residential units on a 30,800 square foot lot. The type of residential development envisioned under this scenario is medium to high-density multifamily over concrete podium parking.

The average unit size of the 150 units is assumed to be 775 square feet with an initial average monthly rent of \$2,361 (\$3.05 per square foot).

LMA has completed research into the average land cost of commercial property in the College Area CPA. The average land value of commercial property in the College Area CPA is \$115.92 per square foot of land. In this scenario, a land value of \$115.92 per square foot of land represents an average cost per unit of \$23,803.

To understand land values and the impact from development, LMA has tested the achievable land values under the following three scenarios: 1) as a 100% market rate project; 2) pay an in-lieu fee; 3) include 10% affordable housing at the low-income level (80% AMI).

All Market Rate Housing

When the project is completed and is fully leased, the stabilized Net Operating Income in Year 3 is estimated to be \$3,292,500. This assumes the project is all market rate housing with no in-lieu fee or affordable units included.

Assuming a land value of \$171 per square foot, the total project costs of land and construction are estimated to be \$58.7 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

Based on this analysis, the average commercial land value of \$115.92 per square foot is achievable.

Pay the In-Lieu Fee

This scenario assumes that an affordable housing in-lieu fee of \$25 per square foot of net building area of unrestricted market-rate units is required. The 150 market-rate units are assumed to be rented at average of \$2,361 per unit, or \$3.05 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 3 is estimated to be \$3,293,722. Assuming a land value of \$70 per square foot, the total project costs of land and construction are estimated to be \$58.8 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

Based on this analysis, the average commercial land value of \$115.92 per square foot is not achievable.

Including On-Site Affordable Inclusionary Units

In this scenario, 135 market-rate units are assumed to be rented at an average of \$2,360 per unit, or \$3.05 per square foot. The project will include 10% of total residential units (15 affordable units) available for rent by *low-income* households, or 80% of the County's average median income ("AMI"). The 12 affordable units are assumed to be rented at an average of \$1,735 per unit, or \$2.22 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 3 is estimated to be \$3,209,844. Based on the project costs of \$57.3 million, including a land value of \$135 per square foot, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

Based on this analysis, the average commercial land value of \$115.92 per square foot is achievable.

Gateway Node

Area Description

The purpose of this section is to demonstrate the development potential and financial feasibility of a large lot or full-block high-visibility location with potential lot assemblage of approximately 20 acres (87,120 square feet). Gateway nodes demonstrates the opportunity to convert under-utilized commercial and residential property to a denser form of residential mixed-use product. The prototype developments detailed in the analysis are envisioned to occur along the nexus of existing commercial corridors that form natural meeting and gateway locations within the College Area CPA.

For the purpose of this analysis, City Thinkers has identified a test site location at the corner of Montezuma Road and El Cajon Blvd. The test site location comprises of multiple commercial and residential parcels that currently include commercial strip centers and low-density multifamily residential that are characteristic of this area of the College Area CPA. The test site contains a total of 102,890 square feet of land.

Prototype 1 (110 du/ac)

LMA has prepared a financial proforma that analyzes the feasibility of a gateway node development under a density scenario of 110 dwelling units per acre. This translates to 260 residential units on a 102,890 square foot lot. The type of residential development envisioned under this scenario is medium-density multifamily around a wrapped parking garage.

The average residential unit size of this prototype is 776 square feet. The 260 residential units are assumed to be rented at an average of \$2,363 per unit, or \$3.04 per square foot.

LMA has completed research into the average land cost of commercial and residential property in the College Area CPA. The overall average land value of property in the College Area CPA is \$108.08 per square foot of land. In this scenario, a land value of \$108.08 per square foot of land represents an average cost per unit of \$42,770.

To understand land values and the impact from development, LMA has tested the achievable land values under the following three scenarios: 1) as a 100% market rate project; 2) pay an in-lieu fee; 3) include 10% affordable housing at the low-income level (80% AMI).

All Market Rate Housing

When the project is completed and is fully leased, the stabilized Net Operating Income in Year 5 is estimated to be \$5,796,779. This assumes the project is all market rate housing with no in-lieu fee or affordable units included. The 260 market-rate units are assumed to be rented at average of \$2,363 per unit, or \$3.04 per square foot.

Assuming a land value of \$115 per square foot, the total project costs of land and construction are estimated to be \$103.5 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

Based on this analysis, the average land value of \$108.08 per square foot is achievable.

Pay the In-Lieu Fee

This scenario assumes that an affordable housing in-lieu fee of \$25 per square foot of net building area of unrestricted market-rate units is required. The 260 market-rate units are assumed to be rented at average of \$2,363 per unit, or \$3.04 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 5 is estimated to be \$5,799,531. Based on the project costs of \$103.5

million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

This scenario achieves a residual land value of \$62 per square foot of land.

Including On-Site Affordable Inclusionary Units

In this scenario, 234 market-rate units are assumed to be rented at an average of \$2,362 per unit, or \$3.04 per square foot. The project will include 10% of total residential units (26 affordable units) available for rent by *low-income* households, or 80% of the County's average median income ("AMI"). The 260 affordable units are assumed to be rented at an average of \$1,735 per unit, or \$2.22 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 5 is estimated to be \$5,631,385. Based on the project costs of \$100.5 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

This scenario achieves a residual land value of \$91 per square foot of land.

Prototype 2 (152 du/ac)

LMA has prepared a financial proforma that analyzes the feasibility of a gateway node development under a density scenario of 152 dwelling units per acre. This translates to 358 residential units on a 102,890 square foot lot. The type of residential development envisioned under this scenario is medium to high-density multifamily around a wrapped parking garage.

The average unit size of the 358 units is assumed to be 775 square feet with an initial average monthly rent of \$2,360 (\$3.05 per square foot).

LMA has completed research into the average land cost of commercial and residential property in the College Area CPA. The overall average land value of property in the College Area CPA is \$108.08 per square foot of land. In this scenario, a land value of \$108.08 per square foot of land represents an average cost per unit of \$31,062.

To understand land values and the impact from development, LMA has tested the achievable land values under the following three scenarios: 1) as a 100% market rate project; 2) pay an in-lieu fee; 3) include 10% affordable housing at the low-income level (80% AMI).

All Market Rate Housing

When the project is completed and is fully leased, the stabilized Net Operating Income in Year 5 is estimated to be \$7,934,468. This assumes the project is all market rate housing with no in-lieu fee or affordable units included.

Assuming a land value of \$160 per square foot, the total project costs of land and construction are estimated to be \$141.6 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

Based on this analysis, the average land value of \$108.08 per square foot is achievable.

Pay the In-Lieu Fee

This scenario assumes that an affordable housing in-lieu fee of \$25 per square foot of net building area of unrestricted market-rate units is required. The 358 market-rate units are assumed to be rented at average of \$2,360 per unit, or \$3.05 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 5 is estimated to be \$7,938,424. Based on the project costs of \$141.6 million, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

This scenario achieves a residual land value of \$87 per square foot of land.

Including On-Site Affordable Inclusionary Units

In this scenario, 322 market-rate units are assumed to be rented at an average of \$2,358 per unit, or \$3.05 per square foot. The project will include 10% of total residential units (36 affordable units) available for rent by *low-income* households, or 80% of the County's average median income ("AMI"). The 36 affordable units are assumed to be rented at an average of \$1,735 per unit, or \$2.96 per square foot.

When the prototype project has completed construction and is fully leased, the stabilized Net Operating Income in Year 5 is estimated to be \$7,693,741. Based on the project costs of \$137.5 million, including a land value of \$128 per square foot, the project achieves a stabilized YOC of 5.6%. To qualify for project financing and be financially feasible a minimum YOC of 5.6% is required.

Based on this analysis, the average commercial land value of \$108.08 per square foot is achievable.

Summary Feasibility Conclusions

The following table summarizes the achievable land values of the prototype developments analyzed in this report:

Development Prototype Scenarios College Area CPA, San Diego, CA Feasibility Summary

<u>Development Summary</u>	Transitional Infill Area		Mixed-Use Corridor		Gateway Node	
	1	2	1	2	1	2
Prototype	Rowhomes/Townhomes		Podium Multi-Family		Wrap Multi-Family	
Product Type	Stacked Flats		Podium Multi-Family		Wrap/Podium	
Parcel Size (SF)	7,000	23,325	30,800	30,800	102,890	102,890
Units/Homes	6	17	80	150	260	358
DU/Acre	37.3	31.7	113.1	212.1	110.1	151.6
FAR	0.9	0.7	2.6	4.8	2.4	3.3
Total Project Costs	\$2,272,279	\$6,151,434	\$32,592,796	\$58,747,418	\$103,519,416	\$141,642,546
per unit/home	\$378,713	\$361,849	\$407,410	\$391,649	\$398,152	\$395,650
per GSF	\$361	\$396	\$400	\$393	\$416	\$416
<u>Land Values</u>						
Target Average Land Value (per SF)	\$99.58	\$99.58	\$115.92	\$115.92	\$108.08	\$108.08
Achievable Land Values-						
All Market Rate Housing	\$105.00	\$90.00	\$110.00	\$171.00	\$115.00	\$160.00
Pay the In-Lieu Fee	\$82.00	\$75.00	\$56.00	\$70.00	\$62.00	\$87.00
Including On-Site Affordable Units	\$100.00	\$82.00	\$97.00	\$135.00	\$91.00	\$128.00

There is an order to the redevelopment of the College Area, starting with the growth and development of the Gateway Node, encouraged by programs such as Complete Communities and relaxation of density regulations, followed by development of the mixed-use corridors. In time the transitional infill areas will see opportunity transform into feasibility.

While achievable land values are an important metric to feasibility, they represent a snapshot of today's economics. LMA envisions a future for the College Area that is similar to other established communities to its west such as North Park and Hillcrest, whose development progress have significantly increased land values, enabling feasible projects. The College Area possesses unique advantages which will serve it well into the future, including the presence of SDSU, a unique economic catalyst which has ambitions for growth that will impact demand and development of the surrounding community.

Retail Expenditure Propensities

Table 3033. Selected western metropolitan statistical areas: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2018-2019

Item	San Diego	% of Income
Number of consumer units (in thousands)	1,078	
Consumer unit characteristics:		
Income before taxes	\$97,853	
Age of reference person	48.1	
Average number in consumer unit:		
People	2.6	
Children under 18	.6	
Adults 65 and older	.3	
Earners	1.4	
Vehicles	2.0	
Percent homeowner	50	
Average annual expenditures	\$77,451	79.2%
Food	\$10,651	10.9%
Food at home	\$5,498	5.6%
Cereals and bakery products	\$648	0.7%
Meats, poultry, fish, and eggs	\$1,150	1.2%
Dairy products	\$552	0.6%
Fruits and vegetables	\$1,058	1.1%
Other food at home	\$2,091	2.1%
Food away from home	\$5,153	5.3%
Alcoholic beverages	\$1,108	1.1%
Housing	\$27,764	28.4%
Shelter	\$19,403	19.8%
Owned dwellings	\$8,587	8.8%
Rented dwellings	\$9,568	9.8%
Other lodging	\$1,248	1.3%
Utilities, fuels, and public services	\$3,532	3.6%
Household operations	\$1,862	1.9%
Housekeeping supplies	\$674	0.7%
Household furnishings and equipment	\$2,293	2.3%

Table 3033. Selected western metropolitan statistical areas: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2018-2019

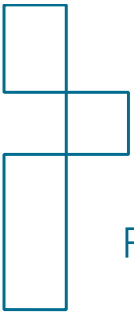
Item	San Diego	% of Income
Apparel and services	\$2,274	2.3%
Transportation	\$11,704	12.0%
Vehicle purchases (net outlay)	\$3,334	3.4%
Gasoline, other fuels, and motor oil	\$2,576	2.6%
Other vehicle expenses	\$4,291	4.4%
Public and other transportation	\$1,504	1.5%
Healthcare	\$4,645	4.7%
Entertainment	\$4,590	4.7%
Personal care products and services	\$1,025	1.0%
Reading	\$104	0.1%
Education	\$1,057	1.1%
Tobacco products and smoking supplies	\$116	0.1%
Miscellaneous	\$1,551	1.6%
Cash contributions	\$1,658	1.7%
Personal insurance and pensions	\$9,202	9.4%
Life and other personal insurance	\$472	0.5%
Pensions and Social Security	\$8,730	8.9%
Total Big Box, Neighborhood & Community Targeted Expenditures	\$26,962	27.6%

Source: U.S. Bureau of Labor Statistics Consumer Expenditure Survey (September, 2020 San Diego MSA)

Prototype Market Assumptions

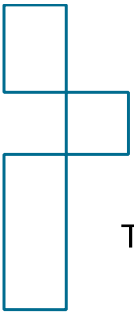
Prototype Market Assumptions

Prototype	Unit Type	Mix %	Unit Size (S.F.)	Monthly Rent	Monthly \$/S.F.
Stacked Apartments	Studio	15%	500	\$2,000	\$4.00
	1 Bed	45%	700	\$2,200	\$3.14
	2 Bed	35%	950	\$2,600	\$2.74
	3 Bed	5%	1,050	\$3,200	\$3.05
Wt. Avg.			775	\$2,360	\$3.05
Townhomes (for sale)	2 Bed Avg.	100%	1,050	\$470,000	\$447.62
Wt. Avg.			1,050	\$470,000	\$447.62



london moeder
advisors

Financial Proformas



london moeder
advisors

Transitional Infill Area

Transitional Infill (Prototype 1) - For-Sale Rowhomes/Townhomes
College Area CPA, San Diego, CA
Assumptions and Results

FINANCING

Loan Amount	\$1,476,981
Loan to Cost	65%
Interest Rate	5.50%

DEVELOPMENT SUMMARY

Total # of Units	6
Units Per Acre (Pad)	37.3
FAR	0.90
Gross Building S.F.	6,300 S.F.
Net Residential S.F.	100% efficiency 6,300 S.F.

Market Rate Units	# of Units	% of Total Mix	Average Unit Size	Total Net Sellable	Sale Price	\$/S.F.
Studio	-	-	-	-	-	-
1 Bed	-	-	-	-	-	-
2 Bed	-	-	-	-	-	-
3 Bed	-	-	-	-	-	-
Subtotal Market Rate	6	-	1,050	6,300	\$470,000	\$448

Affordable Units	# of Units	% of Total Mix	Average Unit Size	Total Net Sellable	Sale Price	\$/S.F.
Studio	0	-	-	-	-	-
1 Bed	0	-	-	-	-	-
2 Bed	0	-	-	-	-	-
3 Bed	0	-	-	-	-	-
Subtotal Affordable	0	-	1,050	0	\$0	\$0

Total/Av. Wt.	6	1,050	6,300	\$470,000	\$448
----------------------	----------	--------------	--------------	------------------	--------------

Construction Period (Months)	12
-------------------------------------	-----------

Residual Land Value

Land S.F.	7,000
Land Acres	0.16
Land Value	\$105.00 /lot SF \$735,000
\$/Unit	\$122,500

CONSTRUCTION BUDGET

	Total Cost	Cost Per Gross S.F.	Cost/Unit
Land Costs			
Land Acquisition	\$735,000	\$116.67	\$122,500
Site Work	\$2.00 /lot SF \$14,000	\$2.22	\$2,333
Land Costs Subtotal	\$749,000	\$118.89	\$124,833
Hard Costs			
Building Construction	\$1,102,500	\$175.00	\$183,750
Hard Cost Deduction	0% \$0	\$0.00	\$0
Hard Costs Subtotal	\$1,102,500	\$175.00	\$183,750
Soft Costs			
Predevelopment	0.5% \$5,513	\$0.88	\$919
Architecture & Engineering	5.0% \$55,125	\$8.75	\$9,188
Permit Costs	2.0% \$22,050	\$3.50	\$3,675
Impact Fees - Market Rate			
DIF - Transportation	\$2,208 /unit	\$2.10	\$2,208
DIF - Parks	\$11,899 /unit	\$11.33	\$11,899
DIF - Library	\$858 /unit	\$0.82	\$858
DIF - Fire	\$561 /unit	\$0.53	\$561
RTCIP	\$2,456 /unit	\$2.34	\$2,456
School Impact Fee	\$4.08 /net SF	\$4.08	\$4,284
Impact Fees - Affordable			
DIF - Transportation	\$0 /unit	\$0.00	\$0
DIF - Parks	\$0 /unit	\$0.00	\$0
DIF - Library	\$0 /unit	\$0.00	\$0
DIF - Fire	\$0 /unit	\$0.00	\$0
RTCIP	\$0 /unit	\$0.00	\$0
School Impact Fee	incl. \$0	\$0.00	\$0
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0.00	\$0
Legal & Accounting	1.00% \$11,025	\$1.75	\$1,838
Taxes & Insurance	1.75% \$19,294	\$3.06	\$3,216
Developer Fee	3.00% \$33,075	\$5.25	\$5,513
Marketing	1.50% \$16,538	\$2.63	\$2,756
Prevailing Wage	0.00% \$0	\$0.00	\$0
Soft Costs Subtotal	27% \$296,215	\$47.02	\$49,369
Finance & Contingency			
Contingency	5.00% \$69,936	\$11.10	\$11,656
Construction Loan Interest	\$43,605	\$6.92	\$7,267
Loan Fee	0.75% \$11,024	\$1.75	\$1,837.27
Total Project Costs	\$2,272,279	\$361	\$378,713
Less: Loan Amount	\$1,476,981	\$234	\$246,164
Initial Investment:	\$795,298	\$126	\$132,550

INVESTEMENT PERFORMANCE

Gross Revenue: Market Rate Units	\$2,820,000	\$470,000 avg price
Gross Revenue: Affordable Units	\$0	\$0 avg price
Total Gross Revenue	\$2,820,000	
Sales Commission	2.5% (\$70,500)	
Other Costs of Sale	0.25% (\$7,050)	
Total Net Revenue	\$2,742,450	
Development Costs	(\$2,272,279)	
Net Profit	\$470,171	
Margin on Total Cost	20.7%	need 20% min
Margin on Gross Revenue	17.1%	need 17% min
Equity Investment	\$795,298	
Return On Investment (ROI)	59%	need 50% min.

Transitional Infill (Prototype 1) - For-Sale Rowhomes/Townhomes

College Area CPA, San Diego, CA

Assumptions and Results

FINANCING

Loan Amount	\$1,479,895
Loan to Cost	65%
Interest Rate	5.50%

DEVELOPMENT SUMMARY

Total # of Units	6
Units Per Acre (Pad)	37.3
FAR	0.90
Gross Building S.F.	6,300 S.F.
Net Residential S.F.	6,300 S.F.
	100% efficiency

Market Rate Units	# of Units	% of Total Mix	Average Unit Size	Total Net Sellable	Sale Price	\$/S.F.
Studio	-	-	-	-	-	-
1 Bed	-	-	-	-	-	-
2 Bed	-	-	-	-	-	-
3 Bed	-	-	-	-	-	-
Subtotal Market Rate	6	-	1,050	6,300	\$470,000	\$448

Affordable Units	# of Units	% of Total Mix	Average Unit Size	Total Net Sellable	Sale Price	\$/S.F.
Studio	0	-	-	-	-	-
1 Bed	0	-	-	-	-	-
2 Bed	0	-	-	-	-	-
3 Bed	0	-	-	-	-	-
Subtotal Affordable	0	-	1,050	0	\$0	\$0

Total/Av. Wt.	6		1,050	6,300	\$470,000	\$448
----------------------	----------	--	--------------	--------------	------------------	--------------

Construction Period (Months)	12
-------------------------------------	-----------

Residual Land Value

Land S.F.	7,000
Land Acres	0.16
Land Value	\$82.00 /lot SF \$574,000
\$/Unit	\$95,667

CONSTRUCTION BUDGET

		Total Cost	Cost Per Gross S.F.	Cost/Unit
Land Costs				
Land Acquisition		\$574,000	\$91.11	\$95,667
Site Work	\$2.00 /lot SF	\$14,000	\$2.22	\$2,333
Land Costs Subtotal		\$588,000	\$93.33	\$98,000
Hard Costs				
Building Construction		\$1,102,500	\$175.00	\$183,750
Hard Cost Deduction	0%	\$0	\$0.00	\$0
Hard Costs Subtotal		\$1,102,500	\$175.00	\$183,750
Soft Costs				
Predevelopment	0.5%	\$5,513	\$0.88	\$919
Architecture & Engineering	5.0%	\$55,125	\$8.75	\$9,188
Permit Costs	2.0%	\$22,050	\$3.50	\$3,675
Impact Fees - Market Rate				
DIF - Transportation	\$2,208 /unit	\$13,248	\$2.10	\$2,208
DIF - Parks	\$11,899 /unit	\$71,394	\$11.33	\$11,899
DIF - Library	\$858 /unit	\$5,148	\$0.82	\$858
DIF - Fire	\$561 /unit	\$3,366	\$0.53	\$561
RTCIP	\$2,456 /unit	\$14,736	\$2.34	\$2,456
School Impact Fee	\$4.08 /net SF	\$25,704	\$4.08	\$4,284
Impact Fees - Affordable				
DIF - Transportation	\$0 /unit	\$0	\$0.00	\$0
DIF - Parks	\$0 /unit	\$0	\$0.00	\$0
DIF - Library	\$0 /unit	\$0	\$0.00	\$0
DIF - Fire	\$0 /unit	\$0	\$0.00	\$0
RTCIP	\$0 /unit	\$0	\$0.00	\$0
School Impact Fee	incl.	\$0	\$0.00	\$0
Inclusionary Aff. Housing Fee (in lieu fee)	\$25.00 PSF	\$157,500	\$25.00	\$26,250
Legal & Accounting	1.00%	\$11,025	\$1.75	\$1,838
Taxes & Insurance	1.75%	\$19,294	\$3.06	\$3,216
Developer Fee	3.00%	\$33,075	\$5.25	\$5,513
Marketing	1.50%	\$16,538	\$2.63	\$2,756
Prevailing Wage	0.00%	\$0	\$0.00	\$0
Soft Costs Subtotal	41%	\$453,715	\$72.02	\$75,619
Finance & Contingency				
Contingency	5.00%	\$77,811	\$12.35	\$12,968
Construction Loan Interest		\$43,691	\$6.94	\$7,282
Loan Fee	0.75%	\$11,045	\$1.75	\$1,840.89
Total Project Costs		\$2,276,761	\$361	\$379,460
Less: Loan Amount		\$1,479,895	\$235	\$246,649
Initial Investment:		\$796,867	\$126	\$132,811

INVESTMENT PERFORMANCE

Gross Revenue: Market Rate Units	\$2,820,000	\$470,000 avg price \$0 avg price
Gross Revenue: Affordable Units	\$0	
Total Gross Revenue	\$2,820,000	
Sales Commission	2.5% (\$70,500)	
Other Costs of Sale	0.25% (\$7,050)	
Total Net Revenue	\$2,742,450	
Development Costs	(\$2,276,761)	
Net Profit	\$465,689	
Margin on Total Cost	20.5%	need 20% min
Margin on Gross Revenue	17.0%	need 17% min
Equity Investment	\$796,867	
Return On Investment (ROI)	58%	need 50% min.

Transitional Infill (Prototype 1) - For-Sale Rowhomes/Townhomes

College Area CPA, San Diego, CA

Assumptions and Results

FINANCING

Loan Amount	\$1,441,096
Loan to Cost	65%
Interest Rate	5.50%

DEVELOPMENT SUMMARY

Total # of Units	6
Units Per Acre (Pad)	37.3
FAR	0.90
Gross Building S.F.	6,300 S.F.
Net Residential S.F.	6,300 S.F. 100% efficiency

Market Rate Units	# of Units	% of Total Mix	Average Unit Size	Total Net Sellable	Sale Price	\$/S.F.
Studio	-	-	-	-	-	-
1 Bed	-	-	-	-	-	-
2 Bed	-	-	-	-	-	-
3 Bed	-	-	-	-	-	-
Subtotal Market Rate	5	-	1,050	5,250	\$470,000	\$448

Affordable Units	# of Units	% of Total Mix	Average Unit Size	Total Net Sellable	Sale Price	\$/S.F.
Studio	-	-	-	-	-	-
1 Bed	-	-	-	-	-	-
2 Bed	-	-	-	-	-	-
3 Bed	-	-	-	-	-	-
Subtotal Affordable	1	-	1,050	1,050	\$399,838	\$381

Total/Av. Wt.	6		1,050	6,300	\$458,306	\$436
----------------------	----------	--	--------------	--------------	------------------	--------------

Construction Period (Months)	12
-------------------------------------	-----------

Residual Land Value

Land S.F.	7,000
Land Acres	0.16
Land Value	\$100.00 /lot SF \$700,000
\$/Unit	\$116,667

CONSTRUCTION BUDGET

		Total Cost	Cost Per Gross S.F.	Cost/Unit
Land Costs				
Land Acquisition		\$700,000	\$111.11	\$116,667
Site Work	\$2.00 /lot SF	\$14,000	\$2.22	\$2,333
Land Costs Subtotal		\$714,000	\$113.33	\$119,000
Hard Costs				
Building Construction		\$1,102,500	\$175.00	\$183,750
Hard Cost Deduction	0%	\$0	\$0.00	\$0
Hard Costs Subtotal		\$1,102,500	\$175.00	\$183,750
Soft Costs				
Predevelopment	0.5%	\$5,513	\$0.88	\$919
Architecture & Engineering	5.0%	\$55,125	\$8.75	\$9,188
Permit Costs	2.0%	\$22,050	\$3.50	\$3,675
Impact Fees - Market Rate				
DIF - Transportation	\$2,208 /unit	\$11,040	\$1.75	\$1,840
DIF - Parks	\$11,899 /unit	\$59,495	\$9.44	\$9,916
DIF - Library	\$858 /unit	\$4,290	\$0.68	\$715
DIF - Fire	\$561 /unit	\$2,805	\$0.45	\$468
RTCIP	\$2,456 /unit	\$12,280	\$1.95	\$2,047
School Impact Fee	\$4.08 /net SF	\$25,704	\$4.08	\$4,284
Impact Fees - Affordable				
DIF - Transportation	\$0 /unit	\$0	\$0.00	\$0
DIF - Parks	\$0 /unit	\$0	\$0.00	\$0
DIF - Library	\$0 /unit	\$0	\$0.00	\$0
DIF - Fire	\$0 /unit	\$0	\$0.00	\$0
RTCIP	\$0 /unit	\$0	\$0.00	\$0
School Impact Fee	incl.	\$0	\$0.00	\$0
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0.00	\$0
Legal & Accounting	1.00%	\$11,025	\$1.75	\$1,838
Taxes & Insurance	1.75%	\$19,294	\$3.06	\$3,216
Developer Fee	3.00%	\$33,075	\$5.25	\$5,513
Marketing	1.50%	\$16,538	\$2.63	\$2,756
Prevailing Wage	0.00%	\$0	\$0.00	\$0
Soft Costs Subtotal	25%	\$278,233	\$44.16	\$46,372
Finance & Contingency				
Contingency	5.00%	\$69,037	\$10.96	\$11,506
Construction Loan Interest		\$42,545	\$6.75	\$7,091
Loan Fee	0.75%	\$10,756	\$1.71	\$1,792.63
Total Project Costs		\$2,217,070	\$352	\$369,512
Less: Loan Amount		\$1,441,096	\$229	\$240,183
Initial Investment:		\$775,975	\$123	\$129,329

INVESTMENT PERFORMANCE

Gross Revenue: Market Rate Units	\$2,350,000	\$470,000 avg price
Gross Revenue: Affordable Units	\$399,838	\$399,838 avg price
Total Gross Revenue	\$2,749,838	
Sales Commission	2.5% (\$68,746)	
Other Costs of Sale	0.25% (\$6,875)	
Total Net Revenue	\$2,674,218	
Development Costs	(\$2,217,070)	
Net Profit	\$457,148	
Margin on Total Cost	20.6%	need 20% min
Margin on Gross Revenue	17.1%	need 17% min
Equity Investment	\$775,975	
Return On Investment (ROI)	59%	need 50% min.

Transitional Infill (Prototype 2) - Rental Stacked Flats
College Area CPA, San Diego, CA

Assumptions & Results

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	12 months
Op. Ex. Per Unit	\$350
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$8,483,827
Asset Value PSF	\$546

BUILDING ASSUMPTIONS

Total # of Units	17
Units Per Net Acre (Pad)	31.75
FAR	0.67
Residential Units Gross S.F.	15,542
Lobby + Amenity	incl.
Retail Gross S.F.	0
Gross Building Area	15,542
Net Rentable Area (Residential)	83% Efficiency 12,900
Net Rentable Area (Retail)	100% Efficiency 0
Total Net Rentable Area	12,900
Parking -	
Studio	0.60 /unit 2
1 Bed	0.60 /unit 5
2 Bed	0.60 /unit 3
3 Bed	0.60 /unit 1
Parking Spaces	10
Parking Area	250 SF/space 2,550

FINANCING

Construction Financing:	
Loan Amount	\$3,998,432
Loan to Cost	65%
Interest Rate	5.5%
Term (Months)	12
Refinance:	Take-Out Refi
Refinance at End of Year:	2
Permanent Loan Amount	\$4,607,848
Less: Construction Loan	(\$3,998,432)
Less: Loan Fees	0.50% (\$23,039)
Net Proceeds From Refinance	\$586,377
Permanent Loan Info:	
Loan Amount	\$4,607,848
Amortization	30
Interest Rate	4.0%
Annual Debt Service	\$263,983
Next Year NOI @ Refi	\$345,589
Value at Refi	\$7,679,747
Loan To Value	60%
Debt Coverage Ratio	1.31
Debt Yield	7.50%

RESIDUAL LAND VALUE

Land S.F.	23,325
Land Acres	0.54
Land Value	\$90.00 /lot SF \$2,099,250
\$/Unit	\$123,485

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	3	17.6%	500	1,500	\$2,000	\$4.00
1 Bed	8	47.1%	700	5,600	\$2,200	\$3.14
2 Bed	5	29.4%	950	4,750	\$2,600	\$2.74
3 Bed	1	5.9%	1,050	1,050	\$3,200	\$3.05
Subtotal	17	100.0%	759	12,900	\$2,341	\$3.09
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	-
1 Bed - 50% AMI	0	-	700	0	-	-
2 Bed - 50% AMI	0	-	950	0	-	-
3 Bed - 50% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 60% AMI	0	-	500	0	-	-
1 Bed - 60% AMI	0	-	700	0	-	-
2 Bed - 60% AMI	0	-	950	0	-	-
3 Bed - 60% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 80% AMI	0	-	500	0	-	-
1 Bed - 80% AMI	0	-	700	0	-	-
2 Bed - 80% AMI	0	-	950	0	-	-
3 Bed - 80% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Total Affordable	0		0	0	\$0	\$0
Total	17	100.0%	759	12,900	\$2,341	\$3.09
Retail S.F. (Gross)			0			
Retail S.F. (Net)			0			
Stabilized Occupancy		100%				
Stabilized Occupied S.F.			0			
Monthly Rent PSF (NNN - Base)			\$0.00			
Rental Rate Inflation			3.0%			

Average Daily Trips

Retail	30 /1,000 SF	0
Total		0

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$2,099,250	\$123,485	\$135.07	\$162.73
Predevelopment	\$46,650	\$2,744	\$3.00	\$3.62
Hard Costs	\$2,875,301	\$169,135	\$185.00	\$222.89
Soft Costs	\$802,024	\$47,178	\$51.60	\$62.17
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$183,866	\$10,816	\$11.83	\$14.25
Construction Loan Interest	\$114,499	\$6,735	\$7.37	\$8.88
Loan Fee	\$29,843	\$1,755	\$1.92	\$2.31
Total Costs	\$6,151,434	\$361,849	\$395.79	\$476.86
Less: Loan Amount	(\$3,998,432)	(\$235,202)	(\$257.26)	(\$18.23)
Initial Investment:	\$2,153,002	\$126,647	\$138.53	\$166.90

INVESTMENT PERFORMANCE

Stabilized NOI	Year 3	\$345,589
Total Project Costs		\$6,151,434
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$2,153,002)
Year 1	0.0%	\$0
Year 2	41.8%	\$900,178
Year 3	3.8%	\$81,606
Year 4	4.3%	\$93,286
Year 5	195.0%	\$4,199,029
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$3,121,097
Before Tax IRR		23.3%

Transitional Infill (Prototype 2) - Rental Stacked Flats
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	17
<u>Affordable Units</u>	<u>0</u>
Total # of Units	17
Residential Units Gross S.F.	15,542
<u>Retail Gross S.F.</u>	<u>0</u>
Gross Building Area	15,542
Net Rentable Area (Residential)	12,900
<u>Net Rentable Area (Retail)</u>	<u>0</u>
Total Net Rentable Area	12,900
Parking Spaces	10

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$90.00 /lot SF	\$2,099,250	\$123,485	\$135.07	\$162.73
Predevelopment					
Site Work	\$2.00 /lot SF	\$46,650	\$2,744	\$3.00	\$3.62
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$46,650	\$2,744	\$3.00	\$3.62
Hard Costs					
Hard Costs (Residential)		\$2,875,301	\$169,135	\$185.00	\$222.89
Hard Costs (Retail)		\$0	\$0	\$0.00	\$0.00
TI's Retail	\$0 PSF	\$0	\$0	\$0.00	\$0.00
Parking	\$0	\$0	\$0	\$0.00	\$0.00
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$2,875,301	\$169,135	\$185.00	\$222.89
Soft Costs					
Predevelopment	0.5%	\$14,377	\$846	\$0.93	\$1.11
Architecture & Engineering	5.0%	\$143,765	\$8,457	\$9.25	\$11.14
Permit Costs	2.0%	\$57,506	\$3,383	\$3.70	\$4.46
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$37,536	\$2,208	\$2.42	\$2.91
DIF - Parks	\$11,899 /unit	\$202,283	\$11,899	\$13.02	\$15.68
DIF - Library	\$858 /unit	\$14,586	\$858	\$0.94	\$1.13
DIF - Fire	\$561 /unit	\$9,537	\$561	\$0.61	\$0.74
RTCIP	\$2,456 /unit	\$41,752	\$2,456	\$2.69	\$3.24
School Impact Fee	\$4.08 /net SF	\$52,632	\$3,096	\$3.39	\$4.08
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$0	\$0.00	\$0.00	\$0.00
DIF - Fire	\$561 /1,000 SF	\$0	\$0.00	\$0.00	\$0.00
School Impact Fee	\$0.66 /net SF	\$0	\$0.00	\$0.00	\$0.00
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$28,753	\$1,691	\$1.85	\$2.23
Taxes & Insurance	1.75%	\$50,318	\$2,960	\$3.24	\$3.90
Developer Fee	3.0%	\$105,850	\$6,226	\$6.81	\$8.21
Marketing/Lease-Up	1.50%	\$43,130	\$2,537	\$2.78	\$3.34
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	28%	\$802,024	\$47,178	\$51.60	\$62.17
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$183,866	\$10,816	\$11.83	\$14.25
Construction Loan Interest		\$114,499	\$6,735	\$7.37	\$8.88
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$29,843</u>	<u>\$1,755</u>	<u>\$1.92</u>	<u>\$2.31</u>
Finance & Contingency Subtotal		\$328,208	\$19,306	\$21.12	\$25.44
Total Project Costs		\$6,151,434	\$361,849	\$395.79	\$476.86
Total Project Costs (Excl. Land)		\$4,052,184	\$238,364	\$260.72	\$314.12

Cash Flow Forecast

			Construction					
	Initial		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	0		1	2	3	4	5	6
Total Market Rate Units				17	17	17	17	17
Units Leased (Market Rate)				15	16	16	16	16
Units Leased (Affordable)				0	0	0	0	0
Units Vacant (Market Rate)				2	1	1	1	1
Occupancy Rate (Market Rate)				89.2%	94.1%	94.1%	94.1%	94.1%
Vacancy Rate (Market Rate)				10.8%	5.9%	5.9%	5.9%	5.9%
Monthly Rent (Market Rate)			\$2,341	\$2,411	\$2,484	\$2,558	\$2,635	\$2,714
Monthly Rent Per S.F. (Market Rate)			\$3.09	\$3.18	\$3.27	\$3.37	\$3.47	\$3.58
Annual Increase In Rent (Market Rate)				3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)			\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)				3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)			\$0	\$491,928	\$506,686	\$521,886	\$537,543	\$553,669
Gross Rental Income (Affordable Units)			\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)			\$0	\$0	\$0	\$0	\$0	\$0
Less: Vacancy & Credit Loss (Residential)			\$0	(\$53,051)	(\$29,805)	(\$30,699)	(\$31,620)	(\$32,569)
Net Rental Income			\$0	\$438,877	\$476,881	\$491,187	\$505,923	\$521,101
	Per Unit	% Increase						
Less: Operating Expenses	(\$4,284)	2.0%	\$0	(\$66,273)	(\$71,313)	(\$72,739)	(\$74,194)	(\$75,678)
Less: Property Taxes	(\$3,391)	2.0%	\$0	(\$58,803)	(\$59,979)	(\$61,179)	(\$62,402)	(\$63,650)
Less: Brokerage Commission (Retail)	3.0%			\$0	\$0	\$0	\$0	\$0
Operating Expenses			\$0	(\$125,076)	(\$131,292)	(\$133,918)	(\$136,596)	(\$139,328)
Operating Expense Ratio			-	28.5%	27.5%	27.3%	27.0%	26.7%
Net Operating Income			\$0	\$313,801	\$345,589	\$357,269	\$369,326	\$381,772
Less: Permanent Debt Service			\$0	\$0	(\$263,983)	(\$263,983)	(\$263,983)	\$0
Net Proceeds from Refinance:			\$0	\$586,377	\$0	\$0	\$0	\$0
Cash Flow From Operations			\$0	\$900,178	\$81,606	\$93,286	\$105,344	\$0
Disposition								
Residential								
Cap Rate							4.50%	
Next Year NOI							\$381,772	
Asset Value							\$8,483,827	
Asset Value Per Net SF							\$658	
Asset Value Per Unit							\$499,049	
Retail								
Cap Rate							5.50%	
Next Year NOI							\$0	
Asset Value							\$0	
Asset Value Per Net SF							#DIV/0!	
Sale Price							\$8,483,827	
Less: Commissions & Closing Costs							(\$127,257)	
Less: Principal Balance of Loan O/S							(\$4,262,884)	
Net Proceeds from Disposition							\$4,093,685	
Total Cash Flow Before Taxes			(\$2,153,002)	\$0	\$900,178	\$81,606	\$93,286	\$4,199,029
IRR	23%							\$0

Transitional Infill (Prototype 2) - Rental Stacked Flats
College Area CPA, San Diego, CA

Assumptions & Results

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	12 months
Op. Ex. Per Unit	\$350
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$8,488,126
Asset Value PSF	\$546

BUILDING ASSUMPTIONS

Total # of Units	17
Units Per Net Acre (Pad)	31.75
FAR	0.67
Residential Units Gross S.F.	15,542
Lobby + Amenity	incl.
Retail Gross S.F.	0
Gross Building Area	15,542
Net Rentable Area (Residential)	83% Efficiency 12,900
Net Rentable Area (Retail)	100% Efficiency 0
Total Net Rentable Area	12,900
Parking -	
Studio	0.60 /unit 2
1 Bed	0.60 /unit 5
2 Bed	0.60 /unit 3
3 Bed	0.60 /unit 1
Parking Spaces	10
Parking Area	250 SF/space 2,550

FINANCING

Construction Financing:	
Loan Amount	\$3,997,492
Loan to Cost	65%
Interest Rate	5.5%
Term (Months)	12
Refinance:	Take-Out Refi
Refinance at End of Year:	2
Permanent Loan Amount	\$4,610,279
Less: Construction Loan	(\$3,997,492)
Less: Loan Fees	0.50% (\$23,051)
Net Proceeds From Refinance	\$589,736
Permanent Loan Info:	
Loan Amount	\$4,610,279
Amortization	30
Interest Rate	4.0%
Annual Debt Service	\$264,122
Next Year NOI @ Refi	\$345,771
Value at Refi	\$7,683,799
Loan To Value	60%
Debt Coverage Ratio	1.31
Debt Yield	7.50%

RESIDUAL LAND VALUE

Land S.F.	23,325
Land Acres	0.54
Land Value	\$75.00 /lot SF \$1,749,375
\$/Unit	\$102,904

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	3	17.6%	500	1,500	\$2,000	\$4.00
1 Bed	8	47.1%	700	5,600	\$2,200	\$3.14
2 Bed	5	29.4%	950	4,750	\$2,600	\$2.74
3 Bed	1	5.9%	1,050	1,050	\$3,200	\$3.05
Subtotal	17	100.0%	759	12,900	\$2,341	\$3.09
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	-
1 Bed - 50% AMI	0	-	700	0	-	-
2 Bed - 50% AMI	0	-	950	0	-	-
3 Bed - 50% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 60% AMI	0	-	500	0	-	-
1 Bed - 60% AMI	0	-	700	0	-	-
2 Bed - 60% AMI	0	-	950	0	-	-
3 Bed - 60% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 80% AMI	0	-	500	0	-	-
1 Bed - 80% AMI	0	-	700	0	-	-
2 Bed - 80% AMI	0	-	950	0	-	-
3 Bed - 80% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Total Affordable	0		0	0	\$0	\$0
Total	17	100.0%	759	12,900	\$2,341	\$3.09
Retail S.F. (Gross)			0			
Retail S.F. (Net)			0			
Stabilized Occupancy		100%				
Stabilized Occupied S.F.			0			
Monthly Rent PSF (NNN - Base)			\$0.00			
Rental Rate Inflation			3.0%			

Average Daily Trips

Retail	30 /1,000 SF	0
Total		0

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$1,749,375	\$102,904	\$112.56	\$135.61
Predevelopment	\$46,650	\$2,744	\$3.00	\$3.62
Hard Costs	\$2,875,301	\$169,135	\$185.00	\$222.89
Soft Costs	\$1,134,199	\$66,718	\$72.98	\$87.92
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$200,475	\$11,793	\$12.90	\$15.54
Construction Loan Interest	\$114,151	\$6,715	\$7.34	\$8.85
Loan Fee	\$29,836	\$1,755	\$1.92	\$2.31
Total Costs	\$6,149,987	\$361,764	\$395.70	\$476.74
Less: Loan Amount	(\$3,997,492)	(\$235,147)	(\$257.20)	(\$18.23)
Initial Investment:	\$2,152,496	\$126,617	\$138.49	\$166.86

INVESTMENT PERFORMANCE

Stabilized NOI	Year 3	\$345,771
Total Project Costs		\$6,149,987
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$2,152,496)
Year 1	0.0%	\$0
Year 2	42.0%	\$903,715
Year 3	3.8%	\$81,649
Year 4	4.3%	\$93,333
Year 5	195.2%	\$4,201,065
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$3,127,267
Before Tax IRR		23.3%

Transitional Infill (Prototype 2) - Rental Stacked Flats
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	17
<u>Affordable Units</u>	<u>0</u>
Total # of Units	17
Residential Units Gross S.F.	15,542
<u>Retail Gross S.F.</u>	<u>0</u>
Gross Building Area	15,542
Net Rentable Area (Residential)	12,900
<u>Net Rentable Area (Retail)</u>	<u>0</u>
Total Net Rentable Area	12,900
Parking Spaces	10

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$75.00 /lot SF	\$1,749,375	\$102,904	\$112.56	\$135.61
Predevelopment					
Site Work	\$2.00 /lot SF	\$46,650	\$2,744	\$3.00	\$3.62
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$46,650	\$2,744	\$3.00	\$3.62
Hard Costs					
Hard Costs (Residential)		\$2,875,301	\$169,135	\$185.00	\$222.89
Hard Costs (Retail)		\$0	\$0	\$0.00	\$0.00
TI's Retail	\$0 PSF	\$0	\$0	\$0.00	\$0.00
Parking	\$0	\$0	\$0	\$0.00	\$0.00
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$2,875,301	\$169,135	\$185.00	\$222.89
Soft Costs					
Predevelopment	0.5%	\$14,377	\$846	\$0.93	\$1.11
Architecture & Engineering	5.0%	\$143,765	\$8,457	\$9.25	\$11.14
Permit Costs	2.0%	\$57,506	\$3,383	\$3.70	\$4.46
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$37,536	\$2,208	\$2.42	\$2.91
DIF - Parks	\$11,899 /unit	\$202,283	\$11,899	\$13.02	\$15.68
DIF - Library	\$858 /unit	\$14,586	\$858	\$0.94	\$1.13
DIF - Fire	\$561 /unit	\$9,537	\$561	\$0.61	\$0.74
RTCIP	\$2,456 /unit	\$41,752	\$2,456	\$2.69	\$3.24
School Impact Fee	\$4.08 /net SF	\$52,632	\$3,096	\$3.39	\$4.08
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$0	\$0.00	\$0.00	\$0.00
DIF - Fire	\$561 /1,000 SF	\$0	\$0.00	\$0.00	\$0.00
School Impact Fee	\$0.66 /net SF	\$0	\$0.00	\$0.00	\$0.00
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$25.00 PSF	\$322,500	\$18,971	\$20.75	\$25.00
Legal & Accounting	1.0%	\$28,753	\$1,691	\$1.85	\$2.23
Taxes & Insurance	1.75%	\$50,318	\$2,960	\$3.24	\$3.90
Developer Fee	3.0%	\$115,525	\$6,796	\$7.43	\$8.96
Marketing/Lease-Up	1.50%	\$43,130	\$2,537	\$2.78	\$3.34
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	39%	\$1,134,199	\$66,718	\$72.98	\$87.92
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$200,475	\$11,793	\$12.90	\$15.54
Construction Loan Interest		\$114,151	\$6,715	\$7.34	\$8.85
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$29,836</u>	<u>\$1,755</u>	<u>\$1.92</u>	<u>\$2.31</u>
Finance & Contingency Subtotal		\$344,462	\$20,262	\$22.16	\$26.70
Total Project Costs		\$6,149,987	\$361,764	\$395.70	\$476.74
Total Project Costs (Excl. Land)		\$4,400,612	\$258,860	\$283.14	\$341.13

Transitional Infill (Prototype 2) - Rental Stacked Flats
College Area CPA, San Diego, CA
Cash Flow Forecast

		Initial	Construction Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
		0	1	2	3	4	5	6
Total Market Rate Units				17	17	17	17	17
Units Leased (Market Rate)				15	16	16	16	16
Units Leased (Affordable)				0	0	0	0	0
Units Vacant (Market Rate)				2	1	1	1	1
Occupancy Rate (Market Rate)				89.2%	94.1%	94.1%	94.1%	94.1%
Vacancy Rate (Market Rate)				10.8%	5.9%	5.9%	5.9%	5.9%
Monthly Rent (Market Rate)			\$2,341	\$2,411	\$2,484	\$2,558	\$2,635	\$2,714
Monthly Rent Per S.F. (Market Rate)			\$3.09	\$3.18	\$3.27	\$3.37	\$3.47	\$3.58
Annual Increase In Rent (Market Rate)				3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)			\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)				3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)			\$0	\$491,928	\$506,686	\$521,886	\$537,543	\$553,669
Gross Rental Income (Affordable Units)			\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)			\$0	\$0	\$0	\$0	\$0	\$0
Less: Vacancy & Credit Loss (Residential)			\$0	(\$53,051)	(\$29,805)	(\$30,699)	(\$31,620)	(\$32,569)
Net Rental Income			\$0	\$438,877	\$476,881	\$491,187	\$505,923	\$521,101
Less: Operating Expenses		Per Unit						
				% Increase				
Less: Operating Expenses			\$0	(\$66,273)	(\$71,313)	(\$72,739)	(\$74,194)	(\$75,678)
Less: Property Taxes			\$0	(\$58,624)	(\$59,797)	(\$60,993)	(\$62,212)	(\$63,457)
Less: Brokerage Commission (Retail)				\$0	\$0	\$0	\$0	\$0
Operating Expenses			\$0	(\$124,898)	(\$131,110)	(\$133,732)	(\$136,407)	(\$139,135)
Operating Expense Ratio			-	28.5%	27.5%	27.2%	27.0%	26.7%
Net Operating Income			\$0	\$313,979	\$345,771	\$357,455	\$369,516	\$381,966
Less: Permanent Debt Service			\$0	\$0	(\$264,122)	(\$264,122)	(\$264,122)	\$0
Net Proceeds from Refinance:			\$0	\$589,736	\$0	\$0	\$0	\$0
Cash Flow From Operations			\$0	\$903,715	\$81,649	\$93,333	\$105,394	\$0
Disposition								
Residential								
Cap Rate							4.50%	
Next Year NOI							\$381,966	
Asset Value							\$8,488,126	
Asset Value Per Net SF							\$658	
Asset Value Per Unit							\$499,302	
Sale Price							\$8,488,126	
Less: Commissions & Closing Costs							(\$127,322)	
Less: Principal Balance of Loan O/S							(\$4,265,133)	
Net Proceeds from Disposition							\$4,095,671	
Total Cash Flow Before Taxes			(\$2,152,496)	\$0	\$903,715	\$81,649	\$93,333	\$4,201,065
IRR		23%						

Transitional Infill (Prototype 2) - Rental Stacked Flats
College Area CPA, San Diego, CA

Assumptions & Results

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	12 months
Op. Ex. Per Unit	\$350
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$8,152,604
Asset Value PSF	\$525

BUILDING ASSUMPTIONS

Total # of Units	17
Units Per Net Acre (Pad)	31.75
FAR	0.67
Residential Units Gross S.F.	15,542
Lobby + Amenity	incl.
Retail Gross S.F.	0
Gross Building Area	15,542
Net Rentable Area (Residential)	83% Efficiency 12,900
Net Rentable Area (Retail)	100% Efficiency 0
Total Net Rentable Area	12,900
Parking -	
Studio	0.60 /unit 2
1 Bed	0.60 /unit 5
2 Bed	0.60 /unit 3
3 Bed	0.60 /unit 1
Parking Spaces	10
Parking Area	250 SF/space 2,550

FINANCING

Construction Financing:		
Loan Amount	\$3,848,273	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	12	
Refinance:		Take-Out Refi
Refinance at End of Year:	2	
Permanent Loan Amount	\$4,426,864	
Less: Construction Loan	(\$3,848,273)	
Less: Loan Fees	0.50% (\$22,134)	
Net Proceeds From Refinance	\$556,457	
Permanent Loan Info:		
Loan Amount	\$4,426,864	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$253,614	
Next Year NOI @ Refi	\$332,015	
Value at Refi	\$7,378,107	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE

Land S.F.	23,325
Land Acres	0.54
Land Value	\$82.00 /lot SF \$1,912,650
\$/Unit	\$112,509

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	3	20.0%	500	1,500	\$2,000	\$4.00
1 Bed	7	46.7%	700	4,900	\$2,200	\$3.14
2 Bed	4	26.7%	950	3,800	\$2,600	\$2.74
3 Bed	1	6.7%	1,050	1,050	\$3,200	\$3.05
Subtotal	15	100.0%	750	11,250	\$2,333	\$3.11
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	
1 Bed - 50% AMI	0	-	700	0	-	
2 Bed - 50% AMI	0	-	950	0	-	
3 Bed - 50% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 60% AMI	0	-	500	0	-	
1 Bed - 60% AMI	0	-	700	0	-	
2 Bed - 60% AMI	0	-	950	0	-	
3 Bed - 60% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 80% AMI	0	-	500	0	\$1,469	
1 Bed - 80% AMI	1	-	700	700	\$1,691	\$2.42
2 Bed - 80% AMI	1	-	950	950	\$1,854	\$1.95
3 Bed - 80% AMI	0	-	1,050	0	\$1,974	
Subtotal	2	0.0%	825	1,650	\$1,773	\$2.15
Total Affordable	2		825	1,650	\$1,773	\$2.15
Total	17	100.0%	759	12,900	\$2,267	\$2.99
Retail S.F. (Gross)						
			0			
Retail S.F. (Net)			0			
Stabilized Occupancy			100%			
Stabilized Occupied S.F.			0			
Monthly Rent PSF (NNN - Base)			\$0.00			
Rental Rate Inflation			3.0%			

Average Daily Trips

Retail	30 /1,000 SF	0
Total		0

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$1,912,650	\$112,509	\$123.06	\$148.27
Predevelopment	\$46,650	\$2,744	\$3.00	\$3.62
Hard Costs	\$2,875,301	\$169,135	\$185.00	\$222.89
Soft Costs	\$764,981	\$44,999	\$49.22	\$59.30
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$182,014	\$10,707	\$11.71	\$14.11
Construction Loan Interest	\$110,102	\$6,477	\$7.08	\$8.54
Loan Fee	\$28,722	\$1,690	\$1.85	\$2.23
Total Costs	\$5,920,420	\$348,260	\$380.93	\$458.95
Less: Loan Amount	(\$3,848,273)	(\$226,369)	(\$247.60)	(\$17.55)
Initial Investment:	\$2,072,147	\$121,891	\$133.32	\$160.63

INVESTMENT PERFORMANCE

Stabilized NOI	Year 3	\$332,015
Total Project Costs		\$5,920,420
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$2,072,147)
Year 1	0.0%	\$0
Year 2	41.8%	\$865,338
Year 3	3.8%	\$78,400
Year 4	4.3%	\$89,651
Year 5	194.8%	\$4,036,129
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$2,997,372
Before Tax IRR		23.2%

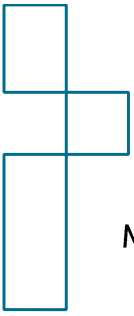
Transitional Infill (Prototype 2) - Rental Stacked Flats
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	15
<u>Affordable Units</u>	<u>2</u>
Total # of Units	17
Residential Units Gross S.F.	15,542
<u>Retail Gross S.F.</u>	<u>0</u>
Gross Building Area	15,542
Net Rentable Area (Residential)	12,900
<u>Net Rentable Area (Retail)</u>	<u>0</u>
Total Net Rentable Area	12,900
Parking Spaces	10

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$82.00 /lot SF	\$1,912,650	\$112,509	\$123.06	\$148.27
Predevelopment					
Site Work	\$2.00 /lot SF	\$46,650	\$2,744	\$3.00	\$3.62
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$46,650	\$2,744	\$3.00	\$3.62
Hard Costs					
Hard Costs (Residential)		\$2,875,301	\$169,135	\$185.00	\$222.89
Hard Costs (Retail)		\$0	\$0	\$0.00	\$0.00
TI's Retail	\$0 PSF	\$0	\$0	\$0.00	\$0.00
Parking	\$0	\$0	\$0	\$0.00	\$0.00
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$2,875,301	\$169,135	\$185.00	\$222.89
Soft Costs					
Predevelopment	0.5%	\$14,377	\$846	\$0.93	\$1.11
Architecture & Engineering	5.0%	\$143,765	\$8,457	\$9.25	\$11.14
Permit Costs	2.0%	\$57,506	\$3,383	\$3.70	\$4.46
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$33,120	\$1,948	\$2.13	\$2.57
DIF - Parks	\$11,899 /unit	\$178,485	\$10,499	\$11.48	\$13.84
DIF - Library	\$858 /unit	\$12,870	\$757	\$0.83	\$1.00
DIF - Fire	\$561 /unit	\$8,415	\$495	\$0.54	\$0.65
RTCIP	\$2,456 /unit	\$36,840	\$2,167	\$2.37	\$2.86
School Impact Fee	\$4.08 /net SF	\$52,632	\$3,096	\$3.39	\$4.08
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$0	\$0.00	\$0.00	\$0.00
DIF - Fire	\$561 /1,000 SF	\$0	\$0.00	\$0.00	\$0.00
School Impact Fee	\$0.66 /net SF	\$0	\$0.00	\$0.00	\$0.00
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$28,753	\$1,691	\$1.85	\$2.23
Taxes & Insurance	1.75%	\$50,318	\$2,960	\$3.24	\$3.90
Developer Fee	3.0%	\$104,771	\$6,163	\$6.74	\$8.12
Marketing/Lease-Up	1.50%	\$43,130	\$2,537	\$2.78	\$3.34
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	27%	\$764,981	\$44,999	\$49.22	\$59.30
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$182,014	\$10,707	\$11.71	\$14.11
Construction Loan Interest		\$110,102	\$6,477	\$7.08	\$8.54
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$28,722</u>	<u>\$1,690</u>	<u>\$1.85</u>	<u>\$2.23</u>
Finance & Contingency Subtotal		\$320,838	\$18,873	\$20.64	\$24.87
Total Project Costs		\$5,920,420	\$348,260	\$380.93	\$458.95
Total Project Costs (Excl. Land)		\$4,007,770	\$235,751	\$257.86	\$310.68

Transitional Infill (Prototype 2) - Rental Stacked Flats
College Area CPA, San Diego, CA
Cash Flow Forecast

		Initial	Construction Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
		0	1	2	3	4	5	6
Total Market Rate Units				15	15	15	15	15
Units Leased (Market Rate)				14	14	14	14	14
Units Leased (Affordable)				2	2	2	2	2
Units Vacant (Market Rate)				2	1	1	1	1
Occupancy Rate (Market Rate)				90.0%	93.3%	93.3%	93.3%	93.3%
Vacancy Rate (Market Rate)				10.0%	6.7%	6.7%	6.7%	6.7%
Monthly Rent (Market Rate)			\$2,333	\$2,403	\$2,475	\$2,550	\$2,626	\$2,705
Monthly Rent Per S.F. (Market Rate)			\$3.11	\$3.20	\$3.30	\$3.40	\$3.50	\$3.61
Annual Increase In Rent (Market Rate)				3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)			\$1,773	\$1,826	\$1,880	\$1,937	\$1,995	\$2,055
Monthly Rent Per S.F. (Affordable)			\$2.15	\$2.21	\$2.28	\$2.35	\$2.42	\$2.49
Annual Increase In Rent (Affordable)				3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)			\$0	\$432,600	\$445,578	\$458,945	\$472,714	\$486,895
Gross Rental Income (Affordable Units)			\$0	\$43,816	\$45,131	\$46,485	\$47,879	\$49,316
Retail Income (NNN)			\$0	\$0	\$0	\$0	\$0	\$0
Less: Vacancy & Credit Loss (Residential)			\$0	(\$43,260)	(\$29,705)	(\$30,596)	(\$31,514)	(\$32,460)
Net Rental Income			\$0	\$433,156	\$461,003	\$474,834	\$489,079	\$503,751
Less: Operating Expenses		Per Unit						
Less: Operating Expenses			\$0	(\$67,730)	(\$71,313)	(\$72,739)	(\$74,194)	(\$75,678)
Less: Property Taxes			\$0	(\$56,545)	(\$57,675)	(\$58,829)	(\$60,006)	(\$61,206)
Less: Brokerage Commission (Retail)				\$0	\$0	\$0	\$0	\$0
Operating Expenses			\$0	(\$124,275)	(\$128,989)	(\$131,568)	(\$134,200)	(\$136,884)
Operating Expense Ratio			-	28.7%	28.0%	27.7%	27.4%	27.2%
Net Operating Income			\$0	\$308,882	\$332,015	\$343,265	\$354,879	\$366,867
Less: Permanent Debt Service			\$0	\$0	(\$253,614)	(\$253,614)	(\$253,614)	\$0
Net Proceeds from Refinance:			\$0	\$556,457	\$0	\$0	\$0	\$0
Cash Flow From Operations			\$0	\$865,338	\$78,400	\$89,651	\$101,264	\$0
Disposition								
Residential								
Cap Rate							4.50%	
Next Year NOI							\$366,867	
Asset Value							\$8,152,604	
Asset Value Per Net SF							\$632	
Asset Value Per Unit							\$479,565	
Sale Price							\$8,152,604	
Less: Commissions & Closing Costs							(\$122,289)	
Less: Principal Balance of Loan O/S							(\$4,095,450)	
Net Proceeds from Disposition							\$3,934,865	
Total Cash Flow Before Taxes			(\$2,072,147)	\$0	\$865,338	\$78,400	\$89,651	\$4,036,129
IRR		23%						



london moeder
advisors

Mixed-Use Corridor

Mixed-Use Corridor (Prototype 1) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA

Assumptions & Results

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	12 months
Op. Ex. Per Unit	\$350
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$44,062,313
Asset Value PSF	\$541

BUILDING ASSUMPTIONS

Total # of Units	80
Units Per Net Acre (Pad)	113.14
FAR	2.64
Residential Units Gross S.F.	74,699
Lobby + Amenity	incl.
Retail Gross S.F.	6,690
Gross Building Area	81,389
Net Rentable Area (Residential)	83% Efficiency 62,000
Net Rentable Area (Retail)	100% Efficiency 6,690
Total Net Rentable Area	68,690
Parking -	
Studio	0.63 /unit 8
1 Bed	0.63 /unit 23
2 Bed	0.63 /unit 18
3 Bed	0.63 /unit 3
Parking Spaces	50
Parking Area	250 SF/space 12,600

FINANCING

Construction Financing:		
Loan Amount	\$21,185,317	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	12	
Refinance:	Take-Out Refi	
Refinance at End of Year:	2	
Permanent Loan Amount	\$24,354,135	
Less: Construction Loan	(\$21,185,317)	
Less: Loan Fees	0.50% (\$121,771)	
Net Proceeds From Refinance	\$3,047,047	
Permanent Loan Info:		
Loan Amount	\$24,354,135	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$1,395,244	
Next Year NOI @ Refi	\$1,826,560	
Value at Refi	\$40,590,225	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE

Land S.F.	30,800
Land Acres	0.71
Land Value	\$110.00 /lot SF \$3,388,000
\$/Unit	\$42,350

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	12	15.0%	500	6,000	\$2,000	\$4.00
1 Bed	36	45.0%	700	25,200	\$2,200	\$3.14
2 Bed	28	35.0%	950	26,600	\$2,600	\$2.74
3 Bed	4	5.0%	1,050	4,200	\$3,200	\$3.05
Subtotal	80	100.0%	775	62,000	\$2,360	\$3.05
Affordable Units						
Studio - 50% AMI	0	-	500	0	\$832	
1 Bed - 50% AMI	0	-	700	0	\$964	
2 Bed - 50% AMI	0	-	950	0	\$1,035	
3 Bed - 50% AMI	0	-	1,050	0	\$1,064	
Subtotal	0	0.0%	0	0	\$0	
Studio - 60% AMI	0	-	500	0	\$1,045	
1 Bed - 60% AMI	0	-	700	0	\$1,206	
2 Bed - 60% AMI	0	-	950	0	\$1,308	
3 Bed - 60% AMI	0	-	1,050	0	\$1,367	
Subtotal	0	0.0%	0	0	\$0	
Studio - 80% AMI	0	-	500	0	\$1,767	
1 Bed - 80% AMI	0	-	700	0	\$2,034	
2 Bed - 80% AMI	0	-	950	0	\$2,239	
3 Bed - 80% AMI	0	-	1,050	0	\$2,402	
Subtotal	0	0.0%	0	0	\$0	
Total Affordable	0		0	0	\$0	
Total	80	100.0%	775	62,000	\$2,360	\$3.05
Retail S.F. (Gross)						
				6,690		
Retail S.F. (Net)				6,690		
Stabilized Occupancy				100%		
Stabilized Occupied S.F.				6,690		
Monthly Rent PSF (NNN - Base)				\$2.00		
Rental Rate Inflation				3.0%		

Average Daily Trips

Retail	30 /1,000 SF	201
Total		201

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$3,388,000	\$42,350	\$41.63	\$49.32
Predevelopment	\$154,000	\$1,925	\$1.89	\$2.24
Hard Costs	\$21,841,175	\$273,015	\$268.36	\$317.97
Soft Costs	\$5,104,738	\$63,809	\$62.72	\$74.32
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$1,347,296	\$16,841	\$16.55	\$19.61
Construction Loan Interest	\$599,469	\$7,493	\$7.37	\$8.73
Loan Fee	\$158,119	\$1,976	\$1.94	\$2.30
Total Costs	\$32,592,796	\$407,410	\$400.46	\$474.49
Less: Loan Amount	(\$21,185,317)	(\$264,816)	(\$260.30)	(\$4.27)
Initial Investment:	\$11,407,479	\$142,593	\$140.16	\$183.99

INVESTMENT PERFORMANCE

Stabilized NOI	Year 3	\$1,826,560
Total Project Costs		\$32,592,796
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$11,407,479)
Year 1	0.0%	\$0
Year 2	39.4%	\$4,500,012
Year 3	3.8%	\$431,316
Year 4	4.3%	\$492,685
Year 5	183.6%	\$20,943,057
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$14,959,591
Before Tax IRR		21.5%

Mixed-Use Corridor (Prototype 1) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	80
Affordable Units	0
Total # of Units	80
Residential Units Gross S.F.	74,699
Retail Gross S.F.	6,690
Gross Building Area	81,389
Net Rentable Area (Residential)	62,000
Net Rentable Area (Retail)	6,690
Total Net Rentable Area	68,690
Parking Spaces	50

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$110.00 /lot SF	\$3,388,000	\$42,350	\$41.63	\$49.32
Predevelopment					
Site Work	\$5.00 /lot SF	\$154,000	\$1,925	\$1.89	\$2.24
Demolition	Incl.	\$0	\$0	\$0.00	\$0.00
Predevelopment Subtotal		\$154,000	\$1,925	\$1.89	\$2.24
Hard Costs					
Hard Costs (Residential)		\$20,168,675	\$252,108	\$270.00	\$293.62
Hard Costs (Retail)		\$1,338,000	\$16,725	\$200.00	\$19.48
TI's Retail	\$50 PSF	\$334,500	\$4,181	\$4.11	\$4.87
Parking	incl.	\$0	\$0	\$0.00	\$0.00
Hard Cost Deduction	0.0%	\$0	\$0	\$0.00	\$0.00
Hard Costs Subtotal		\$21,841,175	\$273,015	\$268.36	\$317.97
Soft Costs					
Predevelopment	0.5%	\$109,206	\$1,365	\$1.34	\$1.59
Architecture & Engineering	5.0%	\$1,092,059	\$13,651	\$13.42	\$15.90
Permit Costs	2.0%	\$436,823	\$5,460	\$5.37	\$6.36
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$176,640	\$2,208	\$2.17	\$2.57
DIF - Parks	\$11,899 /unit	\$951,920	\$11,899	\$11.70	\$13.86
DIF - Library	\$858 /unit	\$68,640	\$858	\$0.84	\$1.00
DIF - Fire	\$561 /unit	\$44,880	\$561	\$0.55	\$0.65
RTCIP	\$2,456 /unit	\$196,480	\$2,456	\$2.41	\$2.86
School Impact Fee	\$4.08 /net SF	\$252,960	\$3,162	\$3.11	\$3.68
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$63,421	\$792.77	\$0.78	\$0.92
DIF - Fire	\$561 /1,000 SF	\$3,753	\$46.91	\$0.05	\$0.05
School Impact Fee	\$0.66 /net SF	\$4,415	\$55.19	\$0.05	\$0.06
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$218,412	\$2,730	\$2.68	\$3.18
Taxes & Insurance	1.75%	\$382,221	\$4,778	\$4.70	\$5.56
Developer Fee	3.0%	\$775,290	\$9,691	\$9.53	\$11.29
Marketing/Lease-Up	1.50%	\$327,618	\$4,095	\$4.03	\$4.77
Prevailing Wage	0.0%	\$0	\$0	\$0.00	\$0.00
Soft Costs Subtotal	23%	\$5,104,738	\$63,809	\$62.72	\$74.32
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
Commercial Impact	0%	\$0	\$0	\$0.00	\$0.00
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$1,347,296	\$16,841	\$16.55	\$19.61
Construction Loan Interest		\$599,469	\$7,493	\$7.37	\$8.73
Loan Fee	0.75%	\$158,119	\$1,976	\$1.94	\$2.30
Finance & Contingency Subtotal		\$2,104,883	\$26,311	\$25.86	\$30.64
Total Project Costs		\$32,592,796	\$407,410	\$400.46	\$474.49
Total Project Costs (Excl. Land)		\$29,204,796	\$365,060	\$358.83	\$425.17

Mixed-Use Corridor (Prototype 1) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial	Construction Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	0	1	2	3	4	5	6
Total Market Rate Units			80	80	80	80	80
Units Leased (Market Rate)			65	77	77	77	77
Units Leased (Affordable)			0	0	0	0	0
Units Vacant (Market Rate)			15	3	3	3	3
Occupancy Rate (Market Rate)			81.7%	96.3%	96.3%	96.3%	96.3%
Vacancy Rate (Market Rate)			18.3%	3.8%	3.8%	3.8%	3.8%
Monthly Rent (Market Rate)		\$2,360	\$2,431	\$2,504	\$2,579	\$2,656	\$2,736
Monthly Rent Per S.F. (Market Rate)		\$3.05	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$2,333,568	\$2,403,575	\$2,475,682	\$2,549,953	\$2,626,451
Gross Rental Income (Affordable Units)		\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)		\$0	\$165,377	\$170,338	\$175,448	\$180,712	\$186,133
Less: Vacancy & Credit Loss (Residential)		\$0	(\$427,821)	(\$90,134)	(\$92,838)	(\$95,623)	(\$98,492)
Net Rental Income		\$0	\$2,071,124	\$2,483,779	\$2,558,292	\$2,635,041	\$2,714,092
Less: Operating Expenses	Per Unit (\$4,284)		\$0 (\$285,486)	(\$343,195)	(\$350,059)	(\$357,060)	(\$364,201)
Less: Property Taxes	(\$3,773)		\$0 (\$307,867)	(\$314,024)	(\$320,305)	(\$326,711)	(\$333,245)
Less: Brokerage Commission (Retail)	3.0%		\$0 (\$24,807)	\$0	\$0	\$0	\$0
Operating Expenses		\$0	(\$618,159)	(\$657,219)	(\$670,363)	(\$683,771)	(\$697,446)
Operating Expense Ratio		-	29.8%	26.5%	26.2%	25.9%	25.7%
Net Operating Income		\$0	\$1,452,965	\$1,826,560	\$1,887,929	\$1,951,271	\$2,016,646
Less: Permanent Debt Service		\$0	\$0	(\$1,395,244)	(\$1,395,244)	(\$1,395,244)	\$0
Net Proceeds from Refinance:		\$0	\$3,047,047	\$0	\$0	\$0	\$0
Cash Flow From Operations		\$0	\$4,500,012	\$431,316	\$492,685	\$556,026	\$0
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$1,830,513	
Asset Value						\$40,678,076	
Asset Value Per Net SF						\$656	
Asset Value Per Unit						\$508,476	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$186,133	
Asset Value						\$3,384,237	
Asset Value Per Net SF						\$506	
Sale Price						\$44,062,313	
Less: Commissions & Closing Costs						(\$660,935)	
Less: Principal Balance of Loan O/S						(\$23,014,347)	
Net Proceeds from Disposition						\$20,387,031	
Total Cash Flow Before Taxes		(\$11,407,479)	\$0	\$4,500,012	\$431,316	\$492,685	\$20,943,057
IRR	22%						

GENERAL ASSUMPTIONS		
Hard Cost Escalation		3.0%
Impact Fees Escalation		1.0%
Construction Period	12 months	
Op. Ex. Per Unit	\$350	
Op. Ex. Inflation	2.0%	
Revenue Inflation (Market Rate)	3.0%	
Revenue Inflation (Affordable)	3.0%	

HOLDING & DISPOSITION		
Holding Period:	5	
Cap Rate @ Refi/Sale (Residential):	4.50%	
Cap Rate @ Refi/Sale (Retail):	5.50%	
Commissions & Closing Costs:	1.50%	
Value at Time of Sale (Year 5)	\$44,078,514	
Asset Value PSF	\$542	

BUILDING ASSUMPTIONS		
Total # of Units	80	
Units Per Net Acre (Pad)	113.14	
FAR	2.64	
Residential Units Gross S.F.	74,699	
Lobby + Amenity	incl.	
Retail Gross S.F.	6,690	
Gross Building Area	81,389	
Net Rentable Area (Residential)	83% Efficiency	62,000
Net Rentable Area (Retail)	100% Efficiency	6,690
Total Net Rentable Area		68,690
Parking -		
Studio	0.63 /unit	8
1 Bed	0.63 /unit	23
2 Bed	0.63 /unit	18
3 Bed	0.63 /unit	3
Parking Spaces		50
Parking Area	250 SF/space	12,600

FINANCING		
Construction Financing:		
Loan Amount	\$21,193,033	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	12	
Refinance:	Take-Out Refi	
Refinance at End of Year:	2	
Permanent Loan Amount	\$24,363,295	
Less: Construction Loan	(\$21,193,033)	
Less: Loan Fees	0.50% (\$121,816)	
Net Proceeds From Refinance	\$3,048,445	
Permanent Loan Info:		
Loan Amount	\$24,363,295	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$1,395,769	
Next Year NOI @ Refi	\$1,827,247	
Value at Refi	\$40,605,492	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE		
Land S.F.	30,800	
Land Acres	0.71	
Land Value	\$56.00 /lot SF	\$1,724,800
\$/Unit		\$21,560

PROJECT SUMMARY						
					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	12	15.0%	500	6,000	\$2,000	\$4.00
1 Bed	36	45.0%	700	25,200	\$2,200	\$3.14
2 Bed	28	35.0%	950	26,600	\$2,600	\$2.74
3 Bed	4	5.0%	1,050	4,200	\$3,200	\$3.05
Subtotal	80	100.0%	775	62,000	\$2,360	\$3.05
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	
1 Bed - 50% AMI	0	-	700	0	-	
2 Bed - 50% AMI	0	-	950	0	-	
3 Bed - 50% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 60% AMI	0	-	500	0	-	
1 Bed - 60% AMI	0	-	700	0	-	
2 Bed - 60% AMI	0	-	950	0	-	
3 Bed - 60% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 80% AMI	0	-	500	0	-	
1 Bed - 80% AMI	0	-	700	0	-	
2 Bed - 80% AMI	0	-	950	0	-	
3 Bed - 80% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Total Affordable	0		0	0	\$0	
Total	80	100.0%	775	62,000	\$2,360	\$3.05
Retail S.F. (Gross)						
				6,690		
Retail S.F. (Net)				6,690		
Stabilized Occupancy				100%		
Stabilized Occupied S.F.				6,690		
Monthly Rent PSF (NNN - Base)				\$2.00		
Rental Rate Inflation				3.0%		

Average Daily Trips		
Retail	30 /1,000 SF	201
Total		201

CONSTRUCTION COST SUMMARY				
	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$1,724,800	\$21,560	\$21.19	\$25.11
Predevelopment	\$154,000	\$1,925	\$1.89	\$2.24
Hard Costs	\$21,841,175	\$273,015	\$268.36	\$317.97
Soft Costs	\$6,701,238	\$83,765	\$82.34	\$97.56
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$1,427,121	\$17,839	\$17.53	\$20.78
Construction Loan Interest	\$598,157	\$7,477	\$7.35	\$8.71
Loan Fee	\$158,177	\$1,977	\$1.94	\$2.30
Total Costs	\$32,604,667	\$407,558	\$400.60	\$474.66
Less: Loan Amount	(\$21,193,033)	(\$264,913)	(\$260.39)	(\$4.27)
Initial Investment:	\$11,411,633	\$142,645	\$140.21	\$184.06

INVESTMENT PERFORMANCE		
Stabilized NOI	Year 3	\$1,827,247
Total Project Costs		\$32,604,667
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$11,411,633)
Year 1	0.0%	\$0
Year 2	39.5%	\$4,502,084
Year 3	3.8%	\$431,478
Year 4	4.3%	\$492,861
Year 5	183.6%	\$20,950,549
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$14,965,338
Before Tax IRR		21.5%

Mixed-Use Corridor (Prototype 1) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	80
<u>Affordable Units</u>	<u>0</u>
Total # of Units	80
Residential Units Gross S.F.	74,699
<u>Retail Gross S.F.</u>	<u>6,690</u>
Gross Building Area	81,389
Net Rentable Area (Residential)	62,000
<u>Net Rentable Area (Retail)</u>	<u>6,690</u>
Total Net Rentable Area	68,690
Parking Spaces	50

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$56.00 /lot SF	\$1,724,800	\$21,560	\$21.19	\$25.11
Predevelopment					
Site Work	\$5.00 /lot SF	\$154,000	\$1,925	\$1.89	\$2.24
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$154,000	\$1,925	\$1.89	\$2.24
Hard Costs					
Hard Costs (Residential)		\$20,168,675	\$252,108	\$270.00	\$293.62
Hard Costs (Retail)		\$1,338,000	\$16,725	\$200.00	\$19.48
TI's Retail	\$50 PSF	\$334,500	\$4,181	\$4.11	\$4.87
Parking	<u>incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$21,841,175	\$273,015	\$268.36	\$317.97
Soft Costs					
Predevelopment	0.5%	\$109,206	\$1,365	\$1.34	\$1.59
Architecture & Engineering	5.0%	\$1,092,059	\$13,651	\$13.42	\$15.90
Permit Costs	2.0%	\$436,823	\$5,460	\$5.37	\$6.36
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$176,640	\$2,208	\$2.17	\$2.57
DIF - Parks	\$11,899 /unit	\$951,920	\$11,899	\$11.70	\$13.86
DIF - Library	\$858 /unit	\$68,640	\$858	\$0.84	\$1.00
DIF - Fire	\$561 /unit	\$44,880	\$561	\$0.55	\$0.65
RTCIP	\$2,456 /unit	\$196,480	\$2,456	\$2.41	\$2.86
School Impact Fee	\$4.08 /net SF	\$252,960	\$3,162	\$3.11	\$3.68
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$63,421	\$792.77	\$0.78	\$0.92
DIF - Fire	\$561 /1,000 SF	\$3,753	\$46.91	\$0.05	\$0.05
School Impact Fee	\$0.66 /net SF	\$4,415	\$55.19	\$0.05	\$0.06
Impact Fees Escalation		<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Inclusionary Aff. Housing Fee (in lieu fee)	\$25.00 PSF	\$1,550,000	\$19,375	\$19.04	\$22.57
Legal & Accounting	1.0%	\$218,412	\$2,730	\$2.68	\$3.18
Taxes & Insurance	1.75%	\$382,221	\$4,778	\$4.70	\$5.56
Developer Fee	3.0%	\$821,790	\$10,272	\$10.10	\$11.96
Marketing/Lease-Up	1.50%	\$327,618	\$4,095	\$4.03	\$4.77
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	31%	\$6,701,238	\$83,765	\$82.34	\$97.56
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$1,427,121	\$17,839	\$17.53	\$20.78
Construction Loan Interest		\$598,157	\$7,477	\$7.35	\$8.71
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$158,177</u>	<u>\$1,977</u>	<u>\$1.94</u>	<u>\$2.30</u>
Finance & Contingency Subtotal		\$2,183,454	\$27,293	\$26.83	\$31.79
Total Project Costs		\$32,604,667	\$407,558	\$400.60	\$474.66
Total Project Costs (Excl. Land)		\$30,879,867	\$385,998	\$379.41	\$449.55

Mixed-Use Corridor (Prototype 1) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			80	80	80	80	80
Units Leased (Market Rate)			65	77	77	77	77
Units Leased (Affordable)			0	0	0	0	0
Units Vacant (Market Rate)			15	3	3	3	3
Occupancy Rate (Market Rate)			81.7%	96.3%	96.3%	96.3%	96.3%
Vacancy Rate (Market Rate)			18.3%	3.8%	3.8%	3.8%	3.8%
Monthly Rent (Market Rate)		\$2,360	\$2,431	\$2,504	\$2,579	\$2,656	\$2,736
Monthly Rent Per S.F. (Market Rate)		\$3.05	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$2,333,568	\$2,403,575	\$2,475,682	\$2,549,953	\$2,626,451
Gross Rental Income (Affordable Units)		\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)		\$0	\$165,377	\$170,338	\$175,448	\$180,712	\$186,133
Less: Vacancy & Credit Loss (Residential)		\$0	(\$427,821)	(\$90,134)	(\$92,838)	(\$95,623)	(\$98,492)
Net Rental Income		\$0	\$2,071,124	\$2,483,779	\$2,558,292	\$2,635,041	\$2,714,092
	Per Unit	% Increase					
Less: Operating Expenses	(\$4,284)	2.0%	\$0	(\$285,486)	(\$343,195)	(\$350,059)	(\$357,060)
Less: Property Taxes	(\$3,765)	2.0%	\$0	(\$307,193)	(\$313,337)	(\$319,604)	(\$325,996)
Less: Brokerage Commission (Retail)	3.0%		\$0	(\$24,807)	\$0	\$0	\$0
Operating Expenses			\$0	(\$617,486)	(\$656,532)	(\$669,663)	(\$683,056)
Operating Expense Ratio			-	29.8%	26.4%	26.2%	25.9%
Net Operating Income			\$0	\$1,453,638	\$1,827,247	\$1,888,630	\$1,951,985
Less: Permanent Debt Service			\$0	\$0	(\$1,395,769)	(\$1,395,769)	(\$1,395,769)
Net Proceeds from Refinance:			\$0	\$3,048,445	\$0	\$0	\$0
Cash Flow From Operations			\$0	\$4,502,084	\$431,478	\$492,861	\$556,216
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$1,831,242	
Asset Value						\$40,694,277	
Asset Value Per Net SF						\$656	
Asset Value Per Unit						\$508,678	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$186,133	
Asset Value						\$3,384,237	
Asset Value Per Net SF						\$506	
Sale Price						\$44,078,514	
Less: Commissions & Closing Costs						(\$661,178)	
Less: Principal Balance of Loan O/S						(\$23,023,003)	
Net Proceeds from Disposition						\$20,394,333	
Total Cash Flow Before Taxes		(\$11,411,633)	\$0	\$4,502,084	\$431,478	\$492,861	\$20,950,549
IRR	22%						

GENERAL ASSUMPTIONS		
Hard Cost Escalation		3.0%
Impact Fees Escalation		1.0%
Construction Period	12 months	
Op. Ex. Per Unit		\$350
Op. Ex. Inflation		2.0%
Revenue Inflation (Market Rate)		3.0%
Revenue Inflation (Affordable)		3.0%

HOLDING & DISPOSITION		
Holding Period:	5	
Cap Rate @ Refi/Sale (Residential):	4.50%	
Cap Rate @ Refi/Sale (Retail):	5.50%	
Commissions & Closing Costs:	1.50%	
Value at Time of Sale (Year 5)	\$43,332,200	
Asset Value PSF	\$532	

BUILDING ASSUMPTIONS		
Total # of Units	80	
Units Per Net Acre (Pad)	113.14	
FAR	2.64	
Residential Units Gross S.F.	74,699	
Lobby + Amenity	incl.	
Retail Gross S.F.	6,690	
Gross Building Area	81,389	
Net Rentable Area (Residential)	83% Efficiency	62,000
Net Rentable Area (Retail)	100% Efficiency	6,690
Total Net Rentable Area		68,690
Parking -		
Studio	0.63 /unit	8
1 Bed	0.63 /unit	23
2 Bed	0.63 /unit	18
3 Bed	0.63 /unit	3
Parking Spaces		50
Parking Area	250 SF/space	12,600

FINANCING		
Construction Financing:		
Loan Amount	\$20,815,123	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	12	
Refinance:	Take-Out Refi	
Refinance at End of Year:	2	
Permanent Loan Amount	\$23,953,700	
Less: Construction Loan	(\$20,815,123)	
Less: Loan Fees	0.50% (\$119,769)	
Net Proceeds From Refinance	\$3,018,808	
Permanent Loan Info:		
Loan Amount	\$23,953,700	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$1,372,304	
Next Year NOI @ Refi	\$1,796,528	
Value at Refi	\$39,922,833	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE		
Land S.F.	30,800	
Land Acres	0.71	
Land Value	\$97.00 /lot SF	\$2,987,600
\$/Unit		\$37,345

PROJECT SUMMARY						
					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	11	15.3%	500	5,500	\$2,000	\$4.00
1 Bed	32	44.4%	700	22,400	\$2,200	\$3.14
2 Bed	25	34.7%	950	23,750	\$2,600	\$2.74
3 Bed	4	5.6%	1,050	4,200	\$3,200	\$3.05
Subtotal	72	100.0%	776	55,850	\$2,364	\$3.05
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	
1 Bed - 50% AMI	0	-	700	0	-	
2 Bed - 50% AMI	0	-	950	0	-	
3 Bed - 50% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 60% AMI	0	-	500	0	-	
1 Bed - 60% AMI	0	-	700	0	-	
2 Bed - 60% AMI	0	-	950	0	-	
3 Bed - 60% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 80% AMI	1	12.5%	500	500	\$1,469	\$2.94
1 Bed - 80% AMI	4	50.0%	700	2,800	\$1,691	\$2.42
2 Bed - 80% AMI	3	37.5%	950	2,850	\$1,854	\$1.95
3 Bed - 80% AMI	0	0.0%	1,050	0	\$1,974	
Subtotal	8	100.0%	769	6,150	\$1,724	\$2.24
Total Affordable	8		769	6,150	\$1,724	\$2.24
Total	80	100.0%	775	62,000	\$2,300	\$2.97
Retail S.F. (Gross)						
				6,690		
Retail S.F. (Net)				6,690		
Stabilized Occupancy				100%		
Stabilized Occupied S.F.				6,690		
Monthly Rent PSF (NNN - Base)				\$2.00		
Rental Rate Inflation				3.0%		

Average Daily Trips		
Retail	30 /1,000 SF	201
Total		201

CONSTRUCTION COST SUMMARY				
	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$2,987,600	\$37,345	\$36.71	\$43.49
Predevelopment	\$154,000	\$1,925	\$1.89	\$2.24
Hard Costs	\$21,841,175	\$273,015	\$268.36	\$317.97
Soft Costs	\$4,956,566	\$61,957	\$60.90	\$72.16
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$1,339,887	\$16,749	\$16.46	\$19.51
Construction Loan Interest	\$588,682	\$7,359	\$7.23	\$8.57
Loan Fee	\$155,356	\$1,942	\$1.91	\$2.26
Total Costs	\$32,023,266	\$400,291	\$393.46	\$466.20
Less: Loan Amount	(\$20,815,123)	(\$260,189)	(\$255.75)	(\$4.20)
Initial Investment:	\$11,208,143	\$140,102	\$137.71	\$180.78

INVESTMENT PERFORMANCE		
Stabilized NOI	Year 3	\$1,796,528
Total Project Costs		\$32,023,266
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$11,208,143)
Year 1	0.0%	\$0
Year 2	40.3%	\$4,514,539
Year 3	3.8%	\$424,224
Year 4	4.3%	\$484,680
Year 5	183.7%	\$20,593,357
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$14,808,657
Before Tax IRR		21.7%

Mixed-Use Corridor (Prototype 1) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	72
<u>Affordable Units</u>	<u>8</u>
Total # of Units	80
Residential Units Gross S.F.	74,699
<u>Retail Gross S.F.</u>	<u>6,690</u>
Gross Building Area	81,389
Net Rentable Area (Residential)	62,000
<u>Net Rentable Area (Retail)</u>	<u>6,690</u>
Total Net Rentable Area	68,690
Parking Spaces	50

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$97.00 /lot SF	\$2,987,600	\$37,345	\$36.71	\$43.49
Predevelopment					
Site Work	\$5.00 /lot SF	\$154,000	\$1,925	\$1.89	\$2.24
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$154,000	\$1,925	\$1.89	\$2.24
Hard Costs					
Hard Costs (Residential)		\$20,168,675	\$252,108	\$270.00	\$293.62
Hard Costs (Retail)		\$1,338,000	\$16,725	\$200.00	\$19.48
TI's Retail	\$50 PSF	\$334,500	\$4,181	\$4.11	\$4.87
Parking	<u>incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$21,841,175	\$273,015	\$268.36	\$317.97
Soft Costs					
Predevelopment	0.5%	\$109,206	\$1,365	\$1.34	\$1.59
Architecture & Engineering	5.0%	\$1,092,059	\$13,651	\$13.42	\$15.90
Permit Costs	2.0%	\$436,823	\$5,460	\$5.37	\$6.36
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$158,976	\$1,987	\$1.95	\$2.31
DIF - Parks	\$11,899 /unit	\$856,728	\$10,709	\$10.53	\$12.47
DIF - Library	\$858 /unit	\$61,776	\$772	\$0.76	\$0.90
DIF - Fire	\$561 /unit	\$40,392	\$505	\$0.50	\$0.59
RTCIP	\$2,456 /unit	\$176,832	\$2,210	\$2.17	\$2.57
School Impact Fee	\$4.08 /net SF	\$252,960	\$3,162	\$3.11	\$3.68
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$63,421	\$792.77	\$0.78	\$0.92
DIF - Fire	\$561 /1,000 SF	\$3,753	\$46.91	\$0.05	\$0.05
School Impact Fee	\$0.66 /net SF	\$4,415	\$55.19	\$0.05	\$0.06
Impact Fees Escalation		<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$218,412	\$2,730	\$2.68	\$3.18
Taxes & Insurance	1.75%	\$382,221	\$4,778	\$4.70	\$5.56
Developer Fee	3.0%	\$770,974	\$9,637	\$9.47	\$11.22
Marketing/Lease-Up	1.50%	\$327,618	\$4,095	\$4.03	\$4.77
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	23%	\$4,956,566	\$61,957	\$60.90	\$72.16
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$1,339,887	\$16,749	\$16.46	\$19.51
Construction Loan Interest		\$588,682	\$7,359	\$7.23	\$8.57
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$155,356</u>	<u>\$1,942</u>	<u>\$1.91</u>	<u>\$2.26</u>
Finance & Contingency Subtotal		\$2,083,925	\$26,049	\$25.60	\$30.34
Total Project Costs		\$32,023,266	\$400,291	\$393.46	\$466.20
Total Project Costs (Excl. Land)		\$29,035,666	\$362,946	\$356.75	\$422.71

Mixed-Use Corridor (Prototype 1) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			72	72	72	72	72
Units Leased (Market Rate)			61	70	70	70	70
Units Leased (Affordable)			8	8	8	8	8
Units Vacant (Market Rate)			11	2	2	2	2
Occupancy Rate (Market Rate)			85.1%	97.2%	97.2%	97.2%	97.2%
Vacancy Rate (Market Rate)			14.9%	2.8%	2.8%	2.8%	2.8%
Monthly Rent (Market Rate)		\$2,364	\$2,435	\$2,508	\$2,583	\$2,661	\$2,740
Monthly Rent Per S.F. (Market Rate)		\$3.05	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$1,724	\$1,776	\$1,829	\$1,884	\$1,941	\$1,999
Monthly Rent Per S.F. (Affordable)		\$2.24	\$2.31	\$2.38	\$2.45	\$2.52	\$2.60
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$2,103,672	\$2,166,782	\$2,231,786	\$2,298,739	\$2,367,701
Gross Rental Income (Affordable Units)		\$0	\$170,506	\$175,621	\$180,890	\$186,317	\$191,906
Retail Income (NNN)		\$0	\$165,377	\$170,338	\$175,448	\$180,712	\$186,133
Less: Vacancy & Credit Loss (Residential)		\$0	(\$314,090)	(\$60,188)	(\$61,994)	(\$63,854)	(\$65,769)
Net Rental Income		\$0	\$2,125,465	\$2,452,553	\$2,526,130	\$2,601,914	\$2,679,971
Less: Operating Expenses	Per Unit (\$4,284)		\$0	(\$302,600)	(\$347,652)	(\$354,605)	(\$361,697)
Less: Property Taxes	% Increase 2.0%		\$0	(\$302,327)	(\$308,374)	(\$314,541)	(\$320,832)
Less: Brokerage Commission (Retail)	2.0%		\$0	(\$24,807)	\$0	\$0	\$0
Operating Expenses	3.0%		\$0	(\$629,734)	(\$656,026)	(\$669,146)	(\$682,529)
Operating Expense Ratio			-	29.6%	26.7%	26.5%	26.2%
Net Operating Income			\$0	\$1,495,731	\$1,796,528	\$1,856,984	\$1,919,385
Less: Permanent Debt Service			\$0	\$0	(\$1,372,304)	(\$1,372,304)	(\$1,372,304)
Net Proceeds from Refinance:			\$0	\$3,018,808	\$0	\$0	\$0
Cash Flow From Operations			\$0	\$4,514,539	\$424,224	\$484,680	\$547,081
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$1,797,658	
Asset Value						\$39,947,963	
Asset Value Per Net SF						\$644	
Asset Value Per Unit						\$499,350	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$186,133	
Asset Value						\$3,384,237	
Asset Value Per Net SF						\$506	
Sale Price						\$43,332,200	
Less: Commissions & Closing Costs						(\$649,983)	
Less: Principal Balance of Loan O/S						(\$22,635,941)	
Net Proceeds from Disposition						\$20,046,276	
Total Cash Flow Before Taxes							
IRR							

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	12 months
Op. Ex. Per Unit	\$400
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$79,815,234
Asset Value PSF	\$534

BUILDING ASSUMPTIONS

Total # of Units	150
Units Per Net Acre (Pad)	212.14
FAR	4.85
Residential Units Gross S.F.	140,000
Lobby + Amenity	incl.
Retail Gross S.F.	9,335
Gross Building Area	149,335
Net Rentable Area (Residential)	83% Efficiency 116,200
Net Rentable Area (Retail)	100% Efficiency 9,335
Total Net Rentable Area	125,535
Parking -	
Studio	0.50 /unit 12
1 Bed	0.50 /unit 34
2 Bed	0.50 /unit 26
3 Bed	0.50 /unit 4
Parking Spaces	75
Parking Area	250 SF/space 18,750

FINANCING

Construction Financing:		
Loan Amount	\$38,185,822	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	12	
Refinance:	Take-Out Refi	
Refinance at End of Year:	2	
Permanent Loan Amount	\$43,899,996	
Less: Construction Loan	(\$38,185,822)	
Less: Loan Fees	0.50% (\$219,500)	
Net Proceeds From Refinance	\$5,494,674	
Permanent Loan Info:		
Loan Amount	\$43,899,996	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$2,515,024	
Next Year NOI @ Refi	\$3,292,500	
Value at Refi	\$73,166,659	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE

Land S.F.	30,800
Land Acres	0.71
Land Value	\$171.00 /lot SF \$5,266,800
\$/Unit	\$35,112

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	23	15.3%	500	11,500	\$2,000	\$4.00
1 Bed	67	44.7%	700	46,900	\$2,200	\$3.14
2 Bed	52	34.7%	950	49,400	\$2,600	\$2.74
3 Bed	8	5.3%	1,050	8,400	\$3,200	\$3.05
Subtotal	150	100.0%	775	116,200	\$2,361	\$3.05
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	-
1 Bed - 50% AMI	0	-	700	0	-	-
2 Bed - 50% AMI	0	-	950	0	-	-
3 Bed - 50% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	-
Studio - 60% AMI	0	-	500	0	-	-
1 Bed - 60% AMI	0	-	700	0	-	-
2 Bed - 60% AMI	0	-	950	0	-	-
3 Bed - 60% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	-
Studio - 120% AMI	0	-	500	0	-	-
1 Bed - 120% AMI	0	-	700	0	-	-
2 Bed - 120% AMI	0	-	950	0	-	-
3 Bed - 120% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	-
Total Affordable	0		0	0	\$0	
Total	150	100.0%	775	116,200	\$2,361	\$3.05
Retail S.F. (Gross)						
			9,335			
Retail S.F. (Net)			9,335			
Stabilized Occupancy			100%			
Stabilized Occupied S.F.			9,335			
Monthly Rent PSF (NNN - Base)			\$2.00			
Rental Rate Inflation			3.0%			

Average Daily Trips

Retail	30 /1,000 SF	280
Total		280

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$5,266,800	\$35,112	\$35.27	\$41.95
Predevelopment	\$92,400	\$616	\$0.62	\$0.74
Hard Costs	\$40,133,750	\$267,558	\$268.75	\$319.70
Soft Costs	\$9,412,568	\$62,750	\$63.03	\$74.98
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$2,477,316	\$16,515	\$16.59	\$19.73
Construction Loan Interest	\$1,079,580	\$7,197	\$7.23	\$8.60
Loan Fee	\$285,004	\$1,900	\$1.91	\$2.27
Total Costs	\$58,747,418	\$391,649	\$393.39	\$467.98
Less: Loan Amount	(\$38,185,822)	(\$254,572)	(\$255.71)	(\$2.19)
Initial Investment:	\$20,561,596	\$137,077	\$137.69	\$176.95

INVESTMENT PERFORMANCE

Stabilized NOI	Year 3	\$3,292,500
Total Project Costs		\$58,747,418
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$20,561,596)
Year 1	0.0%	\$0
Year 2	36.9%	\$7,595,921
Year 3	3.8%	\$777,476
Year 4	4.3%	\$889,292
Year 5	185.5%	\$38,137,793
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$26,838,887
Before Tax IRR		21.3%

Mixed-Use Corridor (Prototype 2) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	150
Affordable Units	0
Total # of Units	150
Residential Units Gross S.F.	140,000
Retail Gross S.F.	9,335
Gross Building Area	149,335
Net Rentable Area (Residential)	116,200
Net Rentable Area (Retail)	9,335
Total Net Rentable Area	125,535
Parking Spaces	75

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$171.00 /lot SF	\$5,266,800	\$35,112	\$35.27	\$41.95
Predevelopment					
Site Work	\$3.00 /lot SF	\$92,400	\$616	\$0.62	\$0.74
Demolition	Incl.	\$0	\$0	\$0.00	\$0.00
Predevelopment Subtotal		\$92,400	\$616	\$0.62	\$0.74
Hard Costs					
Hard Costs (Residential)		\$37,800,000	\$252,000	\$270.00	\$301.11
Hard Costs (Retail)		\$1,867,000	\$12,447	\$200.00	\$14.87
TI's Retail	\$50 PSF	\$466,750	\$3,112	\$3.13	\$3.72
Parking	incl.	\$0	\$0	\$0.00	\$0.00
Hard Cost Deduction	0.0%	\$0	\$0	\$0.00	\$0.00
Hard Costs Subtotal		\$40,133,750	\$267,558	\$268.75	\$319.70
Soft Costs					
Predevelopment	0.5%	\$200,669	\$1,338	\$1.34	\$1.60
Architecture & Engineering	5.0%	\$2,006,688	\$13,378	\$13.44	\$15.99
Permit Costs	2.0%	\$802,675	\$5,351	\$5.37	\$6.39
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$331,200	\$2,208	\$2.22	\$2.64
DIF - Parks	\$11,899 /unit	\$1,784,850	\$11,899	\$11.95	\$14.22
DIF - Library	\$858 /unit	\$128,700	\$858	\$0.86	\$1.03
DIF - Fire	\$561 /unit	\$84,150	\$561	\$0.56	\$0.67
RTCIP	\$2,456 /unit	\$368,400	\$2,456	\$2.47	\$2.93
School Impact Fee	\$4.08 /net SF	\$474,096	\$3,161	\$3.17	\$3.78
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$88,496	\$589.97	\$0.59	\$0.70
DIF - Fire	\$561 /1,000 SF	\$5,237	\$34.91	\$0.04	\$0.04
School Impact Fee	\$0.66 /net SF	\$6,161	\$41.07	\$0.04	\$0.05
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$401,338	\$2,676	\$2.69	\$3.20
Taxes & Insurance	1.75%	\$702,341	\$4,682	\$4.70	\$5.59
Developer Fee	3.0%	\$1,425,562	\$9,504	\$9.55	\$11.36
Marketing/Lease-Up	1.50%	\$602,006	\$4,013	\$4.03	\$4.80
Prevailing Wage	0.0%	\$0	\$0	\$0.00	\$0.00
Soft Costs Subtotal	23%	\$9,412,568	\$62,750	\$63.03	\$74.98
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
Commercial Impact	0%	\$0	\$0	\$0.00	\$0.00
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$2,477,316	\$16,515	\$16.59	\$19.73
Construction Loan Interest		\$1,079,580	\$7,197	\$7.23	\$8.60
Loan Fee	0.75%	\$285,004	\$1,900	\$1.91	\$2.27
Finance & Contingency Subtotal		\$3,841,900	\$25,613	\$25.73	\$30.60
Total Project Costs		\$58,747,418	\$391,649	\$393.39	\$467.98
Total Project Costs (Excl. Land)		\$53,480,618	\$356,537	\$358.13	\$426.02

Mixed-Use Corridor (Prototype 2) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			150	150	150	150	150
Units Leased (Market Rate)			102	145	145	145	145
Units Leased (Affordable)			0	0	0	0	0
Units Vacant (Market Rate)			48	5	5	5	5
Occupancy Rate (Market Rate)			67.8%	96.7%	96.7%	96.7%	96.7%
Vacancy Rate (Market Rate)			32.2%	3.3%	3.3%	3.3%	3.3%
Monthly Rent (Market Rate)		\$2,361	\$2,432	\$2,505	\$2,580	\$2,658	\$2,737
Monthly Rent Per S.F. (Market Rate)		\$3.05	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$4,377,912	\$4,509,249	\$4,644,527	\$4,783,863	\$4,927,379
Gross Rental Income (Affordable Units)		\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)		\$0	\$230,761	\$237,684	\$244,815	\$252,159	\$259,724
Less: Vacancy & Credit Loss (Residential)		\$0	(\$1,410,661)	(\$150,308)	(\$154,818)	(\$159,462)	(\$164,246)
Net Rental Income		\$0	\$3,198,013	\$4,596,625	\$4,734,524	\$4,876,560	\$5,022,856
Less: Operating Expenses	Per Unit (\$4,896)		\$0	(\$507,715)	(\$738,601)	(\$753,373)	(\$768,440)
Less: Property Taxes	% Increase (\$3,624)		\$0	(\$554,436)	(\$565,525)	(\$576,835)	(\$588,372)
Less: Brokerage Commission (Retail)	3.0%		\$0	(\$34,614)	\$0	\$0	\$0
Operating Expenses		\$0	(\$1,096,765)	(\$1,304,125)	(\$1,330,208)	(\$1,356,812)	(\$1,383,948)
Operating Expense Ratio		-	34.3%	28.4%	28.1%	27.8%	27.6%
Net Operating Income		\$0	\$2,101,247	\$3,292,500	\$3,404,316	\$3,519,747	\$3,638,908
Less: Permanent Debt Service		\$0	\$0	(\$2,515,024)	(\$2,515,024)	(\$2,515,024)	\$0
Net Proceeds from Refinance:		\$0	\$5,494,674	\$0	\$0	\$0	\$0
Cash Flow From Operations		\$0	\$7,595,921	\$777,476	\$889,292	\$1,004,724	\$0
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$3,379,184	
Asset Value						\$75,092,984	
Asset Value Per Net SF						\$646	
Asset Value Per Unit						\$500,620	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$259,724	
Asset Value						\$4,722,250	
Asset Value Per Net SF						\$506	
Sale Price						\$79,815,234	
Less: Commissions & Closing Costs						(\$1,197,229)	
Less: Principal Balance of Loan O/S						(\$41,484,936)	
Net Proceeds from Disposition						\$37,133,069	
Total Cash Flow Before Taxes		(\$20,561,596)	\$0	\$7,595,921	\$777,476	\$889,292	\$38,137,793
IRR	21%						\$0

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	12 months
Op. Ex. Per Unit	\$400
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$79,844,054
Asset Value PSF	\$535

BUILDING ASSUMPTIONS

Total # of Units	150
Units Per Net Acre (Pad)	212.14
FAR	4.85
Residential Units Gross S.F.	140,000
Lobby + Amenity	incl.
Retail Gross S.F.	9,335
Gross Building Area	149,335
Net Rentable Area (Residential)	83% Efficiency 116,200
Net Rentable Area (Retail)	100% Efficiency 9,335
Total Net Rentable Area	125,535
Parking -	
Studio	0.50 /unit 12
1 Bed	0.50 /unit 34
2 Bed	0.50 /unit 26
3 Bed	0.50 /unit 4
Parking Spaces	75
Parking Area	250 SF/space 18,750

FINANCING

Construction Financing:		
Loan Amount	\$38,204,518	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	12	
Refinance:	Take-Out Refi	
Refinance at End of Year:	2	
Permanent Loan Amount	\$43,916,290	
Less: Construction Loan	(\$38,204,518)	
Less: Loan Fees	0.50% (\$219,581)	
Net Proceeds From Refinance	\$5,492,191	
Permanent Loan Info:		
Loan Amount	\$43,916,290	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$2,515,957	
Next Year NOI @ Refi	\$3,293,722	
Value at Refi	\$73,193,817	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE

Land S.F.	30,800
Land Acres	0.71
Land Value	\$70.00 /lot SF \$2,156,000
\$/Unit	\$14,373

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	23	15.3%	500	11,500	\$2,000	\$4.00
1 Bed	67	44.7%	700	46,900	\$2,200	\$3.14
2 Bed	52	34.7%	950	49,400	\$2,600	\$2.74
3 Bed	8	5.3%	1,050	8,400	\$3,200	\$3.05
Subtotal	150	100.0%	775	116,200	\$2,361	\$3.05
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	
1 Bed - 50% AMI	0	-	700	0	-	
2 Bed - 50% AMI	0	-	950	0	-	
3 Bed - 50% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 60% AMI	0	-	500	0	-	
1 Bed - 60% AMI	0	-	700	0	-	
2 Bed - 60% AMI	0	-	950	0	-	
3 Bed - 60% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 120% AMI	0	-	500	0	-	
1 Bed - 120% AMI	0	-	700	0	-	
2 Bed - 120% AMI	0	-	950	0	-	
3 Bed - 120% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Total Affordable	0		0	0	\$0	
Total	150	100.0%	775	116,200	\$2,361	\$3.05
Retail S.F. (Gross)						
			9,335			
Retail S.F. (Net)			9,335			
Stabilized Occupancy			100%			
Stabilized Occupied S.F.			9,335			
Monthly Rent PSF (NNN - Base)			\$2.00			
Rental Rate Inflation			3.0%			

Average Daily Trips

Retail	30 /1,000 SF	280
Total		280

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$2,156,000	\$14,373	\$14.44	\$17.17
Predevelopment	\$92,400	\$616	\$0.62	\$0.74
Hard Costs	\$40,133,750	\$267,558	\$268.75	\$319.70
Soft Costs	\$12,404,718	\$82.698	\$83.07	\$98.81
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$2,626,923	\$17.513	\$17.59	\$20.93
Construction Loan Interest	\$1,077,247	\$7.182	\$7.21	\$8.58
Loan Fee	\$285,144	\$1,901	\$1.91	\$2.27
Total Costs	\$58,776,182	\$391,841	\$393.59	\$468.21
Less: Loan Amount	(\$38,204,518)	(\$254.697)	(\$255.83)	(\$2.19)
Initial Investment:	\$20,571,664	\$137,144	\$137.76	\$177.04

INVESTMENT PERFORMANCE

Stabilized NOI	Year 3	\$3,293,722
Total Project Costs		\$58,776,182
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$20,571,664)
Year 1	0.0%	\$0
Year 2	36.9%	\$7,594,636
Year 3	3.8%	\$777,765
Year 4	4.3%	\$889,605
Year 5	185.5%	\$38,151,120
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$26,841,463
Before Tax IRR		21.3%

Mixed-Use Corridor (Prototype 2) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	150
<u>Affordable Units</u>	<u>0</u>
Total # of Units	150
Residential Units Gross S.F.	140,000
<u>Retail Gross S.F.</u>	<u>9,335</u>
Gross Building Area	149,335
Net Rentable Area (Residential)	116,200
<u>Net Rentable Area (Retail)</u>	<u>9,335</u>
Total Net Rentable Area	125,535
Parking Spaces	75

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$70.00 /lot SF	\$2,156,000	\$14,373	\$14.44	\$17.17
Predevelopment					
Site Work	\$3.00 /lot SF	\$92,400	\$616	\$0.62	\$0.74
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$92,400	\$616	\$0.62	\$0.74
Hard Costs					
Hard Costs (Residential)		\$37,800,000	\$252,000	\$270.00	\$301.11
Hard Costs (Retail)		\$1,867,000	\$12,447	\$200.00	\$14.87
TI's Retail	\$50 PSF	\$466,750	\$3,112	\$3.13	\$3.72
Parking	<u>incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$40,133,750	\$267,558	\$268.75	\$319.70
Soft Costs					
Predevelopment	0.5%	\$200,669	\$1,338	\$1.34	\$1.60
Architecture & Engineering	5.0%	\$2,006,688	\$13,378	\$13.44	\$15.99
Permit Costs	2.0%	\$802,675	\$5,351	\$5.37	\$6.39
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$331,200	\$2,208	\$2.22	\$2.64
DIF - Parks	\$11,899 /unit	\$1,784,850	\$11,899	\$11.95	\$14.22
DIF - Library	\$858 /unit	\$128,700	\$858	\$0.86	\$1.03
DIF - Fire	\$561 /unit	\$84,150	\$561	\$0.56	\$0.67
RTCIP	\$2,456 /unit	\$368,400	\$2,456	\$2.47	\$2.93
School Impact Fee	\$4.08 /net SF	\$474,096	\$3,161	\$3.17	\$3.78
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$88,496	\$589.97	\$0.59	\$0.70
DIF - Fire	\$561 /1,000 SF	\$5,237	\$34.91	\$0.04	\$0.04
School Impact Fee	\$0.66 /net SF	\$6,161	\$41.07	\$0.04	\$0.05
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$25.00 PSF	\$2,905,000	\$19,367	\$19.45	\$23.14
Legal & Accounting	1.0%	\$401,338	\$2,676	\$2.69	\$3.20
Taxes & Insurance	1.75%	\$702,341	\$4,682	\$4.70	\$5.59
Developer Fee	3.0%	\$1,512,712	\$10,085	\$10.13	\$12.05
Marketing/Lease-Up	1.50%	\$602,006	\$4,013	\$4.03	\$4.80
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	31%	\$12,404,718	\$82,698	\$83.07	\$98.81
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$2,626,923	\$17,513	\$17.59	\$20.93
Construction Loan Interest		\$1,077,247	\$7,182	\$7.21	\$8.58
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$285,144</u>	<u>\$1,901</u>	<u>\$1.91</u>	<u>\$2.27</u>
Finance & Contingency Subtotal		\$3,989,314	\$26,595	\$26.71	\$31.78
Total Project Costs		\$58,776,182	\$391,841	\$393.59	\$468.21
Total Project Costs (Excl. Land)		\$56,620,182	\$377,468	\$379.15	\$451.03

Mixed-Use Corridor (Prototype 2) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			150	150	150	150	150
Units Leased (Market Rate)			102	145	145	145	145
Units Leased (Affordable)			0	0	0	0	0
Units Vacant (Market Rate)			48	5	5	5	5
Occupancy Rate (Market Rate)			67.8%	96.7%	96.7%	96.7%	96.7%
Vacancy Rate (Market Rate)			32.2%	3.3%	3.3%	3.3%	3.3%
Monthly Rent (Market Rate)		\$2,361	\$2,432	\$2,505	\$2,580	\$2,658	\$2,737
Monthly Rent Per S.F. (Market Rate)		\$3.05	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$4,377,912	\$4,509,249	\$4,644,527	\$4,783,863	\$4,927,379
Gross Rental Income (Affordable Units)		\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)		\$0	\$230,761	\$237,684	\$244,815	\$252,159	\$259,724
Less: Vacancy & Credit Loss (Residential)		\$0	(\$1,410,661)	(\$150,308)	(\$154,818)	(\$159,462)	(\$164,246)
Net Rental Income		\$0	\$3,198,013	\$4,596,625	\$4,734,524	\$4,876,560	\$5,022,856
Less: Operating Expenses	Per Unit (\$4,896)		\$0	(\$507,715)	(\$738,601)	(\$753,373)	(\$768,440)
Less: Property Taxes	% Increase (\$3,616)		\$0	(\$553,238)	(\$564,303)	(\$575,589)	(\$587,100)
Less: Brokerage Commission (Retail)	3.0%		\$0	(\$34,614)	\$0	\$0	\$0
Operating Expenses		\$0	(\$1,095,567)	(\$1,302,903)	(\$1,328,961)	(\$1,355,541)	(\$1,382,651)
Operating Expense Ratio		-	34.3%	28.3%	28.1%	27.8%	27.5%
Net Operating Income		\$0	\$2,102,445	\$3,293,722	\$3,405,562	\$3,521,019	\$3,640,205
Less: Permanent Debt Service		\$0	\$0	(\$2,515,957)	(\$2,515,957)	(\$2,515,957)	\$0
Net Proceeds from Refinance:		\$0	\$5,492,191	\$0	\$0	\$0	\$0
Cash Flow From Operations		\$0	\$7,594,636	\$777,765	\$889,605	\$1,005,062	\$0
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$3,380,481	
Asset Value						\$75,121,803	
Asset Value Per Net SF						\$646	
Asset Value Per Unit						\$500,812	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$259,724	
Asset Value						\$4,722,250	
Asset Value Per Net SF						\$506	
Sale Price						\$79,844,054	
Less: Commissions & Closing Costs						(\$1,197,661)	
Less: Principal Balance of Loan O/S						(\$41,500,335)	
Net Proceeds from Disposition						\$37,146,058	
Total Cash Flow Before Taxes		(\$20,571,664)	\$0	\$7,594,636	\$777,765	\$889,605	\$38,151,120
IRR	21%						

GENERAL ASSUMPTIONS	
Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	12 months
Op. Ex. Per Unit	\$400
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION	
Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$77,801,680
Asset Value PSF	\$521

BUILDING ASSUMPTIONS	
Total # of Units	150
Units Per Net Acre (Pad)	212.14
FAR	4.85
Residential Units Gross S.F.	140,000
Lobby + Amenity	incl.
Retail Gross S.F.	9,335
Gross Building Area	149,335
Net Rentable Area (Residential)	83% Efficiency 116,200
Net Rentable Area (Retail)	100% Efficiency 9,335
Total Net Rentable Area	125,535
Parking -	
Studio	0.50 /unit 12
1 Bed	0.50 /unit 34
2 Bed	0.50 /unit 26
3 Bed	0.50 /unit 4
Parking Spaces	75
Parking Area	250 SF/space 18,750

FINANCING	
Construction Financing:	
Loan Amount	\$37,253,242
Loan to Cost	65%
Interest Rate	5.5%
Term (Months)	12
Refinance:	Take-Out Refi
Refinance at End of Year:	2
Permanent Loan Amount	\$42,797,917
Less: Construction Loan	(\$37,253,242)
Less: Loan Fees	0.50% (\$213,990)
Net Proceeds From Refinance	\$5,330,686
Permanent Loan Info:	
Loan Amount	\$42,797,917
Amortization	30
Interest Rate	4.0%
Annual Debt Service	\$2,451,886
Next Year NOI @ Refi	\$3,209,844
Value at Refi	\$71,329,862
Loan To Value	60%
Debt Coverage Ratio	1.31
Debt Yield	7.50%

RESIDUAL LAND VALUE	
Land S.F.	30,800
Land Acres	0.71
Land Value	\$135.00 /lot SF \$4,158,000
\$/Unit	\$27,720

PROJECT SUMMARY					
				Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent \$/S.F.
Studio	21	15.6%	500	10,500	\$2,000 \$4.00
1 Bed	60	44.4%	700	42,000	\$2,200 \$3.14
2 Bed	47	34.8%	950	44,650	\$2,600 \$2.74
3 Bed	2	5.2%	1,050	7,350	\$3,200 \$3.05
Subtotal	135	100.0%	774	104,500	\$2,360 \$3.05
Affordable Units					
Studio - 50% AMI	0	-	500	0	\$832
1 Bed - 50% AMI	0	-	700	0	\$964
2 Bed - 50% AMI	0	-	950	0	\$1,035
3 Bed - 50% AMI	0	-	1,050	0	\$1,064
Subtotal	0	0.0%	0	0	\$0
Studio - 60% AMI	0	-	500	0	\$1,045
1 Bed - 60% AMI	0	-	700	0	\$1,206
2 Bed - 60% AMI	0	-	950	0	\$1,308
3 Bed - 60% AMI	0	-	1,050	0	\$1,367
Subtotal	0	0.0%	0	0	\$0
Studio - 80% AMI	2	13.3%	500	1,000	\$1,469 \$2.94
1 Bed - 80% AMI	7	46.7%	700	4,900	\$1,691 \$2.42
2 Bed - 80% AMI	5	33.3%	950	4,750	\$1,854 \$1.95
3 Bed - 80% AMI	1	6.7%	1,050	1,050	\$1,974 \$1.88
Subtotal	15	100.0%	780	11,700	\$1,735 \$2.22
Total Affordable	15		780	11,700	\$1,735 \$2.22
Total	150	100.0%	775	116,200	\$2,297 \$2.97
Retail S.F. (Gross) 9,335					
Retail S.F. (Net) 9,335					
Stabilized Occupancy 100%					
Stabilized Occupied S.F. 9,335					
Monthly Rent PSF (NNN - Base) \$2.00					
Rental Rate Inflation 3.0%					

Average Daily Trips	
Retail	30 /1,000 SF 280
Total	280

CONSTRUCTION COST SUMMARY				
	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$4,158,000	\$27,720	\$27.84	\$33.12
Predevelopment	\$92,400	\$616	\$0.62	\$0.74
Hard Costs	\$40,133,750	\$267,558	\$268.75	\$319.70
Soft Costs	\$9,134,746	\$60,898	\$61.17	\$72.77
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$2,463,425	\$16,423	\$16.50	\$19.62
Construction Loan Interest	\$1,052,315	\$7,015	\$7.05	\$8.38
Loan Fee	\$278,044	\$1,854	\$1.86	\$2.21
Total Costs	\$57,312,680	\$382,085	\$383.79	\$456.55
Less: Loan Amount	(\$37,253,242)	(\$248,355)	(\$249.46)	(\$2.14)
Initial Investment:	\$20,059,438	\$133,730	\$134.33	\$172.63

INVESTMENT PERFORMANCE		
Stabilized NOI	Year 3	\$3,209,844
Total Project Costs		\$57,312,680
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$20,059,438)
Year 1	0.0%	\$0
Year 2	37.9%	\$7,608,345
Year 3	3.8%	\$757,958
Year 4	4.3%	\$867,203
Year 5	185.3%	\$37,171,152
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$26,345,221
Before Tax IRR		21.4%

Mixed-Use Corridor (Prototype 2) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

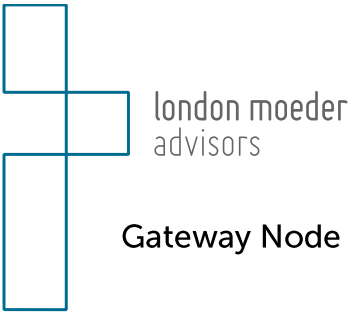
Market Rate Units	135
<u>Affordable Units</u>	<u>15</u>
Total # of Units	150
Residential Units Gross S.F.	140,000
<u>Retail Gross S.F.</u>	<u>9,335</u>
Gross Building Area	149,335
Net Rentable Area (Residential)	116,200
<u>Net Rentable Area (Retail)</u>	<u>9,335</u>
Total Net Rentable Area	125,535
Parking Spaces	75

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$135.00 /lot SF	\$4,158,000	\$27,720	\$27.84	\$33.12
Predevelopment					
Site Work	\$3.00 /lot SF	\$92,400	\$616	\$0.62	\$0.74
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$92,400	\$616	\$0.62	\$0.74
Hard Costs					
Hard Costs (Residential)		\$37,800,000	\$252,000	\$270.00	\$301.11
Hard Costs (Retail)		\$1,867,000	\$12,447	\$200.00	\$14.87
TI's Retail	\$50 PSF	\$466,750	\$3,112	\$3.13	\$3.72
Parking	<u>incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$40,133,750	\$267,558	\$268.75	\$319.70
Soft Costs					
Predevelopment	0.5%	\$200,669	\$1,338	\$1.34	\$1.60
Architecture & Engineering	5.0%	\$2,006,688	\$13,378	\$13.44	\$15.99
Permit Costs	2.0%	\$802,675	\$5,351	\$5.37	\$6.39
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$298,080	\$1,987	\$2.00	\$2.37
DIF - Parks	\$11,899 /unit	\$1,606,365	\$10,709	\$10.76	\$12.80
DIF - Library	\$858 /unit	\$115,830	\$772	\$0.78	\$0.92
DIF - Fire	\$561 /unit	\$75,735	\$505	\$0.51	\$0.60
RTCIP	\$2,456 /unit	\$331,560	\$2,210	\$2.22	\$2.64
School Impact Fee	\$4.08 /net SF	\$474,096	\$3,161	\$3.17	\$3.78
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$88,496	\$589.97	\$0.59	\$0.70
DIF - Fire	\$561 /1,000 SF	\$5,237	\$34.91	\$0.04	\$0.04
School Impact Fee	\$0.66 /net SF	\$6,161	\$41.07	\$0.04	\$0.05
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$401,338	\$2,676	\$2.69	\$3.20
Taxes & Insurance	1.75%	\$702,341	\$4,682	\$4.70	\$5.59
Developer Fee	3.0%	\$1,417,471	\$9,450	\$9.49	\$11.29
Marketing/Lease-Up	1.50%	\$602,006	\$4,013	\$4.03	\$4.80
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	23%	\$9,134,746	\$60,898	\$61.17	\$72.77
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$2,463,425	\$16,423	\$16.50	\$19.62
Construction Loan Interest		\$1,052,315	\$7,015	\$7.05	\$8.38
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$278,044</u>	<u>\$1,854</u>	<u>\$1.86</u>	<u>\$2.21</u>
Finance & Contingency Subtotal		\$3,793,784	\$25,292	\$25.40	\$30.22
Total Project Costs		\$57,312,680	\$382,085	\$383.79	\$456.55
Total Project Costs (Excl. Land)		\$53,154,680	\$354,365	\$355.94	\$423.43

Mixed-Use Corridor (Prototye 2) - Podium Med. Density Multifamily
College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			135	135	135	135	135
Units Leased (Market Rate)			98	131	131	131	131
Units Leased (Affordable)			15	15	15	15	15
Units Vacant (Market Rate)			37	4	4	4	4
Occupancy Rate (Market Rate)			72.8%	97.0%	97.0%	97.0%	97.0%
Vacancy Rate (Market Rate)			27.2%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Market Rate)		\$2,360	\$2,431	\$2,504	\$2,579	\$2,656	\$2,736
Monthly Rent Per S.F. (Market Rate)		\$3.05	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$1,735	\$1,787	\$1,840	\$1,895	\$1,952	\$2,011
Monthly Rent Per S.F. (Affordable)		\$2.22	\$2.29	\$2.36	\$2.43	\$2.50	\$2.58
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$3,937,896	\$4,056,033	\$4,177,714	\$4,303,045	\$4,432,137
Gross Rental Income (Affordable Units)		\$0	\$321,595	\$331,243	\$341,180	\$351,415	\$361,958
Retail Income (NNN)		\$0	\$230,761	\$237,684	\$244,815	\$252,159	\$259,724
Less: Vacancy & Credit Loss (Residential)		\$0	(\$1,071,983)	(\$120,179)	(\$123,784)	(\$127,498)	(\$131,323)
Net Rental Income		\$0	\$3,418,269	\$4,504,781	\$4,639,924	\$4,779,122	\$4,922,496
Less: Operating Expenses	Per Unit (\$4,896)	% Increase 2.0%	\$0	(\$565,561)	(\$743,695)	(\$758,568)	(\$773,740)
Less: Property Taxes	(\$3,532)	2.0%	\$0	(\$540,434)	(\$551,242)	(\$562,267)	(\$573,513)
Less: Brokerage Commission (Retail)	3.0%		\$0	(\$34,614)	\$0	\$0	\$0
Operating Expenses			\$0	(\$1,140,609)	(\$1,294,937)	(\$1,320,836)	(\$1,347,253)
Operating Expense Ratio			-	33.4%	28.7%	28.5%	28.2%
Net Operating Income			\$0	\$2,277,660	\$3,209,844	\$3,319,088	\$3,431,869
Less: Permanent Debt Service			\$0	\$0	(\$2,451,886)	(\$2,451,886)	(\$2,451,886)
Net Proceeds from Refinance:			\$0	\$5,330,686	\$0	\$0	\$0
Cash Flow From Operations			\$0	\$7,608,345	\$757,958	\$867,203	\$979,984
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$3,288,574	
Asset Value						\$73,079,430	
Asset Value Per Net SF						\$629	
Asset Value Per Unit						\$487,196	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$259,724	
Asset Value						\$4,722,250	
Asset Value Per Net SF						\$506	
Sale Price						\$77,801,680	
Less: Commissions & Closing Costs						(\$1,167,025)	
Less: Principal Balance of Loan O/S						(\$40,443,486)	
Net Proceeds from Disposition						\$36,191,168	
Total Cash Flow Before Taxes		(\$20,059,438)	\$0	\$7,608,345	\$757,958	\$867,203	\$37,171,152
IRR	21%						



Gateway Node (Prototype 1) - Wrapped Parking Med. Density Multifamily
College Area CPA, San Diego, CA

Assumptions & Results

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	24 months
Op. Ex. Per Unit	\$400
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$132,528,301
Asset Value PSF	\$532

BUILDING ASSUMPTIONS

Total # of Units	260
Units Per Net Acre (Pad)	110.07
FAR	2.42
Residential Units Gross S.F.	243,133
Lobby + Amenity	0
Retail Gross S.F.	6,000
Gross Building Area	249,133
Net Rentable Area (Residential)	83% Efficiency 201,800
Net Rentable Area (Retail)	100% Efficiency 6,000
Total Net Rentable Area	207,800
Parking -	
Studio	0.77 /unit 29
1 Bed	0.77 /unit 91
2 Bed	0.77 /unit 69
3 Bed	0.77 /unit 11
Parking Spaces	200
Parking Area	250 SF/space 50,050

FINANCING

Construction Financing:		
Loan Amount	\$67,287,620	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	24	
Refinance:	Take-Out Refi	
Refinance at End of Year:	4	
Permanent Loan Amount	\$77,290,390	
Less: Construction Loan	(\$67,287,620)	
Less: Loan Fees	0.50% (\$386,452)	
Net Proceeds From Refinance	\$9,616,317	
Permanent Loan Info:		
Loan Amount	\$77,290,390	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$4,427,954	
Next Year NOI @ Refi	\$5,796,779	
Value at Refi	\$128,817,316	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE

Land S.F.	102,890
Land Acres	2.36
Land Value	\$115.00 /lot SF \$11,832,350
\$/Unit	\$45,509

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	38	14.6%	500	19,000	\$2,000	\$4.00
1 Bed	118	45.4%	700	82,600	\$2,200	\$3.14
2 Bed	90	34.6%	950	85,500	\$2,600	\$2.74
3 Bed	14	5.4%	1,050	14,700	\$3,200	\$3.05
Subtotal	260	100.0%	776	201,800	\$2,363	\$3.04
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	-
1 Bed - 50% AMI	0	-	700	0	-	-
2 Bed - 50% AMI	0	-	950	0	-	-
3 Bed - 50% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 60% AMI	0	-	500	0	-	-
1 Bed - 60% AMI	0	-	700	0	-	-
2 Bed - 60% AMI	0	-	950	0	-	-
3 Bed - 60% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 120% AMI	0	-	500	0	-	-
1 Bed - 120% AMI	0	-	700	0	-	-
2 Bed - 120% AMI	0	-	950	0	-	-
3 Bed - 120% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Total Affordable	0		0	0	\$0	\$0
Total	260	100.0%	776	201,800	\$2,363	\$3.04
Retail S.F. (Gross)						
				6,000		
Retail S.F. (Net)				6,000		
Stabilized Occupancy				100%		
Stabilized Occupied S.F.				6,000		
Monthly Rent PSF (NNN - Base)				\$2.00		
Rental Rate Inflation				3.0%		

Average Daily Trips

Retail	30 /1,000 SF	180
Total		180

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$11,832,350	\$45,509	\$47.49	\$56.94
Predevelopment	\$308,670	\$1,187	\$1.24	\$1.49
Hard Costs	\$67,145,783	\$258,253	\$269.52	\$323.13
Soft Costs	\$15,840,232	\$60,924	\$63.58	\$76.23
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$4,149,301	\$15,959	\$16.65	\$19.97
Construction Loan Interest	\$3,740,871	\$14,388	\$15.02	\$18.00
Loan Fee	\$502,209	\$1,932	\$2.02	\$2.42
Total Costs	\$103,519,416	\$398,152	\$415.52	\$498.17
Less: Loan Amount	(\$67,287,620)	(\$258,799)	(\$270.09)	(\$1.28)
Initial Investment:	\$36,231,796	\$139,353	\$145.43	\$179.54

INVESTMENT PERFORMANCE

Stabilized NOI	Year 5	\$5,796,779
Total Project Costs		\$103,519,416
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$36,231,796)
Year 1	0.0%	\$0
Year 2	0.0%	\$0
Year 3	6.1%	\$2,221,745
Year 4	41.7%	\$15,092,991
Year 5	154.5%	\$55,979,924
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$37,062,865
Before Tax IRR		16.1%

Gateway Node (Prototype 1) - Wrapped Parking Med. Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	260
<u>Affordable Units</u>	<u>0</u>
Total # of Units	260
Residential Units Gross S.F.	243,133
<u>Retail Gross S.F.</u>	<u>6,000</u>
Gross Building Area	249,133
Net Rentable Area (Residential)	201,800
<u>Net Rentable Area (Retail)</u>	<u>6,000</u>
Total Net Rentable Area	207,800
Parking Spaces	200

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$115.00 /lot SF	\$11,832,350	\$45,509	\$47.49	\$56.94
Predevelopment					
Site Work	\$3.00 /lot SF	\$308,670	\$1,187	\$1.24	\$1.49
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$308,670	\$1,187	\$1.24	\$1.49
Hard Costs					
Hard Costs (Residential)		\$65,645,783	\$252,484	\$270.00	\$315.91
Hard Costs (Retail)		\$1,200,000	\$4,615	\$200.00	\$5.77
TI's Retail	\$50 PSF	\$300,000	\$1,154	\$1.20	\$1.44
Parking	<u>incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$67,145,783	\$258,253	\$269.52	\$323.13
Soft Costs					
Predevelopment	0.5%	\$335,729	\$1,291	\$1.35	\$1.62
Architecture & Engineering	5.0%	\$3,357,289	\$12,913	\$13.48	\$16.16
Permit Costs	2.0%	\$1,342,916	\$5,165	\$5.39	\$6.46
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$574,080	\$2,208	\$2.30	\$2.76
DIF - Parks	\$11,899 /unit	\$3,093,740	\$11,899	\$12.42	\$14.89
DIF - Library	\$858 /unit	\$223,080	\$858	\$0.90	\$1.07
DIF - Fire	\$561 /unit	\$145,860	\$561	\$0.59	\$0.70
RTCIP	\$2,456 /unit	\$638,560	\$2,456	\$2.56	\$3.07
School Impact Fee	\$4.08 /net SF	\$823,344	\$3,167	\$3.30	\$3.96
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$56,880	\$218.77	\$0.23	\$0.27
DIF - Fire	\$561 /1,000 SF	\$3,366	\$12.95	\$0.01	\$0.02
School Impact Fee	\$0.66 /net SF	\$3,960	\$15.23	\$0.02	\$0.02
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$671,458	\$2,583	\$2.70	\$3.23
Taxes & Insurance	1.75%	\$1,175,051	\$4,519	\$4.72	\$5.65
Developer Fee	3.0%	\$2,387,733	\$9,184	\$9.58	\$11.49
Marketing/Lease-Up	1.50%	\$1,007,187	\$3,874	\$4.04	\$4.85
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	24%	\$15,840,232	\$60,924	\$63.58	\$76.23
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$4,149,301	\$15,959	\$16.65	\$19.97
Construction Loan Interest		\$3,740,871	\$14,388	\$15.02	\$18.00
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$502,209</u>	<u>\$1,932</u>	<u>\$2.02</u>	<u>\$2.42</u>
Finance & Contingency Subtotal		\$8,392,380	\$32,278	\$33.69	\$40.39
Total Project Costs		\$103,519,416	\$398,152	\$415.52	\$498.17
Total Project Costs (Excl. Land)		\$91,687,066	\$352,643	\$368.03	\$441.23

Gateway Node (Prototype 1) - Wrapped Parking Med. Density Multifamily
 College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			260	260	260	260	260
Units Leased (Market Rate)			0	123	245	250	250
Units Leased (Affordable)			0	0	0	0	0
Units Vacant (Market Rate)			260	137	15	10	10
Occupancy Rate (Market Rate)			0.0%	47.3%	94.2%	96.2%	96.2%
Vacancy Rate (Market Rate)			100.0%	52.7%	5.8%	3.8%	3.8%
Monthly Rent (Market Rate)		\$2,363	\$2,434	\$2,507	\$2,582	\$2,660	\$2,739
Monthly Rent Per S.F. (Market Rate)		\$3.04	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$7,593,984	\$7,821,804	\$8,056,458	\$8,298,151	\$8,547,096
Gross Rental Income (Affordable Units)		\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)		\$0	\$0	\$152,770	\$157,353	\$162,073	\$166,935
Less: Vacancy & Credit Loss (Residential)		\$0	(\$7,593,984)	(\$4,123,996)	(\$464,796)	(\$319,160)	(\$328,734)
Net Rental Income		\$0	\$0	\$3,850,577	\$7,749,015	\$8,141,065	\$8,385,297
Less: Operating Expenses	Per Unit (\$4,896)		\$0	(\$626,113)	(\$1,272,940)	(\$1,324,897)	(\$1,351,395)
Less: Property Taxes	% Increase (\$3,622)		\$0	(\$979,805)	(\$999,401)	(\$1,019,389)	(\$1,039,777)
Less: Brokerage Commission (Retail)	3.0%		\$0	(\$22,915)	\$0	\$0	\$0
Operating Expenses		\$0	\$0	(\$1,628,833)	(\$2,272,341)	(\$2,344,286)	(\$2,391,171)
Operating Expense Ratio		-	-	42.3%	29.3%	28.8%	28.5%
Net Operating Income		\$0	\$0	\$2,221,745	\$5,476,674	\$5,796,779	\$5,994,125
Less: Permanent Debt Service		\$0	\$0	\$0	\$0	(\$4,427,954)	\$0
Net Proceeds from Refinance:		\$0	\$0	\$0	\$9,616,317	\$0	\$0
Cash Flow From Operations		\$0	\$0	\$2,221,745	\$15,092,991	\$1,368,826	\$0
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$5,827,190	
Asset Value						\$129,493,111	
Asset Value Per Net SF						\$642	
Asset Value Per Unit						\$498,050	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$166,935	
Asset Value						\$3,035,190	
Asset Value Per Net SF						\$506	
Sale Price						\$132,528,301	
Less: Commissions & Closing Costs						(\$1,987,925)	
Less: Principal Balance of Loan O/S						(\$75,929,278)	
Net Proceeds from Disposition						\$54,611,099	
Total Cash Flow Before Taxes		(\$36,231,796)	\$0	\$0	\$2,221,745	\$15,092,991	\$55,979,924
IRR	16%						

Gateway Node (Prototype 1) - Wrapped Parking Med. Density Multifamily
College Area CPA, San Diego, CA

Assumptions & Results

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	24 months
Op. Ex. Per Unit	\$400
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$132,590,682
Asset Value PSF	\$532

BUILDING ASSUMPTIONS

Total # of Units	260
Units Per Net Acre (Pad)	110.07
FAR	2.42
Residential Units Gross S.F.	243,133
Lobby + Amenity	0
Retail Gross S.F.	6,000
Gross Building Area	249,133
Net Rentable Area (Residential)	83% Efficiency 201,800
Net Rentable Area (Retail)	100% Efficiency 6,000
Total Net Rentable Area	207,800
Parking -	
Studio	0.77 /unit 29
1 Bed	0.77 /unit 91
2 Bed	0.77 /unit 69
3 Bed	0.77 /unit 11
Parking Spaces	200
Parking Area	250 SF/space 50,050

FINANCING

Construction Financing:		
Loan Amount	\$67,282,982	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	24	
Refinance: Take-Out Refi		
Refinance at End of Year:	4	
Permanent Loan Amount	\$77,327,084	
Less: Construction Loan	(\$67,282,982)	
Less: Loan Fees	0.50% (\$386,635)	
Net Proceeds From Refinance	\$9,657,467	
Permanent Loan Info:		
Loan Amount	\$77,327,084	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$4,430,056	
Next Year NOI @ Refi	\$5,799,531	
Value at Refi	\$128,878,474	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE

Land S.F.	102,890
Land Acres	2.36
Land Value	\$62.00 /lot SF \$6,379,180
\$/Unit	\$24,535

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	38	14.6%	500	19,000	\$2,000	\$4.00
1 Bed	118	45.4%	700	82,600	\$2,200	\$3.14
2 Bed	90	34.6%	950	85,500	\$2,600	\$2.74
3 Bed	14	5.4%	1,050	14,700	\$3,200	\$3.05
Subtotal	260	100.0%	776	201,800	\$2,363	\$3.04
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	-
1 Bed - 50% AMI	0	-	700	0	-	-
2 Bed - 50% AMI	0	-	950	0	-	-
3 Bed - 50% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 60% AMI	0	-	500	0	-	-
1 Bed - 60% AMI	0	-	700	0	-	-
2 Bed - 60% AMI	0	-	950	0	-	-
3 Bed - 60% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 120% AMI	0	-	500	0	-	-
1 Bed - 120% AMI	0	-	700	0	-	-
2 Bed - 120% AMI	0	-	950	0	-	-
3 Bed - 120% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Total Affordable	0		0	0	\$0	\$0
Total	260	100.0%	776	201,800	\$2,363	\$3.04
Retail S.F. (Gross) 6,000						
Retail S.F. (Net) 6,000						
Stabilized Occupancy 100%						
Stabilized Occupied S.F. 6,000						
Monthly Rent PSF (NNN - Base) \$2.00						
Rental Rate Inflation 3.0%						

Average Daily Trips

Retail	30 /1,000 SF	180
Total		180

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$6,379,180	\$24,535	\$25.61	\$30.70
Predevelopment	\$308,670	\$1,187	\$1.24	\$1.49
Hard Costs	\$67,145,783	\$258,253	\$269.52	\$323.13
Soft Costs	\$21,036,582	\$80,910	\$84.44	\$101.23
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$4,409,118	\$16,958	\$17.70	\$21.22
Construction Loan Interest	\$3,730,771	\$14,349	\$14.98	\$17.95
Loan Fee	\$502,174	\$1,931	\$2.02	\$2.42
Total Costs	\$103,512,279	\$398,124	\$415.49	\$498.13
Less: Loan Amount	(\$67,282,982)	(\$258,781)	(\$270.07)	(\$1.28)
Initial Investment:	\$36,229,298	\$139,343	\$145.42	\$179.53

INVESTMENT PERFORMANCE

Stabilized NOI	Year 5	\$5,799,531
Total Project Costs		\$103,512,279
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$36,229,298)
Year 1	0.0%	\$0
Year 2	0.0%	\$0
Year 3	6.1%	\$2,224,390
Year 4	41.8%	\$15,136,839
Year 5	154.6%	\$56,005,971
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$37,137,902
Before Tax IRR		16.2%

Gateway Node (Prototype 1) - Wrapped Parking Med. Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	260
<u>Affordable Units</u>	<u>0</u>
Total # of Units	260
Residential Units Gross S.F.	243,133
<u>Retail Gross S.F.</u>	<u>6,000</u>
Gross Building Area	249,133
Net Rentable Area (Residential)	201,800
<u>Net Rentable Area (Retail)</u>	<u>6,000</u>
Total Net Rentable Area	207,800
Parking Spaces	200

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$62.00 /lot SF	\$6,379,180	\$24,535	\$25.61	\$30.70
Predevelopment					
Site Work	\$3.00 /lot SF	\$308,670	\$1,187	\$1.24	\$1.49
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$308,670	\$1,187	\$1.24	\$1.49
Hard Costs					
Hard Costs (Residential)		\$65,645,783	\$252,484	\$270.00	\$315.91
Hard Costs (Retail)		\$1,200,000	\$4,615	\$200.00	\$5.77
TI's Retail	\$50 PSF	\$300,000	\$1,154	\$1.20	\$1.44
Parking	<u>incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$67,145,783	\$258,253	\$269.52	\$323.13
Soft Costs					
Predevelopment	0.5%	\$335,729	\$1,291	\$1.35	\$1.62
Architecture & Engineering	5.0%	\$3,357,289	\$12,913	\$13.48	\$16.16
Permit Costs	2.0%	\$1,342,916	\$5,165	\$5.39	\$6.46
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$574,080	\$2,208	\$2.30	\$2.76
DIF - Parks	\$11,899 /unit	\$3,093,740	\$11,899	\$12.42	\$14.89
DIF - Library	\$858 /unit	\$223,080	\$858	\$0.90	\$1.07
DIF - Fire	\$561 /unit	\$145,860	\$561	\$0.59	\$0.70
RTCIP	\$2,456 /unit	\$638,560	\$2,456	\$2.56	\$3.07
School Impact Fee	\$4.08 /net SF	\$823,344	\$3,167	\$3.30	\$3.96
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$56,880	\$218.77	\$0.23	\$0.27
DIF - Fire	\$561 /1,000 SF	\$3,366	\$12.95	\$0.01	\$0.02
School Impact Fee	\$0.66 /net SF	\$3,960	\$15.23	\$0.02	\$0.02
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$25.00 PSF	\$5,045,000	\$19,404	\$20.25	\$24.28
Legal & Accounting	1.0%	\$671,458	\$2,583	\$2.70	\$3.23
Taxes & Insurance	1.75%	\$1,175,051	\$4,519	\$4.72	\$5.65
Developer Fee	3.0%	\$2,539,083	\$9,766	\$10.19	\$12.22
Marketing/Lease-Up	1.50%	\$1,007,187	\$3,874	\$4.04	\$4.85
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	31%	\$21,036,582	\$80,910	\$84.44	\$101.23
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$4,409,118	\$16,958	\$17.70	\$21.22
Construction Loan Interest		\$3,730,771	\$14,349	\$14.98	\$17.95
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$502,174</u>	<u>\$1,931</u>	<u>\$2.02</u>	<u>\$2.42</u>
Finance & Contingency Subtotal		\$8,642,064	\$33,239	\$34.69	\$41.59
Total Project Costs		\$103,512,279	\$398,124	\$415.49	\$498.13
Total Project Costs (Excl. Land)		\$97,133,099	\$373,589	\$389.89	\$467.44

Gateway Node (Prototype 1) - Wrapped Parking Med. Density Multifamily
 College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			260	260	260	260	260
Units Leased (Market Rate)			0	123	245	250	250
Units Leased (Affordable)			0	0	0	0	0
Units Vacant (Market Rate)			260	137	15	10	10
Occupancy Rate (Market Rate)			0.0%	47.3%	94.2%	96.2%	96.2%
Vacancy Rate (Market Rate)			100.0%	52.7%	5.8%	3.8%	3.8%
Monthly Rent (Market Rate)		\$2,363	\$2,434	\$2,507	\$2,582	\$2,660	\$2,739
Monthly Rent Per S.F. (Market Rate)		\$3.04	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$7,593,984	\$7,821,804	\$8,056,458	\$8,298,151	\$8,547,096
Gross Rental Income (Affordable Units)		\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)		\$0	\$0	\$152,770	\$157,353	\$162,073	\$166,935
Less: Vacancy & Credit Loss (Residential)		\$0	(\$7,593,984)	(\$4,123,996)	(\$464,796)	(\$319,160)	(\$328,734)
Net Rental Income		\$0	\$0	\$3,850,577	\$7,749,015	\$8,141,065	\$8,385,297
Less: Operating Expenses	Per Unit (\$4,896)		\$0	(\$626,113)	(\$1,272,940)	(\$1,324,897)	(\$1,351,395)
Less: Property Taxes	% Increase (\$3,612)		\$0	(\$977,159)	(\$996,703)	(\$1,016,637)	(\$1,036,969)
Less: Brokerage Commission (Retail)	3.0%		\$0	(\$22,915)	\$0	\$0	\$0
Operating Expenses		\$0	\$0	(\$1,626,188)	(\$2,269,643)	(\$2,341,534)	(\$2,388,364)
Operating Expense Ratio		-	-	42.2%	29.3%	28.8%	28.5%
Net Operating Income		\$0	\$0	\$2,224,390	\$5,479,372	\$5,799,531	\$5,996,933
Less: Permanent Debt Service		\$0	\$0	\$0	\$0	(\$4,430,056)	\$0
Net Proceeds from Refinance:		\$0	\$0	\$0	\$9,657,467	\$0	\$0
Cash Flow From Operations		\$0	\$0	\$2,224,390	\$15,136,839	\$1,369,475	\$0
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$5,829,997	
Asset Value						\$129,555,492	
Asset Value Per Net SF						\$642	
Asset Value Per Unit						\$498,290	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$166,935	
Asset Value						\$3,035,190	
Asset Value Per Net SF						\$506	
Sale Price						\$132,590,682	
Less: Commissions & Closing Costs						(\$1,988,860)	
Less: Principal Balance of Loan O/S						(\$75,965,326)	
Net Proceeds from Disposition						\$54,636,496	
Total Cash Flow Before Taxes		(\$36,229,298)	\$0	\$0	\$2,224,390	\$15,136,839	\$56,005,971
IRR	16%						

Gateway Node (Prototype 1) - Wrapped Parking Med. Density Multifamily
College Area CPA, San Diego, CA

Assumptions & Results

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	24 months
Op. Ex. Per Unit	\$400
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$128,736,983
Asset Value PSF	\$516

BUILDING ASSUMPTIONS

Total # of Units	260
Units Per Net Acre (Pad)	110.07
FAR	2.42
Residential Units Gross S.F.	243,434
Lobby + Amenity	0
Retail Gross S.F.	6,000
Gross Building Area	249,434
Net Rentable Area (Residential)	83% Efficiency 202,050
Net Rentable Area (Retail)	100% Efficiency 6,000
Total Net Rentable Area	208,050
Parking -	
Studio	0.77 /unit 29
1 Bed	0.77 /unit 90
2 Bed	0.77 /unit 70
3 Bed	0.77 /unit 11
Parking Spaces	200
Parking Area	250 SF/space 50,050

FINANCING

Construction Financing:		
Loan Amount	\$65,335,974	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	24	
Refinance:	Take-Out Refi	
Refinance at End of Year:	4	
Permanent Loan Amount	\$75,085,131	
Less: Construction Loan	(\$65,335,974)	
Less: Loan Fees	0.50% (\$375,426)	
Net Proceeds From Refinance	\$9,373,732	
Permanent Loan Info:		
Loan Amount	\$75,085,131	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$4,301,615	
Next Year NOI @ Refi	\$5,631,385	
Value at Refi	\$125,141,885	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE

Land S.F.	102,890
Land Acres	2.36
Land Value	\$91.00 /lot SF \$9,362,990
\$/Unit	\$36,012

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	34	14.5%	500	17,000	\$2,000	\$4.00
1 Bed	106	45.3%	700	74,200	\$2,200	\$3.14
2 Bed	82	35.0%	950	77,900	\$2,600	\$2.74
3 Bed	12	5.1%	1,050	12,600	\$3,200	\$3.05
Subtotal	234	100.0%	776	181,700	\$2,362	\$3.04
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	
1 Bed - 50% AMI	0	-	700	0	-	
2 Bed - 50% AMI	0	-	950	0	-	
3 Bed - 50% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 60% AMI	0	-	500	0	-	
1 Bed - 60% AMI	0	-	700	0	-	
2 Bed - 60% AMI	0	-	950	0	-	
3 Bed - 60% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 80% AMI	4	15.4%	500	2,000	\$1,469	\$2.94
1 Bed - 80% AMI	11	42.3%	700	7,700	\$1,691	\$2.42
2 Bed - 80% AMI	9	34.6%	950	8,550	\$1,854	\$1.95
3 Bed - 80% AMI	2	7.7%	1,050	2,100	\$1,974	\$1.88
Subtotal	26	100.0%	783	20,350	\$1,735	\$2.22
Total Affordable	26		783	20,350	\$1,735	\$2.22
Total	260	100.0%	777	202,050	\$2,300	\$2.96
Retail S.F. (Gross)						
				6,000		
Retail S.F. (Net)				6,000		
Stabilized Occupancy				100%		
Stabilized Occupied S.F.				6,000		
Monthly Rent PSF (NNN - Base)				\$2.00		
Rental Rate Inflation				3.0%		

Average Daily Trips

Retail	30 /1,000 SF	180
Total		180

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$9,362,990	\$36,012	\$37.54	\$45.00
Predevelopment	\$308,670	\$1,187	\$1.24	\$1.48
Hard Costs	\$67,227,108	\$258,566	\$269.52	\$323.13
Soft Costs	\$15,371,971	\$59,123	\$61.63	\$73.89
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$4,129,954	\$15,884	\$16.56	\$19.85
Construction Loan Interest	\$3,628,547	\$13,956	\$14.55	\$17.44
Loan Fee	\$487,643	\$1,876	\$1.95	\$2.34
Total Costs	\$100,516,882	\$386,603	\$402.98	\$483.14
Less: Loan Amount	(\$65,335,974)	(\$251,292)	(\$261.94)	(\$1.24)
Initial Investment:	\$35,180,909	\$135,311	\$141.04	\$174.12

INVESTMENT PERFORMANCE

Stabilized NOI	Year 5	\$5,631,385
Total Project Costs		\$100,516,882
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$35,180,909)
Year 1	0.0%	\$0
Year 2	0.0%	\$0
Year 3	7.7%	\$2,691,955
Year 4	42.1%	\$14,797,538
Year 5	154.6%	\$54,372,844
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$36,681,428
Before Tax IRR		16.4%

Gateway Node (Prototype 1) - Wrapped Parking Med. Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	234
Affordable Units	26
Total # of Units	260
Residential Units Gross S.F.	243,434
Retail Gross S.F.	6,000
Gross Building Area	249,434
Net Rentable Area (Residential)	202,050
Net Rentable Area (Retail)	6,000
Total Net Rentable Area	208,050
Parking Spaces	200

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$91.00 /lot SF	\$9,362,990	\$36,012	\$37.54	\$45.00
Predevelopment					
Site Work	\$3.00 /lot SF	\$308,670	\$1,187	\$1.24	\$1.48
Demolition	Incl.	\$0	\$0	\$0.00	\$0.00
Predevelopment Subtotal		\$308,670	\$1,187	\$1.24	\$1.48
Hard Costs					
Hard Costs (Residential)		\$65,727,108	\$252,797	\$270.00	\$315.92
Hard Costs (Retail)		\$1,200,000	\$4,615	\$200.00	\$5.77
TI's Retail	\$50 PSF	\$300,000	\$1,154	\$1.20	\$1.44
Parking	incl.	\$0	\$0	\$0.00	\$0.00
Hard Cost Deduction	0.0%	\$0	\$0	\$0.00	\$0.00
Hard Costs Subtotal		\$67,227,108	\$258,566	\$269.52	\$323.13
Soft Costs					
Predevelopment	0.5%	\$336,136	\$1,293	\$1.35	\$1.62
Architecture & Engineering	5.0%	\$3,361,355	\$12,928	\$13.48	\$16.16
Permit Costs	2.0%	\$1,344,542	\$5,171	\$5.39	\$6.46
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$516,672	\$1,987	\$2.07	\$2.48
DIF - Parks	\$11,899 /unit	\$2,784,366	\$10,709	\$11.16	\$13.38
DIF - Library	\$858 /unit	\$200,772	\$772	\$0.80	\$0.97
DIF - Fire	\$561 /unit	\$131,274	\$505	\$0.53	\$0.63
RTCIP	\$2,456 /unit	\$574,704	\$2,210	\$2.30	\$2.76
School Impact Fee	\$4.08 /net SF	\$824,364	\$3,171	\$3.30	\$3.96
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$56,880	\$218.77	\$0.23	\$0.27
DIF - Fire	\$561 /1,000 SF	\$3,366	\$12.95	\$0.01	\$0.02
School Impact Fee	\$0.66 /net SF	\$3,960	\$15.23	\$0.02	\$0.02
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$672,271	\$2,586	\$2.70	\$3.23
Taxes & Insurance	1.75%	\$1,176,474	\$4,525	\$4.72	\$5.65
Developer Fee	3.0%	\$2,376,427	\$9,140	\$9.53	\$11.42
Marketing/Lease-Up	1.50%	\$1,008,407	\$3,878	\$4.04	\$4.85
Prevailing Wage	0.0%	\$0	\$0	\$0.00	\$0.00
Soft Costs Subtotal	23%	\$15,371,971	\$59,123	\$61.63	\$73.89
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
Commercial Impact	0%	\$0	\$0	\$0.00	\$0.00
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$4,129,954	\$15,884	\$16.56	\$19.85
Construction Loan Interest		\$3,628,547	\$13,956	\$14.55	\$17.44
Loan Fee	0.75%	\$487,643	\$1,876	\$1.95	\$2.34
Finance & Contingency Subtotal		\$8,246,143	\$31,716	\$33.06	\$39.64
Total Project Costs		\$100,516,882	\$386,603	\$402.98	\$483.14
Total Project Costs (Excl. Land)		\$91,153,892	\$350,592	\$365.44	\$438.13

Gateway Node (Prototype 1) - Wrapped Parking Med. Density Multifamily
 College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial	Construction		Year 3	Year 4	Year 5	Year 6
	0	Year 1	Year 2	3	4	5	6
		1	2				
Total Market Rate Units			234	234	234	234	234
Units Leased (Market Rate)			0	123	224	225	225
Units Leased (Affordable)			0	26	26	26	26
Units Vacant (Market Rate)			234	111	10	9	9
Occupancy Rate (Market Rate)			0.0%	52.5%	95.8%	96.2%	96.2%
Vacancy Rate (Market Rate)			100.0%	47.5%	4.2%	3.8%	3.8%
Monthly Rent (Market Rate)		\$2,362	\$2,433	\$2,506	\$2,581	\$2,659	\$2,739
Monthly Rent Per S.F. (Market Rate)		\$3.04	\$3.13	\$3.23	\$3.32	\$3.42	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$1,735	\$1,787	\$1,841	\$1,896	\$1,953	\$2,011
Monthly Rent Per S.F. (Affordable)		\$2.22	\$2.28	\$2.35	\$2.42	\$2.49	\$2.57
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$6,832,608	\$7,037,586	\$7,248,714	\$7,466,175	\$7,690,160
Gross Rental Income (Affordable Units)		\$0	\$0	\$574,299	\$591,528	\$609,274	\$627,552
Retail Income (NNN)		\$0	\$0	\$152,770	\$157,353	\$162,073	\$166,935
Less: Vacancy & Credit Loss (Residential)		\$0	(\$6,832,608)	(\$3,340,848)	(\$304,611)	(\$287,161)	(\$295,775)
Net Rental Income		\$0	\$0	\$4,423,807	\$7,692,983	\$7,950,362	\$8,188,873
Less: Operating Expenses	Per Unit	% Increase					
	(\$4,896)	2.0%	\$0	\$0	(\$758,551)	(\$1,299,785)	(\$1,330,197)
Less: Property Taxes	(\$3,513)	2.0%	\$0	\$0	(\$950,385)	(\$969,393)	(\$988,780)
Less: Brokerage Commission (Retail)	3.0%		\$0	\$0	(\$22,915)	\$0	\$0
Operating Expenses			\$0	\$0	(\$1,731,852)	(\$2,269,177)	(\$2,318,977)
Operating Expense Ratio			-	-	39.1%	29.5%	29.2%
Net Operating Income			\$0	\$0	\$2,691,955	\$5,423,806	\$5,631,385
Less: Permanent Debt Service			\$0	\$0	\$0	\$0	(\$4,301,615)
Net Proceeds from Refinance:			\$0	\$0	\$0	\$9,373,732	\$0
Cash Flow From Operations			\$0	\$0	\$2,691,955	\$14,797,538	\$1,329,770
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$5,656,581	
Asset Value						\$125,701,793	
Asset Value Per Net SF						\$622	
Asset Value Per Unit						\$483,468	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$166,935	
Asset Value						\$3,035,190	
Asset Value Per Net SF						\$506	
Sale Price						\$128,736,983	
Less: Commissions & Closing Costs						(\$1,931,055)	
Less: Principal Balance of Loan O/S						(\$73,762,855)	
Net Proceeds from Disposition						\$53,043,074	
Total Cash Flow Before Taxes		(\$35,180,909)	\$0	\$0	\$2,691,955	\$14,797,538	\$54,372,844
IRR	16%						

Gateway Node (Prototype 2) - Wrapped/Podium Parking High Density Multifamily
College Area CPA, San Diego, CA

Assumptions & Results

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	24 months
Op. Ex. Per Unit	\$400
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$181,652,942
Asset Value PSF	\$534

BUILDING ASSUMPTIONS

Total # of Units	358
Units Per Net Acre (Pad)	151.56
FAR	3.31
Residential Units Gross S.F.	334,157
Lobby + Amenity	incl.
Retail Gross S.F.	6,000
Gross Building Area	340,157
Net Rentable Area (Residential)	277,350
Net Rentable Area (Retail)	6,000
Net Rentable Area (Total)	283,350
Parking -	
Studio	0.56 /unit
1 Bed	0.56 /unit
2 Bed	0.56 /unit
3 Bed	0.56 /unit
Parking Spaces	200
Parking Area	250 SF/space

FINANCING

Construction Financing:	
Loan Amount	\$92,067,655
Loan to Cost	65%
Interest Rate	5.5%
Term (Months)	24
Refinance:	Take-Out Refi
Refinance at End of Year:	4
Permanent Loan Amount	\$105,792,906
Less: Construction Loan	(\$92,067,655)
Less: Loan Fees	0.50% (\$528,965)
Net Proceeds From Refinance	\$13,196,286
Permanent Loan Info:	
Loan Amount	\$105,792,906
Amortization	30
Interest Rate	4.0%
Annual Debt Service	\$6,060,858
Next Year NOI @ Refi	\$7,934,468
Value at Refi	\$176,321,509
Loan To Value	60%
Debt Coverage Ratio	1.31
Debt Yield	7.50%

RESIDUAL LAND VALUE

Land S.F.	102,890
Land Acres	2.36
Land Value	\$16,462,400
\$/Unit	\$45,984

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	54	15.1%	500	27,000	\$2,000	\$4.00
1 Bed	161	45.0%	700	112,700	\$2,200	\$3.14
2 Bed	125	34.9%	950	118,750	\$2,600	\$2.74
3 Bed	18	5.0%	1,050	18,900	\$3,200	\$3.05
Subtotal	358	100.0%	775	277,350	\$2,360	\$3.05
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	-
1 Bed - 50% AMI	0	-	700	0	-	-
2 Bed - 50% AMI	0	-	950	0	-	-
3 Bed - 50% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 60% AMI	0	-	500	0	-	-
1 Bed - 60% AMI	0	-	700	0	-	-
2 Bed - 60% AMI	0	-	950	0	-	-
3 Bed - 60% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 120% AMI	0	-	500	0	-	-
1 Bed - 120% AMI	0	-	700	0	-	-
2 Bed - 120% AMI	0	-	950	0	-	-
3 Bed - 120% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Total Affordable	0		0	0	\$0	\$0
Total	358	100.0%	775	277,350	\$2,360	\$3.05
Retail S.F. (Gross)			6,000			
Retail S.F. (Net)			6,000			
Stabilized Occupancy			100%			
Stabilized Occupied S.F.			6,000			
Monthly Rent PSF (NNN - Base)			\$2.00			
Rental Rate Inflation			3.0%			

Average Daily Trips	
Retail	30 /1,000 SF
Total	180

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$16,462,400	\$45,984	\$48.40	\$58.10
Predevelopment	\$308,670	\$862	\$0.91	\$1.09
Hard Costs	\$91,722,289	\$256,208	\$269.65	\$323.71
Soft Costs	\$21,673,434	\$60,540	\$63.72	\$76.49
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$5,669,786	\$15,837	\$16.67	\$20.01
Construction Loan Interest	\$5,118,809	\$14,298	\$15.05	\$18.07
Loan Fee	\$687,158	\$1,919	\$2.02	\$2.43
Total Costs	\$141,642,546	\$395,650	\$416.40	\$499.89
Less: Loan Amount	(\$92,067,655)	(\$257,172)	(\$270.66)	(\$0.93)
Initial Investment:	\$49,574,891	\$138,477	\$145.74	\$178.74

INVESTMENT PERFORMANCE

Stabilized NOI	Year 5	\$7,934,468
Total Project Costs		\$141,642,546
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$49,574,891)
Year 1	0.0%	\$0
Year 2	0.0%	\$0
Year 3	5.1%	\$2,510,558
Year 4	40.9%	\$20,257,472
Year 5	155.1%	\$76,871,904
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$50,065,043
Before Tax IRR		15.9%

Gateway Node (Prototype 2) - Wrapped/Podium Parking High Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	358
<u>Affordable Units</u>	<u>0</u>
Total # of Units	358
Residential Units Gross S.F.	334,157
<u>Retail Gross S.F.</u>	<u>6,000</u>
Gross Building Area	340,157
Net Rentable Area (Residential)	277,350
<u>Net Rentable Area (Retail)</u>	<u>6,000</u>
Total Net Rentable Area	283,350
Parking Spaces	200

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$160.00 /lot SF	\$16,462,400	\$45,984	\$48.40	\$58.10
Predevelopment					
Site Work	\$3.00 /lot SF	\$308,670	\$862	\$0.91	\$1.09
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$308,670	\$862	\$0.91	\$1.09
Hard Costs					
Hard Costs (Residential)		\$90,222,289	\$252,018	\$270.00	\$318.41
Hard Costs (Retail)		\$1,200,000	\$3,352	\$200.00	\$4.24
TI's Retail	\$50 PSF	\$300,000	\$838	\$0.88	\$1.06
Parking	<u>incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$91,722,289	\$256,208	\$269.65	\$323.71
Soft Costs					
Predevelopment	0.5%	\$458,611	\$1,281	\$1.35	\$1.62
Architecture & Engineering	5.0%	\$4,586,114	\$12,810	\$13.48	\$16.19
Permit Costs	2.0%	\$1,834,446	\$5,124	\$5.39	\$6.47
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$790,464	\$2,208	\$2.32	\$2.79
DIF - Parks	\$11,899 /unit	\$4,259,842	\$11,899	\$12.52	\$15.03
DIF - Library	\$858 /unit	\$307,164	\$858	\$0.90	\$1.08
DIF - Fire	\$561 /unit	\$200,838	\$561	\$0.59	\$0.71
RTCIP	\$2,456 /unit	\$879,248	\$2,456	\$2.58	\$3.10
School Impact Fee	\$4.08 /net SF	\$1,131,588	\$3,161	\$3.33	\$3.99
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$56,880	\$158.88	\$0.17	\$0.20
DIF - Fire	\$561 /1,000 SF	\$3,366	\$9.40	\$0.01	\$0.01
School Impact Fee	\$0.66 /net SF	\$3,960	\$11.06	\$0.01	\$0.01
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$917,223	\$2,562	\$2.70	\$3.24
Taxes & Insurance	1.75%	\$1,605,140	\$4,484	\$4.72	\$5.66
Developer Fee	3.0%	\$3,262,715	\$9,114	\$9.59	\$11.51
Marketing/Lease-Up	1.50%	\$1,375,834	\$3,843	\$4.04	\$4.86
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	24%	\$21,673,434	\$60,540	\$63.72	\$76.49
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$5,669,786	\$15,837	\$16.67	\$20.01
Construction Loan Interest		\$5,118,809	\$14,298	\$15.05	\$18.07
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$687,158</u>	<u>\$1,919</u>	<u>\$2.02</u>	<u>\$2.43</u>
Finance & Contingency Subtotal		\$11,475,753	\$32,055	\$33.74	\$40.50
Total Project Costs		\$141,642,546	\$395,650	\$416.40	\$499.89
Total Project Costs (Excl. Land)		\$125,180,146	\$349,665	\$368.01	\$441.79

Gateway Node (Prototype 2) - Wrapped/Podium Parking High Density Multifamily
 College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			358	358	358	358	358
Units Leased (Market Rate)			0	149	321	345	345
Units Leased (Affordable)			0	0	0	0	0
Units Vacant (Market Rate)			358	209	37	13	13
Occupancy Rate (Market Rate)			0.0%	41.7%	89.7%	96.4%	96.4%
Vacancy Rate (Market Rate)			100.0%	58.3%	10.3%	3.6%	3.6%
Monthly Rent (Market Rate)		\$2,360	\$2,431	\$2,503	\$2,579	\$2,656	\$2,736
Monthly Rent Per S.F. (Market Rate)		\$3.05	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$10,441,728	\$10,754,980	\$11,077,629	\$11,409,958	\$11,752,257
Gross Rental Income (Affordable Units)		\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)		\$0	\$0	\$152,770	\$157,353	\$162,073	\$166,935
Less: Vacancy & Credit Loss (Residential)		\$0	(\$10,441,728)	(\$6,273,738)	(\$1,137,159)	(\$414,328)	(\$426,758)
Net Rental Income		\$0	\$0	\$4,634,011	\$10,097,823	\$11,157,703	\$11,492,434
Less: Operating Expenses	Per Unit (\$4,896)		\$0	\$0	(\$759,825)	(\$1,669,110)	(\$1,828,358)
Less: Property Taxes	% Increase 2.0%		\$0	\$0	(\$1,340,713)	(\$1,367,527)	(\$1,394,878)
Less: Brokerage Commission (Retail)	3.0%		\$0	\$0	(\$22,915)	\$0	\$0
Operating Expenses		\$0	\$0	(\$2,123,453)	(\$3,036,637)	(\$3,223,235)	(\$3,287,700)
Operating Expense Ratio		-	-	45.8%	30.1%	28.9%	28.6%
Net Operating Income		\$0	\$0	\$2,510,558	\$7,061,186	\$7,934,468	\$8,204,734
Less: Permanent Debt Service		\$0	\$0	\$0	\$0	(\$6,060,858)	\$0
Net Proceeds from Refinance:		\$0	\$0	\$0	\$13,196,286	\$0	\$0
Cash Flow From Operations		\$0	\$0	\$2,510,558	\$20,257,472	\$1,873,610	\$0
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$8,037,799	
Asset Value						\$178,617,752	
Asset Value Per Net SF						\$644	
Asset Value Per Unit						\$498,932	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$166,935	
Asset Value						\$3,035,190	
Asset Value Per Net SF						\$506	
Sale Price						\$181,652,942	
Less: Commissions & Closing Costs						(\$2,724,794)	
Less: Principal Balance of Loan O/S						(\$103,929,854)	
Net Proceeds from Disposition						\$74,998,294	
Total Cash Flow Before Taxes		(\$49,574,891)	\$0	\$0	\$2,510,558	\$20,257,472	\$76,871,904
IRR	16%						

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	24 months
Op. Ex. Per Unit	\$400
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$181,742,622
Asset Value PSF	\$534

BUILDING ASSUMPTIONS

Total # of Units	358
Units Per Net Acre (Pad)	151.56
FAR	3.31
Residential Units Gross S.F.	334,157
Lobby + Amenity	incl.
Retail Gross S.F.	6,000
Gross Building Area	340,157
Net Rentable Area (Residential)	277,350
Net Rentable Area (Retail)	6,000
Net Rentable Area (Retail)	100% Efficiency
Total Net Rentable Area	283,350
Parking -	
Studio	0.56 /unit
1 Bed	0.56 /unit
2 Bed	0.56 /unit
3 Bed	0.56 /unit
Parking Spaces	200
Parking Area	250 SF/space
	50,120

FINANCING

Construction Financing:		
Loan Amount	\$92,050,256	
Loan to Cost	65%	
Interest Rate	5.5%	
Term (Months)	24	
Refinance:	Take-Out Refi	
Refinance at End of Year:	4	
Permanent Loan Amount	\$105,845,658	
Less: Construction Loan	(\$92,050,256)	
Less: Loan Fees	0.50%	(\$529,228)
Net Proceeds From Refinance		\$13,266,174
Permanent Loan Info:		
Loan Amount	\$105,845,658	
Amortization	30	
Interest Rate	4.0%	
Annual Debt Service	\$6,063,880	
Next Year NOI @ Refi	\$7,938,424	
Value at Refi	\$176,409,431	
Loan To Value	60%	
Debt Coverage Ratio	1.31	
Debt Yield	7.50%	

RESIDUAL LAND VALUE

Land S.F.	102,890
Land Acres	2.36
Land Value	\$87.00 /lot SF
\$/Unit	\$8,951,430
	\$25,004

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	54	15.1%	500	27,000	\$2,000	\$4.00
1 Bed	161	45.0%	700	112,700	\$2,200	\$3.14
2 Bed	125	34.9%	950	118,750	\$2,600	\$2.74
3 Bed	18	5.0%	1,050	18,900	\$3,200	\$3.05
Subtotal	358	100.0%	775	277,350	\$2,360	\$3.05
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	-
1 Bed - 50% AMI	0	-	700	0	-	-
2 Bed - 50% AMI	0	-	950	0	-	-
3 Bed - 50% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 60% AMI	0	-	500	0	-	-
1 Bed - 60% AMI	0	-	700	0	-	-
2 Bed - 60% AMI	0	-	950	0	-	-
3 Bed - 60% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Studio - 120% AMI	0	-	500	0	-	-
1 Bed - 120% AMI	0	-	700	0	-	-
2 Bed - 120% AMI	0	-	950	0	-	-
3 Bed - 120% AMI	0	-	1,050	0	-	-
Subtotal	0	0.0%	0	0	\$0	\$0
Total Affordable	0		0	0	\$0	\$0
Total	358	100.0%	775	277,350	\$2,360	\$3.05
Retail S.F. (Gross)						
				6,000		
Retail S.F. (Net)				6,000		
Stabilized Occupancy				100%		
Stabilized Occupied S.F.				6,000		
Monthly Rent PSF (NNN - Base)				\$2.00		
Rental Rate Inflation				3.0%		

Average Daily Trips

Retail	30 /1,000 SF	180
Total		180

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$8,951,430	\$25,004	\$26.32	\$31.59
Predevelopment	\$308,670	\$862	\$0.91	\$1.09
Hard Costs	\$91,722,289	\$256,208	\$269.65	\$323.71
Soft Costs	\$28,815,197	\$80,489	\$84.71	\$101.69
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$6,026,874	\$16,835	\$17.72	\$21.27
Construction Loan Interest	\$5,104,290	\$14,258	\$15.01	\$18.01
Loan Fee	\$687,028	\$1,919	\$2.02	\$2.42
Total Costs	\$141,615,778	\$395,575	\$416.33	\$499.79
Less: Loan Amount	(\$92,050,256)	(\$257,124)	(\$270.61)	(\$0.93)
Initial Investment:	\$49,565,522	\$138,451	\$145.71	\$178.71

INVESTMENT PERFORMANCE

Stabilized NOI	Year 5	\$7,938,424
Total Project Costs		\$141,615,778
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$49,565,522)
Year 1	0.0%	\$0
Year 2	0.0%	\$0
Year 3	5.1%	\$2,514,361
Year 4	41.0%	\$20,331,239
Year 5	155.2%	\$76,909,349
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$50,189,427
Before Tax IRR		15.9%

Gateway Node (Prototype 2) - Wrapped/Podium Parking High Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	358
<u>Affordable Units</u>	<u>0</u>
Total # of Units	358
Residential Units Gross S.F.	334,157
<u>Retail Gross S.F.</u>	<u>6,000</u>
Gross Building Area	340,157
Net Rentable Area (Residential)	277,350
<u>Net Rentable Area (Retail)</u>	<u>6,000</u>
Total Net Rentable Area	283,350
Parking Spaces	200

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$87.00 /lot SF	\$8,951,430	\$25,004	\$26.32	\$31.59
Predevelopment					
Site Work	\$3.00 /lot SF	\$308,670	\$862	\$0.91	\$1.09
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$308,670	\$862	\$0.91	\$1.09
Hard Costs					
Hard Costs (Residential)		\$90,222,289	\$252,018	\$270.00	\$318.41
Hard Costs (Retail)		\$1,200,000	\$3,352	\$200.00	\$4.24
TI's Retail	\$50 PSF	\$300,000	\$838	\$0.88	\$1.06
Parking	<u>incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$91,722,289	\$256,208	\$269.65	\$323.71
Soft Costs					
Predevelopment	0.5%	\$458,611	\$1,281	\$1.35	\$1.62
Architecture & Engineering	5.0%	\$4,586,114	\$12,810	\$13.48	\$16.19
Permit Costs	2.0%	\$1,834,446	\$5,124	\$5.39	\$6.47
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$790,464	\$2,208	\$2.32	\$2.79
DIF - Parks	\$11,899 /unit	\$4,259,842	\$11,899	\$12.52	\$15.03
DIF - Library	\$858 /unit	\$307,164	\$858	\$0.90	\$1.08
DIF - Fire	\$561 /unit	\$200,838	\$561	\$0.59	\$0.71
RTCIP	\$2,456 /unit	\$879,248	\$2,456	\$2.58	\$3.10
School Impact Fee	\$4.08 /net SF	\$1,131,588	\$3,161	\$3.33	\$3.99
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$56,880	\$158.88	\$0.17	\$0.20
DIF - Fire	\$561 /1,000 SF	\$3,366	\$9.40	\$0.01	\$0.01
School Impact Fee	\$0.66 /net SF	\$3,960	\$11.06	\$0.01	\$0.01
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$25.00 PSF	\$6,933,750	\$19,368	\$20.38	\$24.47
Legal & Accounting	1.0%	\$917,223	\$2,562	\$2.70	\$3.24
Taxes & Insurance	1.75%	\$1,605,140	\$4,484	\$4.72	\$5.66
Developer Fee	3.0%	\$3,470,728	\$9,695	\$10.20	\$12.25
Marketing/Lease-Up	1.50%	\$1,375,834	\$3,843	\$4.04	\$4.86
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	31%	\$28,815,197	\$80,489	\$84.71	\$101.69
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$6,026,874	\$16,835	\$17.72	\$21.27
Construction Loan Interest		\$5,104,290	\$14,258	\$15.01	\$18.01
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$687,028</u>	<u>\$1,919</u>	<u>\$2.02</u>	<u>\$2.42</u>
Finance & Contingency Subtotal		\$11,818,192	\$33,012	\$34.74	\$41.71
Total Project Costs		\$141,615,778	\$395,575	\$416.33	\$499.79
Total Project Costs (Excl. Land)		\$132,664,348	\$370,571	\$390.01	\$468.20

Gateway Node (Prototype 2) - Wrapped/Podium Parking High Density Multifamily
 College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			358	358	358	358	358
Units Leased (Market Rate)			0	149	321	345	345
Units Leased (Affordable)			0	0	0	0	0
Units Vacant (Market Rate)			358	209	37	13	13
Occupancy Rate (Market Rate)			0.0%	41.7%	89.7%	96.4%	96.4%
Vacancy Rate (Market Rate)			100.0%	58.3%	10.3%	3.6%	3.6%
Monthly Rent (Market Rate)		\$2,360	\$2,431	\$2,503	\$2,579	\$2,656	\$2,736
Monthly Rent Per S.F. (Market Rate)		\$3.05	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent Per S.F. (Affordable)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$10,441,728	\$10,754,980	\$11,077,629	\$11,409,958	\$11,752,257
Gross Rental Income (Affordable Units)		\$0	\$0	\$0	\$0	\$0	\$0
Retail Income (NNN)		\$0	\$0	\$152,770	\$157,353	\$162,073	\$166,935
Less: Vacancy & Credit Loss (Residential)		\$0	(\$10,441,728)	(\$6,273,738)	(\$1,137,159)	(\$414,328)	(\$426,758)
Net Rental Income		\$0	\$0	\$4,634,011	\$10,097,823	\$11,157,703	\$11,492,434
Less: Operating Expenses	Per Unit (\$4,896)	% Increase 2.0%	\$0	\$0	(\$759,825)	(\$1,669,110)	(\$1,828,358)
Less: Property Taxes	(\$3,589)	2.0%	\$0	\$0	(\$1,336,910)	(\$1,363,648)	(\$1,390,921)
Less: Brokerage Commission (Retail)	3.0%		\$0	\$0	(\$22,915)	\$0	\$0
Operating Expenses			\$0	\$0	(\$2,119,650)	(\$3,032,759)	(\$3,219,279)
Operating Expense Ratio			-	-	45.7%	30.0%	28.9%
Net Operating Income			\$0	\$0	\$2,514,361	\$7,065,065	\$7,938,424
Less: Permanent Debt Service			\$0	\$0	\$0	(\$6,063,880)	\$0
Net Proceeds from Refinance:			\$0	\$0	\$13,266,174	\$0	\$0
Cash Flow From Operations			\$0	\$0	\$2,514,361	\$20,331,239	\$1,874,544
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$8,041,834	
Asset Value						\$178,707,432	
Asset Value Per Net SF						\$644	
Asset Value Per Unit						\$499,183	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$166,935	
Asset Value						\$3,035,190	
Asset Value Per Net SF						\$506	
Sale Price						\$181,742,622	
Less: Commissions & Closing Costs						(\$2,726,139)	
Less: Principal Balance of Loan O/S						(\$103,981,678)	
Net Proceeds from Disposition						\$75,034,805	
Total Cash Flow Before Taxes		(\$49,565,522)	\$0	\$0	\$2,514,361	\$20,331,239	\$76,909,349
IRR	16%						

Gateway Node (Prototype 2) - Wrapped/Podium Parking High Density Multifamily
College Area CPA, San Diego, CA

Assumptions & Results

GENERAL ASSUMPTIONS

Hard Cost Escalation	3.0%
Impact Fees Escalation	1.0%
Construction Period	24 months
Op. Ex. Per Unit	\$400
Op. Ex. Inflation	2.0%
Revenue Inflation (Market Rate)	3.0%
Revenue Inflation (Affordable)	3.0%

HOLDING & DISPOSITION

Holding Period:	5
Cap Rate @ Refi/Sale (Residential):	4.50%
Cap Rate @ Refi/Sale (Retail):	5.50%
Commissions & Closing Costs:	1.50%
Value at Time of Sale (Year 5)	\$176,134,726
Asset Value PSF	\$518

BUILDING ASSUMPTIONS

Total # of Units	358
Units Per Net Acre (Pad)	151.56
FAR	3.31
Residential Units Gross S.F.	334,157
Lobby + Amenity	incl.
Retail Gross S.F.	6,000
Gross Building Area	340,157
Net Rentable Area (Residential)	277,350
Net Rentable Area (Retail)	6,000
Net Rentable Area (Retail)	100% Efficiency
Total Net Rentable Area	283,350
Parking -	
Studio	0.56 /unit
1 Bed	0.56 /unit
2 Bed	0.56 /unit
3 Bed	0.56 /unit
Parking Spaces	200
Parking Area	250 SF/space
	50,120

FINANCING

Construction Financing:	
Loan Amount	\$89,358,122
Loan to Cost	65%
Interest Rate	5.5%
Term (Months)	24
Refinance:	Take-Out Refi
Refinance at End of Year:	4
Permanent Loan Amount	\$102,583,217
Less: Construction Loan	(\$89,358,122)
Less: Loan Fees	0.50% (\$512,916)
Net Proceeds From Refinance	\$12,712,179
Permanent Loan Info:	
Loan Amount	\$102,583,217
Amortization	30
Interest Rate	4.0%
Annual Debt Service	\$5,876,976
Next Year NOI @ Refi	\$7,693,741
Value at Refi	\$170,972,028
Loan To Value	60%
Debt Coverage Ratio	1.31
Debt Yield	7.50%

RESIDUAL LAND VALUE

Land S.F.	102,890
Land Acres	2.36
Land Value	\$13,169,920
\$/Unit	\$36,787

PROJECT SUMMARY

					Base Rents	
Market Rate	# of Units	% of Mix	Unit Size	Total Net Rentable	Monthly Rent	\$/S.F. Rent
Studio	49	15.2%	500	24,500	\$2,000	\$4.00
1 Bed	145	45.0%	700	101,500	\$2,200	\$3.14
2 Bed	112	34.8%	950	106,400	\$2,600	\$2.74
3 Bed	16	5.0%	1,050	16,800	\$3,200	\$3.05
Subtotal	322	100.0%	774	249,200	\$2,358	\$3.05
Affordable Units						
Studio - 50% AMI	0	-	500	0	-	
1 Bed - 50% AMI	0	-	700	0	-	
2 Bed - 50% AMI	0	-	950	0	-	
3 Bed - 50% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 60% AMI	0	-	500	0	-	
1 Bed - 60% AMI	0	-	700	0	-	
2 Bed - 60% AMI	0	-	950	0	-	
3 Bed - 60% AMI	0	-	1,050	0	-	
Subtotal	0	0.0%	0	0	\$0	
Studio - 80% AMI	5	13.9%	500	2,500	\$1,469	\$2.94
1 Bed - 80% AMI	16	44.4%	700	11,200	\$1,691	\$2.42
2 Bed - 80% AMI	13	36.1%	950	12,350	\$1,854	\$1.95
3 Bed - 80% AMI	2	5.6%	1,050	2,100	\$1,974	\$1.88
Subtotal	36	100.0%	782	28,150	\$1,735	\$2.22
Total Affordable	36		782	28,150	\$1,735	\$2.22
Total	358	100.0%	775	277,350	\$2,296	\$2.96
Retail S.F. (Gross)			6,000			
Retail S.F. (Net)			6,000			
Stabilized Occupancy			100%			
Stabilized Occupied S.F.			6,000			
Monthly Rent PSF (NNN - Base)			\$2.00			
Rental Rate Inflation			3.0%			

Average Daily Trips

Retail	30 /1,000 SF	180
Total		180

CONSTRUCTION COST SUMMARY

	Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$13,169,920	\$36,787	\$38.72	\$46.48
Predevelopment	\$308,670	\$862	\$0.91	\$1.09
Hard Costs	\$91,722,289	\$256,208	\$269.65	\$323.71
Soft Costs	\$21,006,662	\$58,678	\$61.76	\$74.14
Prevailing Wage	\$0	\$0	\$0.00	\$0.00
Contingency	\$5,636,448	\$15,744	\$16.57	\$19.89
Construction Loan Interest	\$4,963,112	\$13,863	\$14.59	\$17.52
Loan Fee	\$666,935	\$1,863	\$1.96	\$2.35
Total Costs	\$137,474,034	\$384,006	\$404.15	\$485.17
Less: Loan Amount	(\$89,358,122)	(\$249,604)	(\$262.70)	(\$0.90)
Initial Investment:	\$48,115,912	\$134,402	\$141.45	\$173.48

INVESTMENT PERFORMANCE

Stabilized NOI	Year 5	\$7,693,741
Total Project Costs		\$137,474,034
Stabilized Yield On Cost		5.6%
	Return on Equity	Cash Flow
Initial		(\$48,115,912)
Year 1	0.0%	\$0
Year 2	0.0%	\$0
Year 3	6.6%	\$3,160,370
Year 4	41.4%	\$19,915,653
Year 5	154.9%	\$74,532,782
Year 6	0.0%	\$0
Year 7	0.0%	\$0
Year 8	0.0%	\$0
Year 9	0.0%	\$0
Year 10	0.0%	\$0
Total Profit		\$49,492,893
Before Tax IRR		16.2%

Gateway Node (Prototype 2) - Wrapped/Podium Parking High Density Multifamily
College Area CPA, San Diego, CA
Construction Costs

Market Rate Units	322
<u>Affordable Units</u>	<u>36</u>
Total # of Units	358
Residential Units Gross S.F.	334,157
<u>Retail Gross S.F.</u>	<u>6,000</u>
Gross Building Area	340,157
Net Rentable Area (Residential)	277,350
<u>Net Rentable Area (Retail)</u>	<u>6,000</u>
Total Net Rentable Area	283,350
Parking Spaces	200

		Total Cost	Cost Per Unit	Cost Per Gross S.F.	Cost Per Net S.F.
Land Costs	\$128.00 /lot SF	\$13,169,920	\$36,787	\$38.72	\$46.48
Predevelopment					
Site Work	\$3.00 /lot SF	\$308,670	\$862	\$0.91	\$1.09
<u>Demolition</u>	<u>Incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Predevelopment Subtotal		\$308,670	\$862	\$0.91	\$1.09
Hard Costs					
Hard Costs (Residential)		\$90,222,289	\$252,018	\$270.00	\$318.41
Hard Costs (Retail)		\$1,200,000	\$3,352	\$200.00	\$4.24
TI's Retail	\$50 PSF	\$300,000	\$838	\$0.88	\$1.06
Parking	<u>incl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Hard Cost Deduction</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Hard Costs Subtotal		\$91,722,289	\$256,208	\$269.65	\$323.71
Soft Costs					
Predevelopment	0.5%	\$458,611	\$1,281	\$1.35	\$1.62
Architecture & Engineering	5.0%	\$4,586,114	\$12,810	\$13.48	\$16.19
Permit Costs	2.0%	\$1,834,446	\$5,124	\$5.39	\$6.47
Impact Fees - Market Rate					
DIF - Transportation	\$2,208 /unit	\$710,976	\$1,986	\$2.09	\$2.51
DIF - Parks	\$11,899 /unit	\$3,831,478	\$10,702	\$11.26	\$13.52
DIF - Library	\$858 /unit	\$276,276	\$772	\$0.81	\$0.98
DIF - Fire	\$561 /unit	\$180,642	\$505	\$0.53	\$0.64
RTCIP	\$2,456 /unit	\$790,832	\$2,209	\$2.32	\$2.79
School Impact Fee	\$4.08 /net SF	\$1,131,588	\$3,161	\$3.33	\$3.99
Impact Fees - Affordable					\$0.00
DIF - Transportation	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Parks	\$0 /unit	\$0	\$0	\$0.00	\$0.00
DIF - Fire	\$0 /unit	\$0	\$0	\$0.00	\$0.00
RTCIP	\$0 /unit	\$0	\$0	\$0.00	\$0.00
School Impact Fee	\$0.00 /net SF	\$0	\$0	\$0.00	\$0.00
Impact Fees - Retail					
DIF - Transportation	\$316 /ADT	\$56,880	\$158.88	\$0.17	\$0.20
DIF - Fire	\$561 /1,000 SF	\$3,366	\$9.40	\$0.01	\$0.01
School Impact Fee	\$0.66 /net SF	\$3,960	\$11.06	\$0.01	\$0.01
Impact Fees Escalation		\$0	\$0	\$0.00	\$0.00
Inclusionary Aff. Housing Fee (in lieu fee)	\$0.00 PSF	\$0	\$0	\$0.00	\$0.00
Legal & Accounting	1.0%	\$917,223	\$2,562	\$2.70	\$3.24
Taxes & Insurance	1.75%	\$1,605,140	\$4,484	\$4.72	\$5.66
Developer Fee	3.0%	\$3,243,295	\$9,059	\$9.53	\$11.45
Marketing/Lease-Up	1.50%	\$1,375,834	\$3,843	\$4.04	\$4.86
<u>Prevailing Wage</u>	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Soft Costs Subtotal	23%	\$21,006,662	\$58,678	\$61.76	\$74.14
Prevailing Wage					
Residential Impact	0%	\$0	\$0	\$0.00	\$0.00
<u>Commercial Impact</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Prevailing Wage Subtotal	0%	\$0	\$0	\$0.00	\$0.00
Finance & Contingency					
Contingency	5.0%	\$5,636,448	\$15,744	\$16.57	\$19.89
Construction Loan Interest		\$4,963,112	\$13,863	\$14.59	\$17.52
<u>Loan Fee</u>	<u>0.75%</u>	<u>\$666,935</u>	<u>\$1,863</u>	<u>\$1.96</u>	<u>\$2.35</u>
Finance & Contingency Subtotal		\$11,266,494	\$31,471	\$33.12	\$39.76
Total Project Costs		\$137,474,034	\$384,006	\$404.15	\$485.17
Total Project Costs (Excl. Land)		\$124,304,114	\$347,218	\$365.43	\$438.69

Gateway Node (Prototype 2) - Wrapped/Podium Parking High Density Multifamily
 College Area CPA, San Diego, CA

Cash Flow Forecast

	Initial 0	Construction Year 1 1	Year 2 2	Year 3 3	Year 4 4	Year 5 5	Year 6 6
Total Market Rate Units			322	322	322	322	322
Units Leased (Market Rate)			0	149	301	310	310
Units Leased (Affordable)			0	36	36	36	36
Units Vacant (Market Rate)			322	173	21	12	12
Occupancy Rate (Market Rate)			0.0%	46.3%	93.4%	96.3%	96.3%
Vacancy Rate (Market Rate)			100.0%	53.7%	6.6%	3.7%	3.7%
Monthly Rent (Market Rate)		\$2,358	\$2,429	\$2,502	\$2,577	\$2,654	\$2,734
Monthly Rent Per S.F. (Market Rate)		\$3.05	\$3.14	\$3.23	\$3.33	\$3.43	\$3.53
Annual Increase In Rent (Market Rate)			3.0%	3.0%	3.0%	3.0%	3.0%
Monthly Rent (Affordable)		\$1,735	\$1,787	\$1,840	\$1,896	\$1,952	\$2,011
Monthly Rent Per S.F. (Affordable)		\$2.22	\$2.29	\$2.35	\$2.42	\$2.50	\$2.57
Annual Increase In Rent (Affordable)			3.0%	3.0%	3.0%	3.0%	3.0%
Gross Rental Income (Market Rate Units)		\$0	\$9,386,184	\$9,667,770	\$9,957,803	\$10,256,537	\$10,564,233
Gross Rental Income (Affordable Units)		\$0	\$0	\$795,051	\$818,903	\$843,470	\$868,774
Retail Income (NNN)		\$0	\$0	\$152,770	\$157,353	\$162,073	\$166,935
Less: Vacancy & Credit Loss (Residential)		\$0	(\$9,386,184)	(\$5,189,170)	(\$654,576)	(\$382,231)	(\$393,698)
Net Rental Income		\$0	\$0	\$5,426,420	\$10,279,482	\$10,879,849	\$11,206,244
Less: Operating Expenses	Per Unit (\$4,896)		\$0	\$0	(\$943,202)	(\$1,750,076)	(\$1,833,657)
Less: Property Taxes	% Increase 2.0%		\$0	\$0	(\$1,299,933)	(\$1,325,931)	(\$1,352,450)
Less: Brokerage Commission (Retail)	3.0%		\$0	\$0	(\$22,915)	\$0	\$0
Operating Expenses		\$0	\$0	(\$2,266,050)	(\$3,076,008)	(\$3,186,107)	(\$3,249,829)
Operating Expense Ratio		-	-	41.8%	29.9%	29.3%	29.0%
Net Operating Income		\$0	\$0	\$3,160,370	\$7,203,474	\$7,693,741	\$7,956,415
Less: Permanent Debt Service		\$0	\$0	\$0	\$0	(\$5,876,976)	\$0
Net Proceeds from Refinance:		\$0	\$0	\$0	\$12,712,179	\$0	\$0
Cash Flow From Operations		\$0	\$0	\$3,160,370	\$19,915,653	\$1,816,766	\$0
Disposition							
Residential							
Cap Rate						4.50%	
Next Year NOI						\$7,789,479	
Asset Value						\$173,099,536	
Asset Value Per Net SF						\$624	
Asset Value Per Unit						\$483,518	
Retail							
Cap Rate						5.50%	
Next Year NOI						\$166,935	
Asset Value						\$3,035,190	
Asset Value Per Net SF						\$506	
Sale Price						\$176,134,726	
Less: Commissions & Closing Costs						(\$2,642,021)	
Less: Principal Balance of Loan O/S						(\$100,776,689)	
Net Proceeds from Disposition						\$72,716,016	
Total Cash Flow Before Taxes		(\$48,115,912)	\$0	\$0	\$3,160,370	\$19,915,653	\$74,532,782
IRR	16%						

Corporate Profile

London Moeder Advisors

REPRESENTATIVE SERVICES

Market and Feasibility Studies	Development Services	Litigation Consulting
Financial Structuring	Fiscal Impact	Workout Projects
Asset Disposition	Strategic Planning	MAI Valuation
Government Processing	Capital Access	Economic Analysis

London Moeder Advisors (formerly The London Group) was formed in 1991 to provide real estate advisory services to a broad range of clientele. The firm principals, Gary London and Nathan Moeder, combine for over 60 years of experience. We have analyzed, packaged and achieved capital for a wide variety of real estate projects. Clients who are actively pursuing, developing and investing in projects have regularly sought our advice and financial analysis capabilities. Our experience ranges from large scale, master planned communities to urban redevelopment projects, spanning all land uses and development issues of all sizes and types. These engagements have been undertaken principally throughout North America and Mexico.

A snapshot of a few of the services we render for both the residential and commercial sectors:

- **Market Analysis** for mixed use, urban and suburban properties. Studies concentrate on market depth for specific products, detailed recommendations for product type, absorption and future competition. It also includes economic overviews and forecasts of the relevant communities.
- **Financial Feasibility Studies** for new projects of multiple types, including condominium, apartment, office, and master-planned communities. Studies incorporate debt and equity needs, sensitivity analyses, rates of return and land valuations.
- **Litigation support/expert witness services** for real estate and financial related issues, including economic damages/losses, valuations, historic market conditions and due diligence. We have extensive deposition, trial, mediation and arbitration experience.
- **Investment studies for firms acquiring or disposing of real estate.** Studies include valuation, repositioning projects and portfolios, economic/real estate forecasts and valuation of partnerships. Often, the commercial studies include the valuation of businesses.
- **Estate Planning services** including valuation of portfolios, development of strategies for disposition or repositioning portfolios, succession planning and advisory services for high-net-worth individuals. We have also been involved in numerous marriage dissolution assignments where real estate is involved.
- **Fiscal Impact, Job Generation and Economic Multiplier Effect Reports,** traditionally prepared for larger commercial projects and in support of Environmental Impact Reports. We have been retained by both developers and municipalities for these reports. The studies typically relate to the tax revenues and employment impacts of new projects.

The London Group also draws upon the experience of professional relationships in the development, legal services, financial placement fields as well as its own staff. Clients who are actively investigating and investing in apartment projects, retail centers, commercial projects, mixed use developments and large master plans have regularly sought our advice and financial analysis capabilities.

San Diego: 825 10th Ave | San Diego, CA 92101 | (619) 269-4010
Carlsbad: 2792 Gateway Road #104 | Carlsbad, CA 92009 | (619) 269-4012

Contact Information

This analysis was prepared by London Moeder Advisors.

Research for this project was completed in July 2021. Conclusions and recommendations are strictly those of London Moeder Advisors. Users of this information should recognize that assumptions and projections contained in this report *will* vary from the actual experience in the marketplace. Therefore, London Moeder Advisors is not responsible for the actions taken or any limitations, financial or otherwise, of property owners, investors, developers, lenders, public agencies, operators or tenants.

This assignment was completed by the staff of London Moeder Advisors. **Nathan Moeder**, Principal, served as project director. **Robert Martinez**, Senior Analyst, conducted analysis and prepared exhibits in this report. **Jonathan Rivas**, Investment Analyst, conducted analysis and prepared exhibits in this report. **Gary London**, Senior Principal, provided strategic consultation and recommendations. For further information or questions contact us at:

London Moeder Advisors

San Diego: 825 10th Ave | San Diego, CA 92101 | (619) 269-4010

Carlsbad: 2792 Gateway Road #104 | Carlsbad, CA 92009 | (619) 269-4012

www.londonmoeder.com