



KEYSER MARSTON ASSOCIATES

REVIEW OF AFFORDABLE HOUSING DEVELOPMENT COSTS

Prepared for
City of San Jose

Prepared by
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I. INTRODUCTION

The City of San Jose has been a major contributor to the supply of affordable housing in San Jose. Since 1989 it has provided financial subsidies to enable the development of over 13,385 affordable housing units. As construction costs have increased over time, so has the cost to the City to provide subsidies to support new construction. In addition to rising costs, there is a common perception that it often costs more to build affordable housing than it does to build market rate housing. These two issues are addressed in the following report:

1. The cost of developing affordable housing; and
2. The unique attributes of developing affordable housing that often result in cost premiums relative to market rate housing.



Second Street Studios



Donner Lofts



El Paseo Studios



*Orvieto
Family
Apartments*

*Charlotte
Park*



II. APPROACH

KMA reviewed the development costs of nine (9) affordable housing projects built in San Jose since 2015 and seven (7) other affordable housing projects recently built in California. The projects contain a total of 1,533 units. All 16 projects are rental apartment projects that have been financed, in part, with Low Income Housing tax credits.¹ As shown in the following chart, the projects are comprised of nine (9) family apartment projects and seven (7) special needs / single room occupancy projects. The full list of projects and construction cost details by project are provided in Appendix A, Table 1.

Type of Project	San Jose Projects		Other Projects Outside of San Jose	
	<i>Number of Projects</i>	<i>Number of Units</i>	<i>Number of Projects</i>	<i>Number of Units</i>
Special needs / single room occupancy	5 (56%)	565	2 (29%)	295
Large Family	4 (44%)	291	5 (71%)	382
Total	9 (100%)	856	7 (100%)	677
Average Density (units per acre)		96		65
% Units in 1 to 5 story bldgs.		44%		100%
% Units in 6+ story bldgs.		56%		0%

KMA aggregated and evaluated per unit construction costs by type of project and by cost category, including direct construction costs, site acquisition costs, indirect construction costs, developer fees, city subsidy, tax credit yield, and composition of funding sources. KMA also escalated development costs of projects to 2019 dollars to facilitate the comparison of projects.

To assess the differences between developing affordable housing and market rate housing, KMA compared the development costs of mid-rise affordable tax credit projects to the costs of mid-rise market rate projects in San Jose. KMA has undertaken a separate, specific analysis of the cost of developing market rate housing. The findings of that analysis are contained in separate report to the City and have been used in this comparative analysis.

¹ The data on specific affordable housing projects contained in this report have been extracted from funding applications submitted to the California Tax Credit Allocation Committee (TCAC).

III. FINDINGS AND CONCLUSIONS

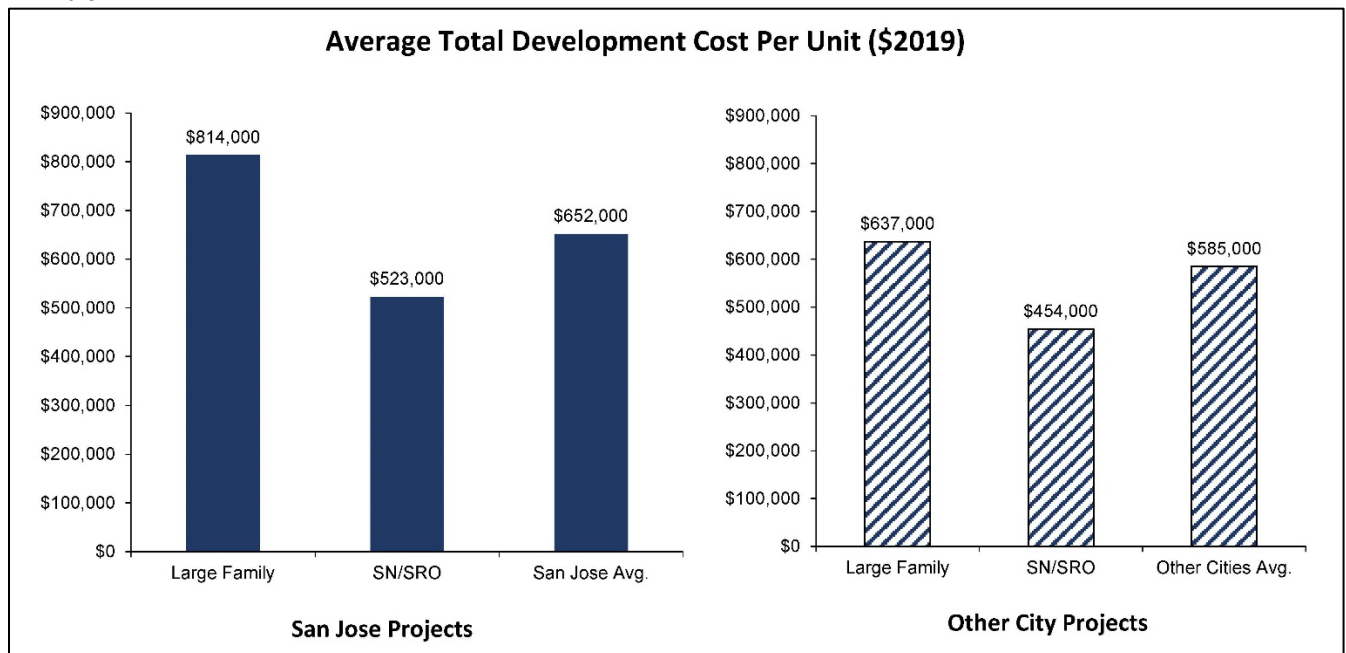
A. Affordable Housing Development Costs by Housing Type

1. Total Per Unit Development Costs

As summarized in the following chart, total development costs of the 16 projects in the study averaged \$623,000 per unit. The per unit cost of each product type corresponds to the relative size of units, with “large family” units having a higher per unit cost at \$716,000 per unit than “Special Needs” units at \$503,000 per unit.

The development cost of the San Jose units averaged \$652,000 per unit or 11% more than the average cost of the non-San Jose projects. The San Jose premium is largely due to the consideration that over 50% of the San Jose units are in buildings with 6+ floors, while none of the non-San Jose housing units are in buildings with 6+ floors. Buildings with 6+ floors require Type III steel and/or concrete construction, which is significantly more expensive than Type V wood construction, which is standard for projects with up to five stories. The greater density and height of San Jose projects is particularly pronounced with respect to “large family” projects. A second consideration is that three of the “other city” projects are located in Southern California, which has significantly reduced construction costs compared with the San Francisco Bay Area.

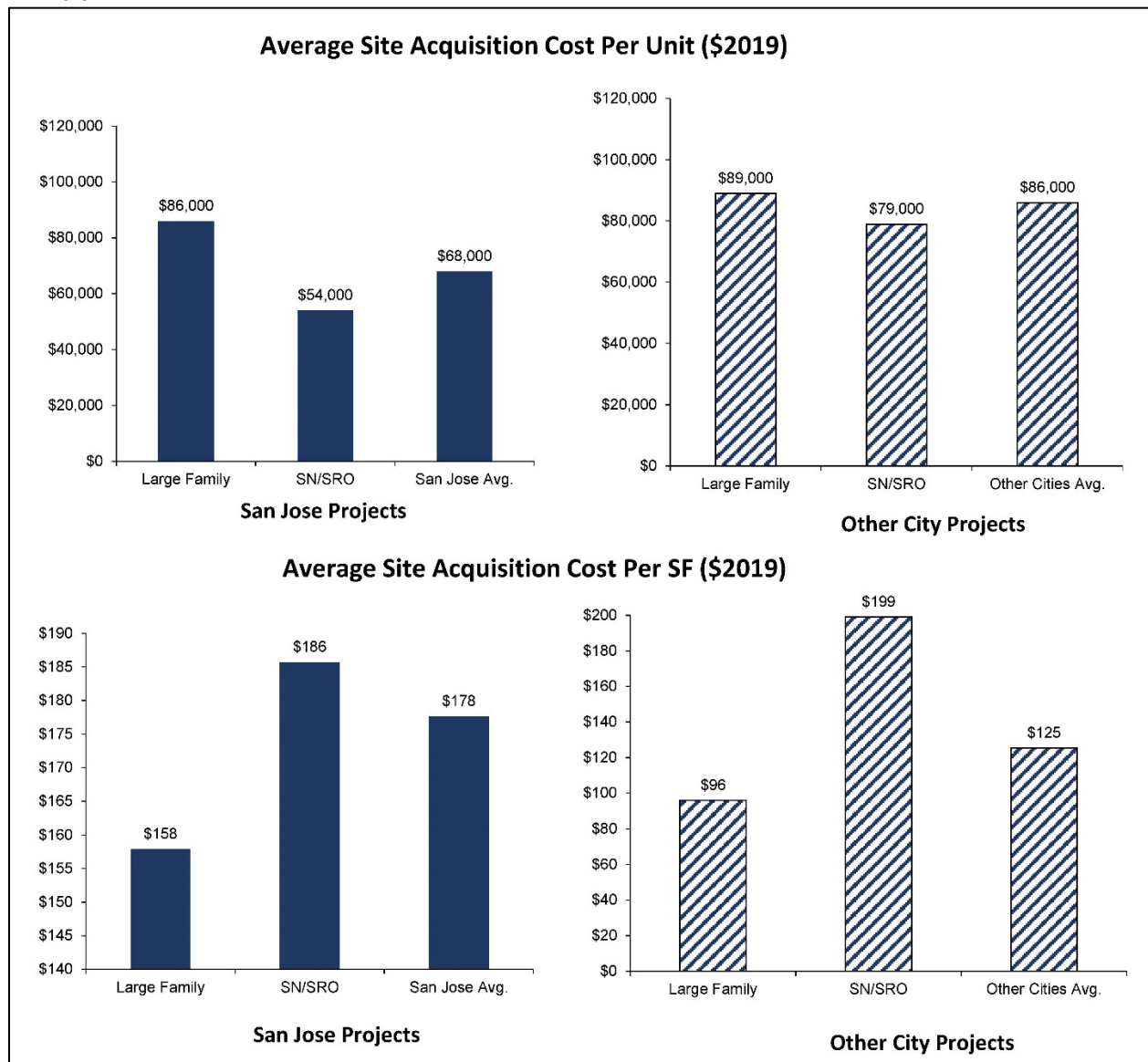
Exhibit 1: Total Development Costs, Average Per Unit, \$2019				
	San Jose Select Projects	Other Cities Select Projects	All 16 Projects	San Jose Cost Difference
All Projects	\$652,000	\$585,000	\$623,000	11%
Large Family	\$814,000	\$637,000	\$716,000	28%
Special Needs	\$523,000	\$454,000	\$503,000	15%

Exhibit 2**2. Site Acquisition Costs by Housing Type**

Site acquisition costs across all projects averaged \$76,000 per unit or \$153 per square foot of land area. Given that land costs per square foot of land area are inversely related to density and San Jose's projects tend to be denser, San Jose land costs per unit are typically less than the costs in other cities, but higher on the basis of per square foot of land area.

Exhibit 3: Site Acquisition Costs, Per Unit and Per SF of Site Area, \$2019				
	San Jose Select Projects	Other Cities Select Projects	All 16 Projects	San Jose Unit Cost Difference
All Projects	\$68,000 (\$178 psf)	\$86,000 (\$125 psf)	\$76,000 (\$153 psf)	-21%
Large Family	\$86,000 (\$158 psf)	\$89,000 (\$96 psf)	\$88,000 (\$123 psf)	-3%
Special Needs	\$54,000 (\$186 psf)	\$79,000 (\$199 psf)	\$61,000 (\$190 psf)	-32%

Exhibit 4



3. Direct Construction Costs by Housing Type

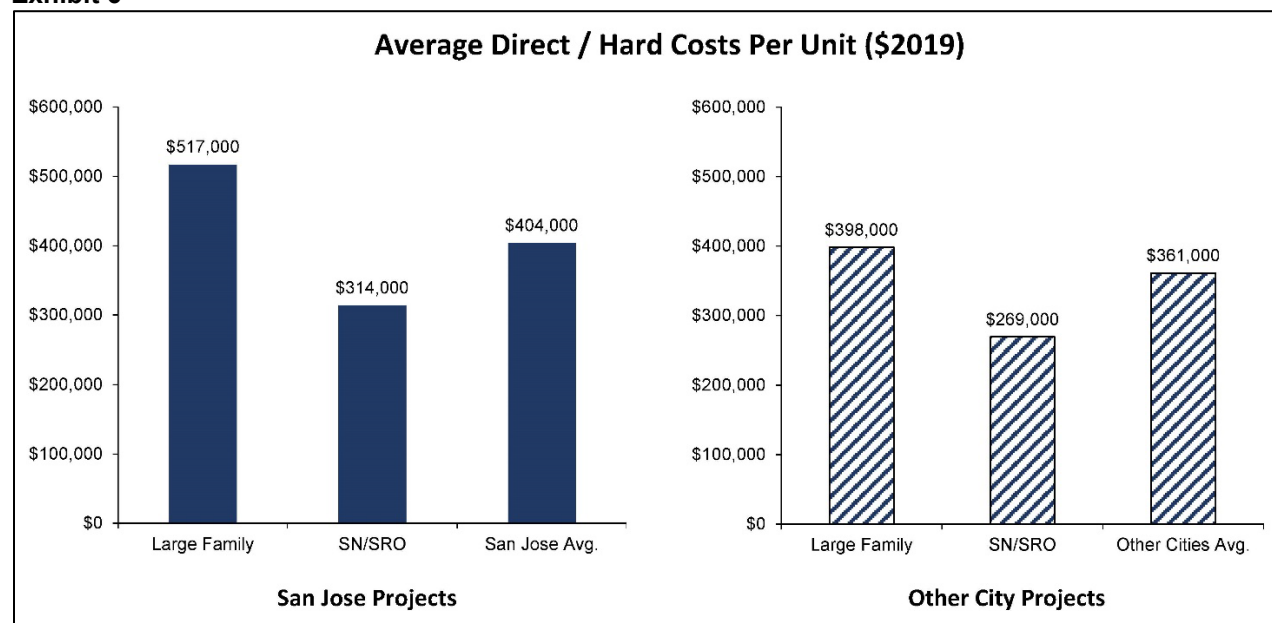
Direct construction costs include the cost of labor and materials to construct site improvements, foundations, parking, and vertical improvements. As noted above, per unit costs are driven by the number of floors in a building (which determines whether wood or steel must be used) and the average unit size. As shown in the following chart, direct per unit costs average \$385,000 across all projects with costs positively related to unit sizes.

San Jose project's direct costs exceed the costs of projects in other cities. The premium is again reflective of the higher density of San Jose projects, which requires more expensive mid-rise projects with Type III construction. Another contributing factor is market area cost differences.

Three of the “other city” projects are located in Southern California, which has significantly lower material and labor construction costs than the SF Bay Area.

Exhibit 5: Total Direct / Hard Development Costs, Average Per Unit, \$2019				
	San Jose Select Projects	Other Cities Select Projects	All 16 Projects	San Jose Cost Difference
All Projects	\$404,000	\$361,000	\$385,000	+12%
Large Family	\$517,000	\$398,000	\$451,000	+30%
Special Needs	\$314,000	\$269,000	\$301,000	+17%

Exhibit 6



4. Share of Development Costs Funded by City Subsidies and Other Sources

A hallmark of affordable housing projects is that they require a myriad of subsidy and financing sources in order to be built. Typical sources include low income housing tax credit equity, city funds, county funds, state funds, privately issued debt, developer equity, and other public subsidies, such as Section 8 vouchers, and bond funds. Several projects included in this study that are located in other cities also received funding from market rate projects as a means for the market rate projects to satisfy their inclusionary housing obligations.

The City of San Jose provided a subsidy to 8 of the 9 projects located in San Jose. As shown in the following chart, the subsidies provided for the eight projects averaged \$119,000 per unit, with subsidies for special needs projects averaging \$83,000 per unit and large family project subsidies averaging \$155,000 per unit.² Only three (3) of the seven projects located in other

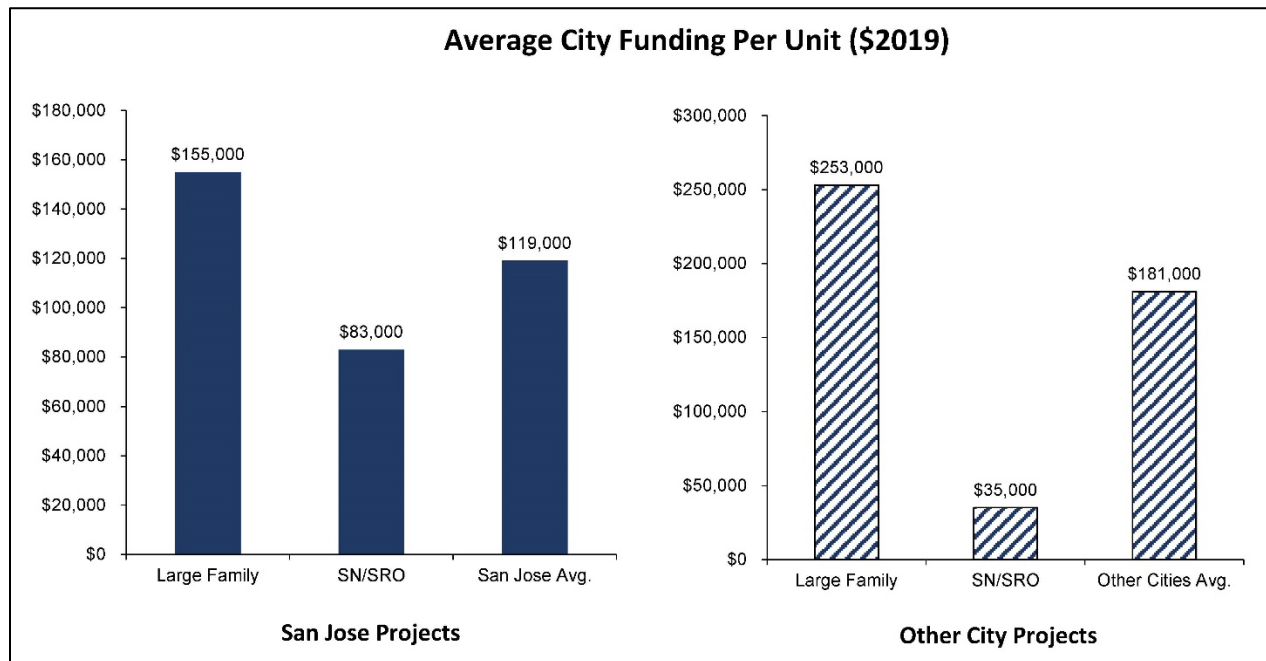
² The City of San Jose has recently adopted a policy to limit its subsidy amounts to no more than \$125,000 per unit.

cities were funded, in part, with subsidies provided by the host city. In some cases, the local funding was provided by the county rather than the city and in some cases market rate developers provided funding to meet the market rate project's inclusionary housing obligations. For those projects with city funding, the amount of city funding averaged \$181,000 per unit. San Jose's average funding was 34% less than the average for non-San Jose projects.

Exhibit 7: City Subsidy Amount, Average Per Unit, \$2019				
	San Jose Select Projects	Other Cities Select Projects	All 16 Projects	San Jose Difference
All Projects	\$119,000	\$181,000	\$115,000	-34%
Large Family	\$155,000	\$253,000	\$161,000	-39%
Special Needs	\$83,000	\$35,000	\$61,000	+137%

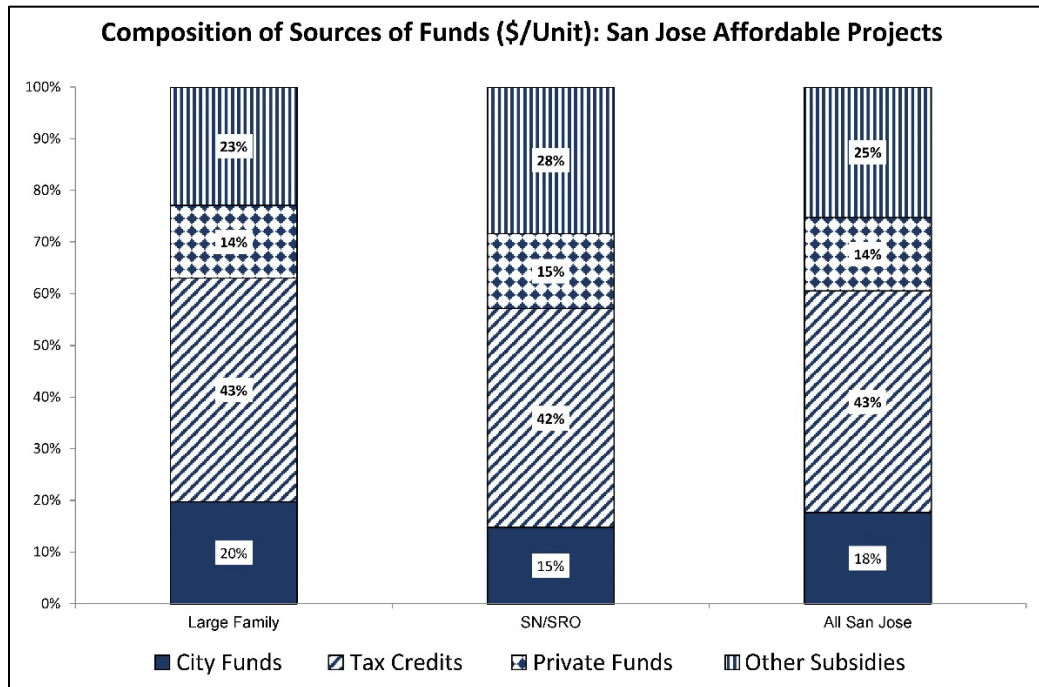
* Excluding one project in San Jose and four projects in other cities without a reported city subsidy.

Exhibit 8



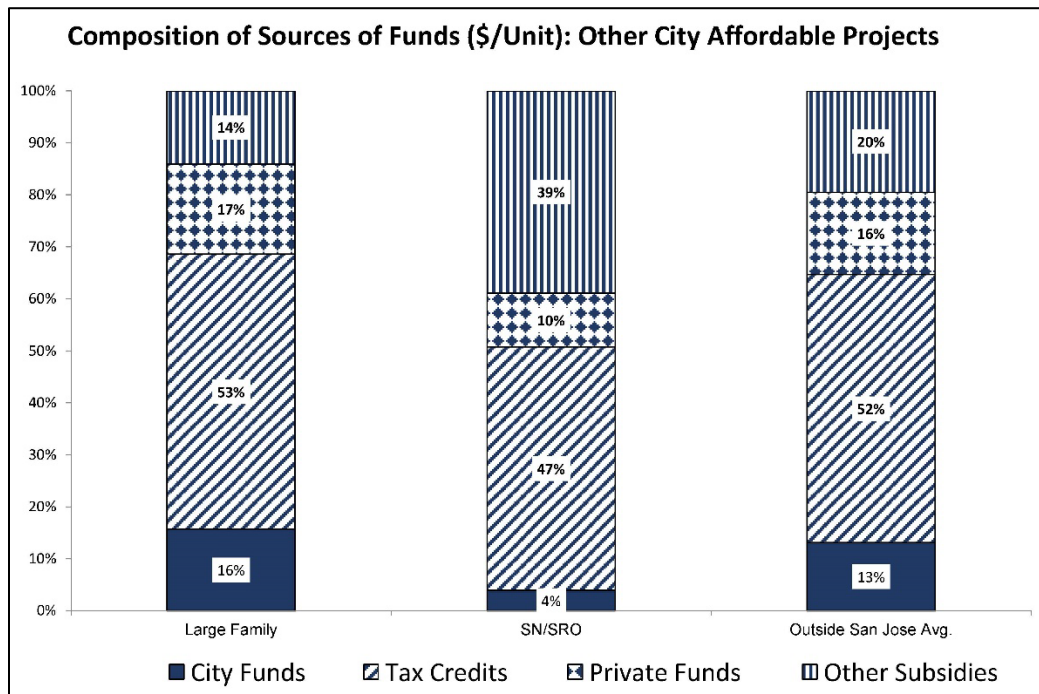
As shown in the following graph, tax credit equity is the largest single source of funding for affordable housing projects in San Jose, providing funding for 42% to 43% of total development costs. The second largest source of funding is non-city subsidy programs, such as Section 8 vouchers, or AHSC funds. These sources fund approximately 23% to 28% of development costs. City subsidies represent the third largest source of funding, providing for 15% to 20% of total development costs. Other private sources, including deferred developer fees and debt, fund approximately 14% to 15% of development costs.

Exhibit 9



The composition of funding sources for non-San Jose projects was similar, but tax credits provided a relatively larger percentage of funding while “other sources” and “City funds” provided relatively smaller percentages of funding.

Exhibit 10



B. Unique Attributes of Affordable Housing that Often Result in Affordable Housing Development Costs Exceeding the Cost of Market Rate Housing Development Costs

The cost of developing affordable housing units often exceeds the cost of developing market rate housing units due to several factors³, as follows:

1. *Affordable projects typically require proportionately more common areas for supporting amenities, such as learning centers, computer labs, day care facilities, etc.* While the efficiency factor for market rate projects averages 80%, the efficiency factor for affordable projects ranges from 70 to 75%.
2. *Federal and state funding sources for affordable projects often require the payment of prevailing wages or the execution of project labor agreement.* Prevailing wage labor rates are provided to each project by the Department of Industrial Relations and the cost premium relative to projects that are not subject to prevailing wage requirements vary by product type and region. For example, Type I steel construction projects are predominantly built with union labor, so the marginal cost of prevailing wages can be minor for Type I projects. In comparison, union labor often comprises a smaller percentage of the workforce engaged in constructing wood-frame construction projects. Therefore, the prevailing wage cost premium can be more significant for wood-frame projects than it is for steel-frame projects. The California Tax Credit program (TCAC) allows a standard cost premium of 20% for projects that are subject to prevailing wage requirements. For purposes of this generic analysis, a 20% premium has been assumed.
3. *In order to secure tax credit funding, affordable projects typically provide enhanced energy efficiency improvements,* which are not typical of market rate projects. The additional cost may range from 5% to 10% of direct costs.
4. *Affordable projects typically have fewer units and cannot take advantage of economies of scale.* For example, the average unit count of the 32 market rate projects built in the City since 2015 average 273 units per project. The surveyed affordable projects average 95 units per project. None of the affordable projects have over 200 units.
5. *Additional direct costs translate into increases to indirect costs because many indirect costs are driven by direct costs.* For example, architecture and engineering costs are commonly expressed as a percentage of direct costs.
6. *A greater percentage of San Jose's affordable projects have 6+stories and require more expensive construction materials and specifications than do projects with up to 5 stories.* Sixty percent (60%) of recently constructed market rate projects were 1 to 5 stories, compared with only 44% of the affordable projects.

³ A glossary of terms is provided in Appendix C.

7. *The upfront development management fee charged by developers exceeds the fee amount typically charged by market rate developments* because of the inherent difference between affordable and market rate projects. The return to the developers of market rate projects is largely comprised of annual net cash flow generated by the project and net sale proceeds. The development cost budget of market rate projects provides market rate developers with a relatively small fee, approximating 2% to 5% of direct costs. In comparison, affordable housing projects generate a relatively small amount of annual cash flow because of the restrictions on rental rates. If affordable projects generated significant cash flow, they would not require public subsidies and tax credit equity in order to be financially feasible. Net sale proceeds and project value are also minimal while the affordable housing rent limits are in place. Affordable housing developers do need compensation to off-set the internal costs of developing affordable housing and the tax credit program has addressed this need by providing tax credits to cover up-front developer fees.
8. *Stated developer fees in affordable housing project development cost budgets typically exceed the amount that is actually funded upon the completion of the project, which overstates the amount of “real” costs that must be funded.* It is common for a portion of developer fees to be contributed to the project as equity and repaid over time from cash flow.

C. Illustrative Cost Comparison of Hypothetical Market Rate and Affordable Projects

The following discussion and graphs highlight typical cost differences between affordable and market rate units. For purposes of this analysis, it is assumed that both projects are mid-rise developments with Type III construction. Market rate development costs reflect the cost estimates prepared by KMA for mid-rise units in West San Jose⁴.

1. Direct / Hard Construction Costs

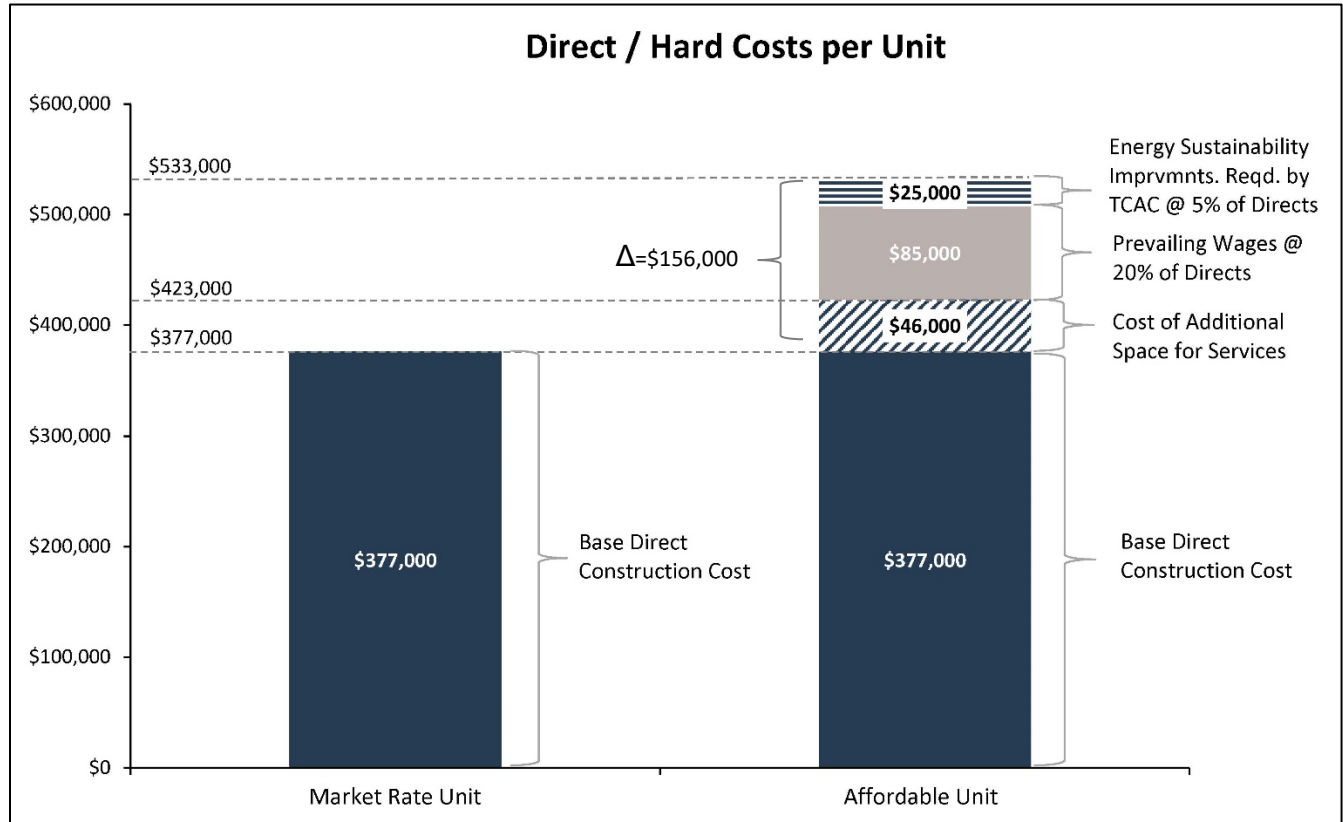
Direct or “hard” construction costs consist of material and labor costs incurred to construct the improvements. The improvements typically include: on-site grading, utilities, landscaping, parking, and vertical shell, core, and finishes. Payments to the general contractor, including overhead and profit, are direct construction costs. The percentage breakdown of direct costs between expenditures on materials and on labor varies depending on market conditions the type of project. A common breakdown is 50% materials and 50% labor.

As shown in Exhibit 11, direct construction costs for mid-rise market rate projects approximate \$377,000 per unit. Costs unique to affordable housing projects are estimated to add an additional \$156,000 per limit of costs, resulting in total direct costs of \$533,000 per unit.

⁴ Cost analysis is presented in a memorandum to the City dated August 20, 2019.

Additional “direct” construction costs associated with affordable housing projects commonly include: the cost of providing additional common areas to house tenant services, such as computer labs, training centers, etc., prevailing wage requirements of affordable housing funding sources,⁵ and energy sustainability improvements required in order to secure tax credit funding.

Exhibit 11



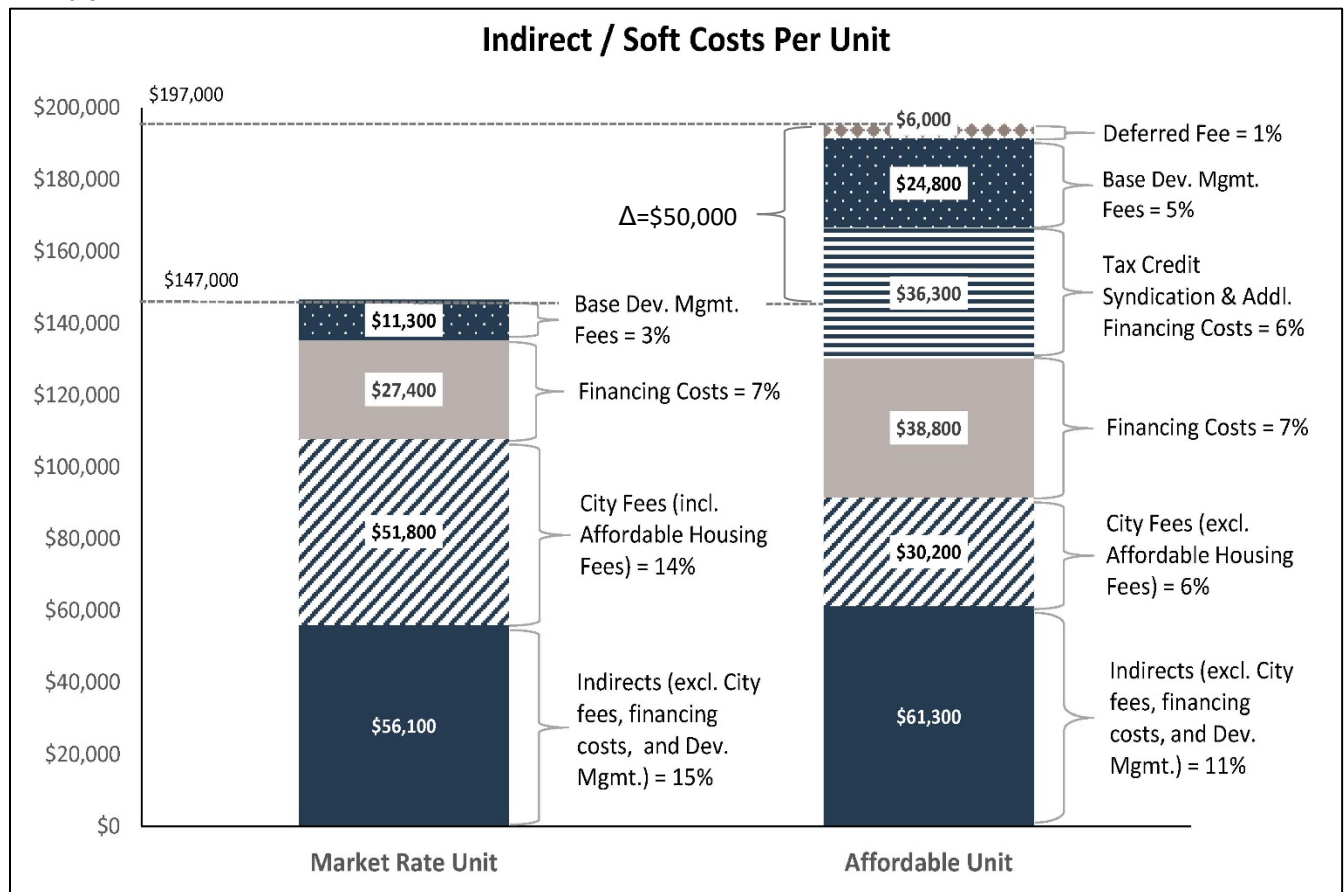
2. Indirect / Soft Construction Costs

Indirect or “soft” construction costs include all development costs other than direct costs and land acquisition costs. Components include: architectural and engineering professional services, legal and accounting, building permits and impact fees, taxes, insurance and construction loan interest carry costs during the construction period, permanent loan issuance costs, tax credit syndication costs, loan application expenses, an allowance to the developer for managing the development process, and a contingency allowance. Many of the fees are proportionately related to direct costs. For example, architectural and engineering fees typically range from 4% to 8% of direct costs. Therefore, indirect costs increase as direct costs increase.

⁵ Please see page 9, #2 for additional information on prevailing wages.

As shown in Exhibit 12, indirect costs for the market rate project approximate \$147,000 per unit, or 39% of direct per unit costs. The key components of indirect costs include: \$56,100 per unit of basic soft costs including architect and engineering costs, legal, taxes, insurance, etc., \$51,800 per unit of fees and permits, \$27,400 per unit of financing costs and a \$11,300 per unit development management fee. The indirect costs for affordable projects are estimated to total 36% of direct per unit costs. In the example, the indirect costs are estimated to total \$197,000 per unit, or \$50,000 more per unit than the market rate project. The relative shares of the various components vary between market rate and affordable projects. For example, permits and fees are often less for affordable projects because affordable projects are not required to pay an affordable housing in-lieu or impact fee. In the example, permits and fees for the affordable prototype are estimated to total \$30,200 per unit compared with \$51,800 per unit for the market rate prototype. Conversely, affordable housing projects can have some unique cost elements, such as financing costs associated with syndicating tax credits and bond issuance costs, that result in relatively higher indirect costs. In the example, it is estimated that financing costs for the affordable prototype total 13% of direct costs whereas financing costs for the market rate prototype total only 7% of direct costs.

Another key difference between the indirect costs of market rate projects and affordable projects is the size of the fee to the developer that is funded out of the development cost budget. Market rate projects typically include a small development management fee, from 2% to 5% of direct costs. The majority of the return on market rate projects is generated from the project's annual cash flow and sales proceeds. In contrast, affordable housing developers receive a higher development management fee, but receive relatively little annual cash flow due to the rent restrictions. Tax credit projects are generally permitted to include a developer fee equal to 15% of a project's depreciable costs as part of a project's development costs. While the stated fee can be quite high, there are typically not sufficient funding sources to fully fund the stated developer fee, and only a small portion is actually realized by the developer upon the completion of the project. The balance is commonly comprised of a "deferred developer fee" component, which is funded from available net cash flow and can take over a decade to recover, and an additional equity component that is invested back into the project. In the subject example, it is estimated that the affordable developer will receive an up-front fee totaling 5% of direct costs (\$24,000 per unit) and a deferred fee totaling 1% of direct costs (\$6,000 per unit). Any additional "paper fee" is estimated to be invested back into the project and not realized by the developer.

Exhibit 12

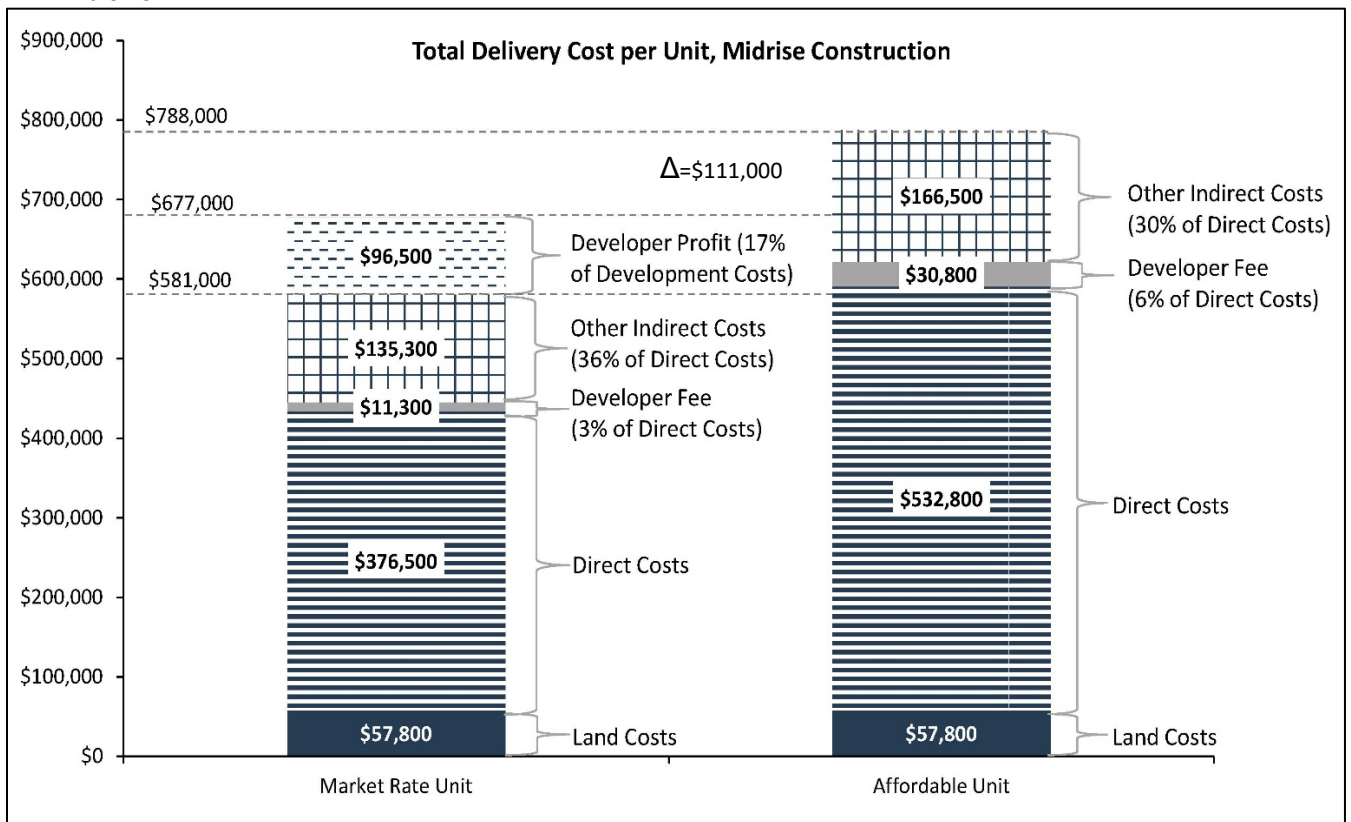
3. Total Delivery Cost

The total cost of delivering a market rate unit also includes a profit component to the developer. In this comparative analysis, the profit margin for mid-rise projects in West San Jose is estimated at 16.5% of total development costs, or \$96,500 per unit. As illustrated in Exhibit 13, including a profit margin, the total cost to deliver a market rate unit approximates \$677,000 per unit. In comparison, the total cost of delivering an affordable unit approximates \$788,000 per unit, or \$111,000 more per unit than a market rate project.

The total return to a developer of a market rate project exceeds the total return to a developer of an affordable project by approximately \$77,000 per unit, as follows:

	Market Rate	Affordable
Up-front Development Management Fee	\$11,300	\$24,800
Deferred Fee	\$0	\$6,000
Profit	\$96,500	
Total Return	\$107,800	\$30,800

Exhibit 13



While affordable units are more expensive to develop, it is important to note that an array of sources are used to fund development costs and the City of San Jose's share is typically in the range of 15% to 20% of the unit's cost, which approximates \$118,000 to \$158,000 per unit in the hypothetical example.⁶

⁶ The City of San Jose has recently adopted a policy to limit its subsidy amounts to no more than \$125,000 per unit.

IV. TECHNICAL APPENDICES

A. Affordable Housing Project Cost Analysis

Table 1: List of Affordable Housing Projects included in Analysis

Table 2: Summary Comparison of All Projects (costs not escalated)

Table 3: Summary Comparison of All Projects (costs escalated to 2019 dollars)

Table 4: Summary Comparison of Large Family Projects (costs escalated to 2019 dollars)

Table 5: Summary Comparison of Special Needs/Single Room Occupancy Projects (costs escalated to 2019 dollars)

B. List of Market Rate Apartment Projects in San Jose Built in 2015 or Later

C. Glossary of Terms

APPENDIX A

Table 1

List of Affordable Housing Projects Included in the Analysis

Affordable Housing Project Cost Analysis

City of San Jose

	Project Name	Project Type	No. of Units	Date of Pro Forma / Project/ Application	City	Floors	DU/AC
1	Cornerstone at Japantown	Large Family	53	6/1/2008	San Jose	3	25
2	Roosevelt Park	Large Family	80	12/26/2018	San Jose	8	170
3	226 Balbach	Large Family	87	1/8/2019	San Jose	8	236
4	Quetzal Gardens	Large Family	71	12/17/2018	San Jose	6	96
5	Second St. Studios	SN/SRO	135	5/31/2018	San Jose	5	116
6	Donner Lofts	SN/SRO	102	1/31/2014	San Jose	7	232
7	Villas on the Park	SN/SRO	84	2/5/2018	San Jose	6	240
8	Page Street	SN/SRO	82	12/13/2018	San Jose	5	117
9	Renascent Place	SN/SRO	162	12/27/2016	San Jose	4	63
10	Eagle Family Housing	Large Family	20	4/18/2016	Alameda	3	24
11	Stevenson Place	Large Family	80	1/18/2017	Fremont	4	35
12	Fairview Heights Apartment	Large Family	101	1/18/2019	Inglewood	4	70
13	Arminta Sq Apartments	Large Family	110	1/18/2019	Los Angeles	4	59
14	Warm Springs TOD	Large Family	71	1/29/2018	Fremont	5	65
15	Corvin Apartments	SN/SRO	145	1/18/2019	Santa Clara	5	134
16	Long Beach Assisted Living	SN/SRO	150	1/18/2019	Long Beach	5	85

Table 2. Summary Comparison of All Projects (costs not escalated)
Affordable Housing Portfolio Analysis
City of San Jose

					Cornerstone at Japantown	Renascent Place	Page Street	Second St. Studios	Quetzal Gardens	Villas on the Park	Donner Lofts	Roosevelt Park	226 Balbach
Project Information	Low	Average	High	Median									
Housing/Occupancy Type					Large Family	SN/SRO	SN/SRO	SN/SRO	Large Family	SN/SRO	SN/SRO	Large Family	Large Family
New Construction or Acq/Rehab					New	New	New	New	New	New	New	New	New
TCAC 4% 9%					9%		4%	0%	4%	9%	9%	4%	4%
Pro forma/TCAC Application Date					6/1/2008	12/27/2016	12/13/2018	5/31/2018	12/17/2018	2/5/2018	1/31/2014	10/31/2018	1/8/2019
Assumed Hard Cost Escalator		as this table is for non-escalated costs, this will be 0%				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Assumed Operating Expenses Escalator		as this table is for non-escalated costs, this will be 0%				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Escalator Months					134	32	8	15	8	18	67	10	7
Hard Cost Escalator Factor					1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Operating Expenses Escalator Factor					1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Site Acres					2.1	2.56	0.7	1.16	0.74	0.35	0.44	0.47	0.37
Section 8 Units/Rent Subsidy, if any							27	134	32	83	5	0	0
Developer					Core	Renascent Place, LP	Charities Housing	FCH	RCD		MidPen	Community	RCD
Total Number of Units (incl. managers)	20	96	162	86	53	162	82	135	71	84	102	80	87
Building Stories	3	5	8	5	3	4	5	5	6	6	7	8	8
Density (du/ac)	24	111	240	90	25.2	63.3	117.14	116.4	95.9	240.0	231.8	170.2	236.4
Project Development Costs	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Property Acquisition	\$27,586	\$65,727	\$121,000	\$58,879	\$113,646	\$61,030	\$47,855	\$38,762	\$61,247	\$45,575	\$45,000	\$55,243	\$27,586
Total Direct Costs	\$205,437	\$349,170	\$611,972	\$313,205	\$240,644	\$241,984	\$337,625	\$308,577	\$611,972	\$309,698	\$217,192	\$559,056	\$427,488
New construction costs	\$197,536	\$322,467	\$556,338	\$286,666	\$220,612	\$212,175	\$298,964		\$556,338	\$285,323	\$207,592	\$529,008	\$407,002
Offsites/Demolition	\$980	\$10,587	\$55,589	\$4,121	\$9,573	\$7,821	\$5,886		\$0	\$2,345	\$980	\$3,406	\$0
Construction Contingency	\$7,901	\$21,646	\$55,634	\$20,486	\$10,459	\$21,988	\$32,775		\$55,634	\$22,030	\$8,619	\$26,642	\$20,486
Total Indirect Costs	\$69,294	\$146,230	\$265,892	\$132,807	\$96,560	\$155,212	\$241,662	\$90,008	\$237,238	\$127,915	\$87,819	\$265,892	\$147,280
A&E	\$9,543	\$21,359	\$41,250	\$18,246	\$9,543	\$12,523	\$26,693		\$41,092	\$19,381	\$17,025	\$35,625	\$23,795
Fees & Permits Costs	\$8,428	\$28,914	\$77,308	\$26,082	\$17,434	\$23,373	\$28,560		\$37,944	\$22,297	\$10,107	\$35,050	\$17,626
Soft Cost Contingency	\$1,020	\$3,553	\$6,055	\$3,212	\$1,547	\$2,374	\$6,055		\$5,704	\$5,024	\$3,839	\$4,875	\$2,593
Other Costs	\$5,840	\$16,886	\$59,587	\$12,297	\$5,840	\$9,556	\$59,587		\$30,563	\$22,226	\$21,654	\$12,827	\$17,182
Commercial Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Capitalized Operating Reserves	\$2,894	\$9,010	\$36,462	\$5,379	\$5,100	\$36,462	\$2,894		\$5,428	\$4,512	\$5,115	\$5,496	\$3,238
Developer Fee	\$13,994	\$35,315	\$98,493	\$26,415	\$26,415	\$44,453	\$69,427		\$22,049	\$13,994	\$13,994	\$98,493	\$40,230
Financing Costs	\$12,617	\$34,940	\$73,526	\$30,681	\$30,681	\$26,471	\$48,446		\$67,211	\$32,426	\$16,085	\$73,526	\$42,615
Total Development Cost	\$348,064	\$561,127	\$910,456	\$514,673	\$450,849	\$458,226	\$627,142	\$437,347	\$910,456	\$483,189	\$350,010	\$880,191	\$602,354
Property Acquisition (\$/Land SF)	\$45	\$138	\$251	\$132	\$66	\$89	\$129	\$104	\$135	\$251	\$239	\$216	\$150
Net Developer Fee per Unit	\$7,333	\$20,368	\$43,621	\$18,692	\$17,173	\$11,999	\$12,746		\$35,211	\$22,049	\$13,977	\$26,066	\$22,989
Permanent Sources (\$ Amount)	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Hard Debt - Tranch A	\$55,889	\$84,638	\$127,910	\$83,554	\$76,302	\$55,889	\$0		\$127,910	\$0	\$0	\$0	\$0
Hard Debt - Tranch B (Section 8 Trache)	\$27,780	\$62,038	\$86,535	\$58,214	\$0	\$0	\$27,780		\$0	\$58,214	\$0	\$0	\$53,735
LIHTC Investment	\$147,215	\$260,698	\$418,057	\$254,939	\$238,438	\$147,215	\$220,518		\$343,711	\$255,418	\$167,847	\$339,762	\$235,413
AHP	\$4,938	\$8,497	\$9,885	\$9,804	\$8,000	\$4,938	\$0		\$9,859	\$0	\$9,804	\$0	\$9,885
Deferred Developer Fee	\$79	\$9,038	\$29,937	\$8,236	\$9,242	\$9,232	\$29,937		\$7,042	\$0	\$0	\$6,250	\$9,138
Developer (GP) Equity	\$1	\$12,165	\$66,177	\$2,069	\$0	\$23,222	\$26,744		\$7,042	\$0	\$17	\$66,177	\$8,103
City Funding	\$34,483	\$117,905	\$288,257	\$118,868	\$118,868	\$0	\$87,520	\$136,413	\$154,707	\$38,810	\$42,183	\$117,188	\$131,011
County Funding	\$22,967	\$132,860	\$213,655	\$152,858	\$0	\$160,679	\$178,663		\$145,037	\$85,714	\$0	\$162,500	\$0
State Funding	\$54,902	\$84,281	\$127,482	\$56,652	\$0	\$56,652	\$55,980		\$0	\$0	\$54,902	\$126,389	\$127,482
Other Funding	\$3,000	\$77,549	\$233,263	\$73,871	\$0	\$3,253	\$0		\$0	\$0	\$75,257	\$75,218	\$27,586
Total Sources	\$348,064	\$554,189	\$893,484	\$530,931	\$450,849	\$461,580	\$627,142	\$437,347	\$795,310	\$438,156	\$350,010	\$893,484	\$602,354
Permanent Sources (% of Total)	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Hard Debt - Tranch A	11%	15%	20%	16%	17%	12%	0%	0%	16%	0%	0%	0%	0%
Hard Debt - Tranch B (Section 8 Trache)	4%	11%	17%	11%	0%	0%	4%	0%	0%	13%	0%	0%	9%
LIHTC Investment	32%	47%	64%	48%	53%	32%	35%	0%	43%	58%	48%	38%	39%
AHP	1%	2%	3%	2%	2%	1%	0%	0%	1%	0%	3%	0%	2%
Deferred Developer Fee	0%	2%	5%	2%	2%	2%	5%	0%	1%	0%	0%	1%	2%
Developer (GP) Equity	0%	2%	7%	0%	0%	5%	4%	0%	1%	0%	0%	7%	1%
City Funding	6%	20%	36%	19%	26%	0%	14%	31%	19%	9%	12%	13%	22%
County Funding	4%	23%	40%	19%	0%	35%	28%	0%	18%	20%	0%	18%	0%
State Funding	9%	14%	21%	14%	0%	12%	9%	0%	0%	0%	16%	14%	21%
Other Funding	0%	16%	42%	11%	0%	1%	0%	0%	0%	0%	22%	8%	5%
Total Sources	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Unit & Affordability Mix (Units)	Low	Average	High	Median	Units	Units	Units	Units	Units	Units	Units	Units	Units
Extremely Low Income	3	29	80	21	14	56	27		47	42	21	40	
Very Low Income	1	46	135	43	31	104	54		0	41	80	20	
Low Income	4	20	63	19	2	0	0		23	0	0	19	
Total	18	83	160	79	52	160	81		70	83	101	79	0
Unit & Affordability Mix (% of Total)	Low	Average	High	Median	Units	Units	Units	Units	Units	Units	Units	Units	Units
Extremely Low Income					27%	35%	33%		67%	51%	21%	51%	
Very Low Income					60%	65%	67%		0%	49%	79%	25%	
Low Income					13%	0%	0%		33%	0%	0%	24%	
Total					100%	100%	100%		100%	100%	100%	100%	
Operating Expenses	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Administrative Expenses	\$233	\$1,133	\$3,101	\$932	\$294	\$2,562	\$233		\$909	\$3,101	\$711	\$1,360	
Property Management Fees	\$571	\$751	\$1,537	\$720	\$571	\$605	\$840		\$684	\$696	\$720	\$600	
Payroll	\$1,184	\$2,931	\$11,366	\$1,991	\$1,184	\$3,024	\$3,825		\$4,605	\$2,615	\$1,920	\$2,063	
Repairs and Maintenance (O&M)	\$447	\$1,054	\$1,707	\$1,097	\$447	\$1,553	\$683		\$1,707	\$1,381	\$758	\$1,147	
Utilities	\$553	\$1,080	\$1,800	\$1,119	\$1,008	\$1,111	\$1,232		\$949	\$1,298	\$1,127	\$1,800	
Insurance	\$235	\$530	\$1,568	\$464	\$500	\$278	\$235		\$853	\$452	\$264	\$628	
Real Estate Taxes	\$20	\$93	\$374	\$58	\$57	\$22	\$374		\$70	\$60	\$30	\$50	
Resident Services	\$189	\$800	\$1,575	\$700	\$189	\$650	\$575		\$0	\$0	\$800	\$349	
Other Operating Expenses	\$17	\$592	\$2,272	\$487	\$447	\$76	\$180		\$2,272	\$0	\$0	\$114	
Sub Total Operating Expenses	\$4,696	\$8,667	\$18,596	\$7,775	\$4,696	\$9,880	\$8,177		\$12,049	\$9,603	\$6,330	\$8,111	\$0
Replacement Reserve	\$250	\$465	\$600	\$500	\$350	\$600	\$500		\$600	\$600	\$500	\$500	
Other	\$68	\$959	\$1,850	\$959	\$0	\$0	\$0		\$0	\$1,850	\$0	\$0	
Total Annual Operating Expenses	\$5,046	\$9,269	\$18,956	\$8,175	\$5,046	\$10,480	\$8,677		\$12,649	\$12,053	\$6,830	\$8,611	\$0
Total Expenses Excluding Services	\$4,857	\$8,583	\$17,526	\$7,426	\$4,857	\$9,830	\$8,102		\$12,649	\$12,053	\$6,030	\$8,262	\$0

Note: While calculating Low, Average, High and Median, values equal to zero have been excluded.

Table 2. Summary Comparison of All Projects (costs not escalated)
Affordable Housing Portfolio Analysis
City of San Jose

					Eagle Family Housing	Stevenson Place Apartments	Corvin Apartments	Fairview Heights Apartment	Long Beach Assisted Living	Arminta Sq Apartments	Warm Springs TOD
Project Information	Low	Average	High	Median							
Housing/Occupancy Type					Large Family	Large Family	SN/SRO	Large Family	SN/SRO	Large Family	Large Family
New Construction or Acq/Rehab					New	New	New	New	New	New	New
TCAC 4% 9%					9%	9%					9%
Pro forma/TCAC Application Date					4/18/2016	1/18/2017	1/18/2019	1/18/2019	1/18/2019	1/18/2019	1/29/2018
Assumed Hard Cost Escalator	as this table is for non-escalated costs, this will be 0%				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Assumed Operating Expenses Escalator	as this table is for non-escalated costs, this will be 0%				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Escalator Months					40	31	7	7	7	7	19
Hard Cost Escalator Factor					1.0	1.0	1.0	1.0	1.0	1.0	1.0
Operating Expenses Escalator Factor					1.0	1.0	1.0	1.0	1.0	1.0	1.0
Site Acres					0.83	2.3	1.08	1.44	1.77	1.86	1.09
Section 8 Units/Rent Subsidy, if any										0	0
Developer					Island City Dev.	MidPen Housing	Allied Housing, Inc	LMC-LMC Fairview	Foundation for Better Housing	Arminta Meta, LP	Eden Housing
Total Number of Units (incl. managers)	20	96	162	86	20	80	145	101	150	110	71
Building Stories	3	5	8	5	3	4	5	4	5	4	5
Density (du/ac)	24	111	240	90	24.1	34.8	134.3	70.1	84.7	59.1	65.1
Project Development Costs	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Property Acquisition	\$27,586	\$65,727	\$121,000	\$58,879	\$121,000	\$56,728	\$79,272	\$49,576	\$73,333	\$75,564	\$100,211
Total Direct Costs	\$205,437	\$349,170	\$611,972	\$313,205	\$486,339	\$390,504	\$316,712	\$354,252	\$205,437	\$292,579	\$286,667
New construction costs	\$197,536	\$322,467	\$556,338	\$286,666	\$410,000	\$368,540	\$286,666	\$315,400	\$197,536	\$268,829	\$273,017
Offsites/Demolition	\$980	\$10,587	\$55,589	\$4,121	\$55,589	\$3,369	\$1,379	\$21,983	\$0	\$4,121	\$0
Construction Contingency	\$7,901	\$21,646	\$55,634	\$20,486	\$20,750	\$18,595	\$28,667	\$16,869	\$7,901	\$19,629	\$13,651
Total Indirect Costs	\$69,294	\$146,230	\$265,892	\$132,807	\$188,639	\$124,363	\$137,698	\$91,836	\$69,294	\$116,108	\$162,156
A&E	\$9,543	\$21,359	\$41,250	\$18,246	\$41,250	\$15,601	\$14,012	\$11,109	\$10,200	\$18,246	\$24,294
Fees & Permits Costs	\$8,428	\$28,914	\$77,308	\$26,082	\$34,511	\$46,700	\$33,319	\$26,082	\$8,428	\$14,975	\$77,308
Soft Cost Contingency	\$1,020	\$3,553	\$6,055	\$3,212	\$6,000	\$2,316	\$2,069	\$3,212	\$1,020	\$2,955	\$3,719
Other Costs	\$5,840	\$16,886	\$59,587	\$12,297	\$10,000	\$8,961	\$12,297	\$8,152	\$8,265	\$18,701	\$7,481
Commercial Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Operating Reserves	\$2,894	\$9,010	\$36,462	\$5,379	\$16,887	\$6,019	\$16,027	\$3,912	\$14,097	\$4,589	\$5,379
Developer Fee	\$13,994	\$35,315	\$98,493	\$26,415	\$43,750	\$17,500	\$31,034	\$18,693	\$14,667	\$20,000	\$19,718
Financing Costs	\$12,617	\$34,940	\$73,526	\$30,681	\$36,242	\$27,265	\$28,940	\$20,675	\$12,617	\$36,642	\$24,257
Total Development Cost	\$348,064	\$561,127	\$910,456	\$514,673	\$795,978	\$571,594	\$533,683	\$495,663	\$348,064	\$484,251	\$549,035
Property Acquisition (\$/Land SF)	\$45	\$138	\$251	\$132	\$67	\$45	\$244	\$80	\$143	\$103	\$150
Net Developer Fee per Unit	\$7,333	\$20,368	\$43,621	\$18,692	\$43,621	\$17,108	\$17,241	\$18,692	\$7,333	\$19,598	\$19,717
Permanent Sources (\$ Amount)	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Hard Debt - Tranch A	\$55,889	\$84,638	\$127,910	\$83,554	\$0	\$91,975	\$69,454	\$107,051	\$0	\$90,806	\$57,718
Hard Debt - Tranch B (Section 8 Trache)	\$27,780	\$62,038	\$86,535	\$58,214	\$86,535	\$0	\$0	\$0	\$0	\$83,926	\$0
LIHTC Investment	\$147,215	\$260,698	\$418,057	\$254,939	\$418,057	\$308,741	\$202,298	\$254,939	\$210,943	\$309,116	\$258,052
AHP	\$4,938	\$8,497	\$9,885	\$9,804	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Developer Fee	\$79	\$9,038	\$29,937	\$8,236	\$79	\$0	\$11,724	\$0	\$7,333	\$402	\$0
Developer (GP) Equity	\$1	\$12,165	\$66,177	\$2,069	\$50	\$392	\$2,069	\$1	\$0	\$0	\$1
City Funding	\$34,483	\$117,905	\$288,257	\$118,868	\$288,257	\$147,519	\$34,483	\$0	\$0	\$0	\$0
County Funding	\$22,967	\$132,860	\$213,655	\$152,858	\$0	\$22,967	\$213,655	\$93,663	\$0	\$0	\$0
State Funding	\$54,902	\$84,281	\$127,482	\$56,652	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Funding	\$3,000	\$77,549	\$233,263	\$73,871	\$3,000	\$0	\$0	\$72,525	\$129,787	\$0	\$233,263
Total Sources	\$348,064	\$554,189	\$893,484	\$530,931	\$795,978	\$571,594	\$533,683	\$528,179	\$348,064	\$484,251	\$549,035
Permanent Sources (% of Total)	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Hard Debt - Tranch A	11%	15%	20%	16%	0%	16%	13%	20%	0%	19%	11%
Hard Debt - Tranch B (Section 8 Trache)	4%	11%	17%	11%	11%	0%	0%	0%	0%	17%	0%
LIHTC Investment	32%	47%	64%	48%	53%	54%	38%	48%	61%	64%	47%
AHP	1%	2%	3%	2%	0%	0%	0%	0%	0%	0%	0%
Deferred Developer Fee	0%	2%	5%	2%	0%	0%	2%	0%	2%	0%	0%
Developer (GP) Equity	0%	2%	7%	0%	0%	0%	0%	0%	0%	0%	0%
City Funding	6%	20%	36%	19%	36%	26%	6%	0%	0%	0%	0%
County Funding	4%	23%	40%	19%	0%	4%	40%	18%	0%	0%	0%
State Funding	9%	14%	21%	14%	0%	0%	0%	0%	0%	0%	0%
Other Funding	0%	16%	42%	11%	0%	0%	0%	14%	37%	0%	42%
Total Sources	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Unit & Affordability Mix (Units)	Low	Average	High	Median	Units	Units	Units	Units	Units	Units	Units
Extremely Low Income	3	29	80	21	4	15	80	56	15	45	18
Very Low Income	1	46	135	43	11	44	50	10	135	1	36
Low Income	4	20	63	19	4	20	14	34	0	63	16
Total	18	83	160	79	19	79	144	100	150	109	70
Unit & Affordability Mix (% of Total)	Low	Average	High	Median	Units	Units	Units	Units	Units	Units	Units
Extremely Low Income					21%	19%	56%	56%	10%	41%	26%
Very Low Income					58%	56%	35%	10%	90%	1%	51%
Low Income					21%	25%	10%	34%	0%	58%	23%
Total					100%	100%	100%	100%	100%	100%	100%
Operating Expenses	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Administrative Expenses	\$233	\$1,133	\$3,101	\$932	\$963	\$551	\$2,307	\$994	\$956	\$506	\$410
Property Management Fees	\$571	\$751	\$1,537	\$720	\$660	\$720	\$720	\$720	\$1,537	\$720	\$720
Payroll	\$1,184	\$2,931	\$11,366	\$1,991	\$2,299	\$1,861	\$1,586	\$1,600	\$11,366	\$1,364	\$1,720
Repairs and Maintenance (O&M)	\$447	\$1,054	\$1,707	\$1,097	\$1,083	\$1,111	\$1,010	\$1,550	\$460	\$1,182	\$677
Utilities	\$553	\$1,080	\$1,800	\$1,119	\$553	\$839	\$1,250	\$670	\$680	\$1,350	\$1,258
Insurance	\$235	\$530	\$1,568	\$464	\$590	\$608	\$476	\$400	\$1,568	\$260	\$314
Real Estate Taxes	\$20	\$93	\$374	\$58	\$0	\$113	\$34	\$20	\$0	\$68	\$221
Resident Services	\$189	\$800	\$1,575	\$700	\$900	\$750	\$1,485	\$1,429	\$273	\$620	\$620
Other Operating Expenses	\$17	\$592	\$2,272	\$487	\$0	\$17	\$907	\$0	\$600	\$780	\$528
Sub Total Operating Expenses	\$4,696	\$8,667	\$18,596	\$7,775	\$7,050	\$6,570	\$9,866	\$7,439	\$18,596	\$6,502	\$6,469
Replacement Reserve	\$250	\$465	\$600	\$500	\$600	\$450	\$500	\$300	\$360	\$250	400
Other	\$68	\$959	\$1,850	\$959	\$0	\$68	\$0	\$0	\$0	\$0	\$0
Total Annual Operating Expenses	\$5,046	\$9,269	\$18,956	\$8,175	\$7,650	\$7,087	\$10,366	\$7,739	\$18,956	\$6,752	\$6,869
Total Expenses Excluding Services	\$4,857	\$8,583	\$17,526	\$7,426	\$6,750	\$6,337	\$8,791	\$6,254	\$17,526	\$6,479	\$6,249

Note: While calculating Low, Average, High and Median, values equal to zero have been excluded.

Table 3. Summary Comparison of All Projects (costs escalated to \$2019)

**Affordable Housing Portfolio Analysis
City of San Jose**

					Cornerstone at Japantown	Renasant Place	Page Street	Second St. Studios	Quetzal Gardens	Villas on the Park	Donner Lofts	Roosevelt Park	226 Balbach
Project Information	Low	Average	High	Median									
Housing/Occupancy Type					Large Family	SN/SRO	SN/SRO	SN/SRO	Large Family	SN/SRO	SN/SRO	Large Family	Large Family
New Construction or Acq/Rehab					New	New	New	New	New	New	New	New	New
TCAC 4% 9%					9%	4%	4%	0%	4%	9%	9%	4%	4%
Pro forma/TCAC Application Date					6/1/2008	12/27/2016	12/13/2018	5/31/2018	12/17/2018	2/5/2018	1/31/2014	10/31/2018	1/8/2019
Assumed Hard Cost Escalator					5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Assumed Operating Expenses Escalator					3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Escalator Months					134	32	8	15	8	18	67	10	7
Hard Cost Escalator Factor					1.7	1.1	1.0	1.1	1.0	1.1	1.3	1.0	1.0
Operating Expenses Escalator Factor					1.5	1.1	1.0	1.0	1.0	1.1	1.2	1.0	1.0
Site Acres					2.1	2.56	0.7	1.16	0.74	0.35	0.44	0.47	0.37
Section 8 Units/Rent Subsidy, if any							27	134	32	83	5		
Developer					Core	Renasant Place, LP	Charities Housing	FCH	RCD	0	MidPen	Community	RCD
Total Number of Units (incl. managers)	20	96	162	86	53	162	82	135	71	84	102	80	87
Building Stories	3	5	8	5	3	4	5	5	6	6	7	8	8
Density (du/ac)	24	111	240	90	25.2	63.3	117.14	116.4	95.9	240.0	231.8	170.2	236.4
Project Development Costs	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Property Acquisition	\$28,383	\$75,885	\$195,960	\$63,810	\$195,960	\$69,510	\$49,437	\$41,200	\$63,272	\$49,036	\$59,091	\$57,535	\$28,383
Total Direct Costs	\$211,368	\$385,477	\$632,205	\$341,000	\$414,943	\$275,608	\$348,787	\$327,982	\$632,205	\$333,214	\$285,200	\$582,254	\$439,830
New construction costs	\$203,239	\$356,640	\$574,731	\$308,848	\$380,402	\$241,657	\$308,848		\$574,731	\$306,987	\$272,595	\$550,960	\$418,752
Offsites/Demolition	\$1,287	\$12,396	\$65,406	\$4,240	\$16,506	\$8,908	\$6,080		\$0	\$2,523	\$1,287	\$3,547	\$0
Construction Contingency	\$8,130	\$23,579	\$57,473	\$21,093	\$18,034	\$25,043	\$33,859		\$57,473	\$23,703	\$11,318	\$27,747	\$21,077
Total Indirect Costs	\$71,294	\$161,262	\$276,926	\$146,603	\$166,498	\$176,779	\$249,652	\$95,668	\$245,081	\$137,628	\$115,317	\$276,926	\$151,532
A&E	\$10,494	\$23,542	\$48,535	\$20,853	\$16,456	\$14,263	\$27,575		\$42,450	\$20,853	\$22,356	\$37,103	\$24,482
Fees & Permits Costs	\$8,672	\$31,972	\$83,517	\$29,505	\$30,061	\$26,621	\$29,505		\$39,198	\$22,989	\$13,271	\$36,504	\$18,135
Soft Cost Contingency	\$1,049	\$3,929	\$7,060	\$3,305	\$2,668	\$2,703	\$6,255		\$5,892	\$5,406	\$5,041	\$5,077	\$2,668
Other Costs	\$8,082	\$18,418	\$61,557	\$12,652	\$10,069	\$10,884	\$61,557		\$31,574	\$23,914	\$28,435	\$13,360	\$17,678
Commercial Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Capitalized Operating Reserves	\$2,990	\$10,120	\$41,528	\$5,811	\$8,794	\$41,528	\$2,990		\$5,608	\$4,854	\$6,716	\$5,724	\$3,332
Developer Fee	\$15,090	\$38,957	\$102,580	\$31,930	\$45,548	\$50,630	\$71,722		\$50,926	\$23,723	\$18,376	\$102,580	\$41,391
Financing Costs	\$12,981	\$38,698	\$76,577	\$34,888	\$52,903	\$30,149	\$50,048		\$69,433	\$34,888	\$21,122	\$76,577	\$43,845
Total Development Cost	\$358,113	\$622,624	\$940,557	\$571,110	\$777,401	\$521,896	\$647,876	\$464,850	\$940,557	\$519,877	\$459,608	\$916,715	\$619,744
Property Acquisition (\$/Land SF)	\$51	\$152	\$314	\$136	\$114	\$101	\$133	\$110	\$139	\$270	\$314	\$225	\$154
Net Developer Fee per Unit	\$7,545	\$22,827	\$51,324	\$20,163	\$29,612	\$13,666	\$13,168		\$36,375	\$23,723	\$18,353	\$27,148	\$23,652
Permanent Sources (\$ Amount)	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Hard Debt - Tranch A	\$62,354	\$96,134	\$132,139	\$98,879	\$131,568	\$63,655	\$0		\$132,139	\$0	\$0	\$0	\$0
Hard Debt - Tranch B (Section 8 Trache)	\$28,699	\$66,957	\$101,818	\$62,634	\$0	\$0	\$28,699		\$0	\$62,634	\$0	\$0	\$55,286
LIHTC Investment	\$167,670	\$291,958	\$491,888	\$274,812	\$411,139	\$167,670	\$227,809		\$355,075	\$274,812	\$220,405	\$353,861	\$242,209
AHP	\$5,624	\$10,530	\$13,794	\$10,185	\$13,794	\$5,624	\$0		\$10,185	\$0	\$12,874	\$0	\$10,170
Deferred Developer Fee	\$93	\$10,068	\$30,926	\$8,473	\$15,935	\$10,515	\$30,926		\$7,275	\$0	\$0	\$6,509	\$9,402
Developer (GP) Equity	\$1	\$12,843	\$68,923	\$2,129	\$0	\$26,449	\$27,628		\$7,275	\$0	\$22	\$68,923	\$8,337
City Funding	\$35,478	\$135,235	\$339,164	\$134,794	\$204,964	\$0	\$90,414	\$136,413	\$159,822	\$41,756	\$55,391	\$122,050	\$134,794
County Funding	\$26,053	\$140,140	\$219,823	\$159,538	\$0	\$183,005	\$184,569		\$149,833	\$92,223	\$0	\$169,243	\$0
State Funding	\$57,831	\$91,449	\$131,634	\$72,093	\$0	\$64,524	\$57,831		\$0	\$0	\$72,093	\$131,634	\$131,163
Other Funding	\$3,530	\$84,187	\$251,997	\$76,479	\$0	\$4,275	\$0		\$0	\$0	\$98,823	\$78,339	\$28,383
Total Sources	\$358,113	\$615,357	\$936,552	\$571,110	\$777,401	\$525,717	\$647,876	\$464,850	\$821,604	\$471,425	\$459,608	\$930,560	\$619,744
Permanent Sources (% of Total)	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Hard Debt - Tranch A	11%	15%	20%	16%	17%	12%	0%		16%	0%	0%	0%	0%
Hard Debt - Tranch B (Section 8 Trache)	4%	11%	17%	11%	0%	0%	4%		0%	13%	0%	0%	9%
LIHTC Investment	32%	47%	64%	48%	53%	32%	35%		43%	58%	48%	38%	39%
AHP	1%	2%	3%	2%	2%	1%	0%		1%	0%	3%	0%	2%
Deferred Developer Fee	0%	2%	5%	2%	2%	2%	5%		1%	0%	0%	1%	2%
Developer (GP) Equity	0%	2%	7%	0%	0%	5%	4%		1%	0%	0%	7%	1%
City Funding	6%	19%	36%	19%	26%	0%	14%	29%	19%	9%	12%	13%	22%
County Funding	4%	23%	40%	19%	0%	35%	28%		18%	20%	0%	18%	0%
State Funding	9%	14%	21%	14%	0%	12%	9%		0%	0%	16%	14%	21%
Other Funding	0%	16%	42%	11%	0%	1%	0%		0%	0%	22%	8%	5%
Total Sources					100%	100%	100%	100%	100%	100%	100%	100%	100%
Unit & Affordability Mix (Units)	Low	Average	High	Median	Units	Units	Units	Units	Units	Units	Units	Units	Units
Extremely Low Income	4	34	80	34	14	56	27		47	42	21	40	
Very Low Income	1	47	135	41	31	104	54		0	41	80	20	
Low Income	4	22	63	19	2	0	0		23	0	0	19	
Total	19	93	160	82	52	160	81		70	83	101	79	
Unit & Affordability Mix (% of Total)	Low	Average	High	Median	Units	Units	Units	Units	Units	Units	Units	Units	Units
Extremely Low Income					27%	35%	33%		67%	51%	21%	51%	
Very Low Income					60%	65%	67%		0%	49%	79%	25%	
Low Income					13%	0%	0%		33%	0%	0%	24%	
Total					100%	100%	100%		100%	100%	100%	100%	
Operating Expenses	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Administrative Expenses	\$238	\$1,208	\$3,265	\$953	\$432	\$2,808	\$238		\$930	\$3,265	\$861	\$1,399	
Property Management Fees	\$617	\$810	\$1,568	\$737	\$838	\$663	\$859		\$700	\$733	\$872	\$617	
Payroll	\$1,391	\$3,111	\$11,596	\$2,225	\$1,738	\$3,314	\$3,914		\$4,711	\$2,754	\$2,327	\$2,122	
Repairs and Maintenance (O&M)	\$469	\$1,128	\$1,746	\$1,193	\$657	\$1,703	\$699		\$1,746	\$1,454	\$918	\$1,180	
Utilities	\$621	\$1,172	\$1,852	\$1,268	\$1,480	\$1,218	\$1,261		\$971	\$1,366	\$1,366	\$1,852	
Insurance	\$240	\$572	\$1,599	\$481	\$734	\$304	\$240		\$873	\$476	\$320	\$646	
Real Estate Taxes	\$20	\$99	\$383	\$66	\$83	\$24	\$383		\$72	\$63	\$37	\$51	
Resident Services	\$277	\$854	\$1,607	\$766	\$277	\$712	\$588		\$0	\$0	\$969	\$360	
Other Operating Expenses	\$18	\$628	\$2,325	\$585	\$656	\$83	\$184		\$2,325	\$0	\$0	\$117	
Sub Total Operating Expenses	\$6,634	\$9,266	\$18,973	\$8,126	\$6,895	\$10,829	\$8,367		\$12,328	\$10,112	\$7,671	\$8,347	
Replacement Reserve	\$255	\$505	\$673	\$513	\$514	\$658	\$512		\$614	\$632	\$606	\$515	
Other	\$74	\$1,011	\$1,948	\$1,011	\$0	\$0	\$0		\$0	\$1,948	\$0	\$0	
Total Annual Operating Expenses	\$6,889	\$9,916	\$19,340	\$8,720	\$7,409	\$11,487	\$8,878		\$12,942	\$12,691	\$8,277	\$8,861	
Total Expenses Excluding Services	\$6,380	\$9,184	\$17,881	\$7,930	\$7,132	\$10,774	\$8,290		\$12,942	\$12,691	\$7,307	\$8,502	

Note: While calculating Low, Average, High and Median, values equal to zero have been excluded.

Table 3. Summary Comparison of All Projects (costs escalated to \$2019)

**Affordable Housing Portfolio Analysis
City of San Jose**

					Eagle Family Housing	Stevenson Place Apartments	Corvin Apartments	Fairview Heights Apartment	Long Beach Assisted Living	Arminta Sq Apartments	Warm Springs TOD
Project Information	Low	Average	High	Median							
Housing/Occupancy Type					Large Family	Large Family	SN/SRO	Large Family	SN/SRO	Large Family	Large Family
New Construction or Acq/Rehab					New	New	New	New	New	New	New
TCAC 4% 9%					9%	9%					9%
Pro forma/TCAC Application Date					4/18/2016	1/18/2017	1/18/2019	1/18/2019	1/18/2019	1/18/2019	1/29/2018
Assumed Hard Cost Escalator					5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Assumed Operating Expenses Escalator					3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Escalator Months					40	31	7	7	7	7	19
Hard Cost Escalator Factor					1.2	1.1	1.0	1.0	1.0	1.0	1.1
Operating Expenses Escalator Factor					1.1	1.1	1.0	1.0	1.0	1.0	1.1
Site Acres					0.83	2.3	1.08	1.44	1.77	1.86	1.09
Section 8 Units/Rent Subsidy, if any											
Developer					Island City Dev.	MidPen Housing	Allied Housing, Inc	Fairview Heights	Foundation for Better Housing	Arminta Meta, LP	Eden Housing
Total Number of Units (incl. managers)	20	96	162	86	20	80	145	101	150	110	71
Building Stories	3	5	8	5	3	4	5	4	5	4	5
Density (du/ac)	24	111	240	90	24.1	34.8	134.3	70.1	84.7	59.1	65.1
Project Development Costs	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Property Acquisition	\$28,383	\$75,885	\$195,960	\$63,810	\$142,369	\$64,348	\$81,561	\$51,007	\$75,450	\$77,745	\$108,260
Total Direct Costs	\$211,368	\$385,477	\$632,205	\$341,000	\$572,229	\$442,960	\$325,856	\$364,479	\$211,368	\$301,026	\$309,691
New construction costs	\$203,239	\$356,640	\$574,731	\$308,848	\$482,408	\$418,045	\$294,943	\$324,505	\$203,239	\$276,590	\$294,944
Offsites/Demolition	\$1,287	\$12,396	\$65,406	\$4,240	\$65,406	\$3,821	\$1,419	\$22,618	\$0	\$4,240	\$0
Construction Contingency	\$8,130	\$23,579	\$57,473	\$21,093	\$24,415	\$21,093	\$29,494	\$17,356	\$8,130	\$20,195	\$14,747
Total Indirect Costs	\$71,294	\$161,262	\$276,926	\$146,603	\$221,954	\$141,068	\$141,673	\$94,487	\$71,294	\$119,460	\$175,179
A&E	\$10,494	\$23,542	\$48,535	\$20,853	\$48,535	\$17,696	\$14,416	\$11,430	\$10,494	\$18,772	\$26,245
Fees & Permits Costs	\$8,672	\$31,972	\$83,517	\$29,505	\$40,606	\$52,973	\$34,281	\$26,835	\$8,672	\$15,407	\$83,517
Soft Cost Contingency	\$1,049	\$3,929	\$7,060	\$3,305	\$7,060	\$2,627	\$2,129	\$3,305	\$1,049	\$3,040	\$4,018
Other Costs	\$8,082	\$18,418	\$61,557	\$12,652	\$11,766	\$10,165	\$12,652	\$8,387	\$8,503	\$19,241	\$8,082
Commercial Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Operating Reserves	\$2,990	\$10,120	\$41,528	\$5,811	\$19,869	\$6,828	\$16,490	\$4,025	\$14,504	\$4,722	\$5,811
Developer Fee	\$15,090	\$38,957	\$102,580	\$31,930	\$51,477	\$19,851	\$31,930	\$19,233	\$15,090	\$20,577	\$21,302
Financing Costs	\$12,981	\$38,698	\$76,577	\$34,888	\$42,642	\$30,928	\$29,775	\$21,272	\$12,981	\$37,700	\$26,205
Total Development Cost	\$358,113	\$622,624	\$940,557	\$571,110	\$936,552	\$648,376	\$549,090	\$509,973	\$358,113	\$498,231	\$593,130
Property Acquisition (\$/Land SF)	\$51	\$152	\$314	\$136	\$79	\$51	\$251	\$82	\$147	\$106	\$162
Net Developer Fee per Unit	\$7,545	\$22,827	\$51,324	\$20,163	\$51,324	\$19,406	\$17,739	\$19,232	\$7,545	\$20,163	\$21,300
Permanent Sources (\$ Amount)	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Hard Debt - Tranch A	\$62,354	\$96,134	\$132,139	\$98,879	\$0	\$104,330	\$71,459	\$110,142	\$0	\$93,428	\$62,354
Hard Debt - Tranch B (Section 8 Trache)	\$28,699	\$66,957	\$101,818	\$62,634	\$101,818	\$0	\$0	\$0	\$0	\$86,349	\$0
LIHTC Investment	\$167,670	\$291,958	\$491,888	\$274,812	\$491,888	\$350,214	\$208,138	\$262,299	\$217,033	\$318,040	\$278,777
AHP	\$5,624	\$10,530	\$13,794	\$10,185	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Developer Fee	\$93	\$10,068	\$30,926	\$8,473	\$93	\$0	\$12,063	\$0	\$7,545	\$414	\$0
Developer (GP) Equity	\$1	\$12,843	\$68,923	\$2,129	\$59	\$445	\$2,129	\$1	\$0	\$0	\$2
City Funding	\$35,478	\$135,235	\$339,164	\$134,794	\$339,164	\$167,335	\$35,478	\$0	\$0	\$0	\$0
County Funding	\$26,053	\$140,140	\$219,823	\$159,538	\$0	\$26,053	\$219,823	\$96,367	\$0	\$0	\$0
State Funding	\$57,831	\$91,449	\$131,634	\$72,093	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Funding	\$3,530	\$84,187	\$251,997	\$76,479	\$3,530	\$0	\$0	\$74,619	\$133,534	\$0	\$251,997
Total Sources	\$358,113	\$615,357	\$936,552	\$571,110	\$936,552	\$648,376	\$549,090	\$543,428	\$358,113	\$498,231	\$593,130
Permanent Sources (% of Total)	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Hard Debt - Tranch A	11%	15%	20%	16%	0%	16%	13%	20%	0%	19%	11%
Hard Debt - Tranch B (Section 8 Trache)	4%	11%	17%	11%	11%	0%	0%	0%	0%	17%	0%
LIHTC Investment	32%	47%	64%	48%	53%	54%	38%	48%	61%	64%	47%
AHP	1%	2%	3%	2%	0%	0%	0%	0%	0%	0%	0%
Deferred Developer Fee	0%	2%	5%	2%	0%	0%	2%	0%	2%	0%	0%
Developer (GP) Equity	0%	2%	7%	0%	0%	0%	0%	0%	0%	0%	0%
City Funding	6%	19%	36%	19%	36%	26%	6%	0%	0%	0%	0%
County Funding	4%	23%	40%	19%	0%	4%	40%	18%	0%	0%	0%
State Funding	9%	14%	21%	14%	0%	0%	0%	0%	0%	0%	0%
Other Funding	0%	16%	42%	11%	0%	0%	0%	14%	37%	0%	42%
Total Sources					100%	100%	100%	100%	100%	100%	100%
Unit & Affordability Mix (Units)	Low	Average	High	Median	Units	Units	Units	Units	Units	Units	Units
Extremely Low Income	4	34	80	34	4	15	80	56	15	45	18
Very Low Income	1	47	135	41	11	44	50	10	135	1	36
Low Income	4	22	63	19	4	20	14	34	0	63	16
Total	19	93	160	82	19	79	144	100	150	109	70
Unit & Affordability Mix (% of Total)	Low	Average	High	Median	Units	Units	Units	Units	Units	Units	Units
Extremely Low Income					21%	19%	56%	56%	10%	41%	26%
Very Low Income					58%	56%	35%	10%	90%	1%	51%
Low Income					21%	25%	10%	34%	0%	58%	23%
Total					100%	100%	100%	100%	100%	100%	100%
Operating Expenses	Low	Average	High	Median	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
Administrative Expenses	\$238	\$1,208	\$3,265	\$953	\$1,080	\$602	\$2,354	\$1,014	\$975	\$516	\$433
Property Management Fees	\$617	\$810	\$1,568	\$737	\$740	\$787	\$735	\$735	\$1,568	\$735	\$760
Payroll	\$1,391	\$3,111	\$11,596	\$2,225	\$2,579	\$2,034	\$1,618	\$1,632	\$11,596	\$1,391	\$1,816
Repairs and Maintenance (O&M)	\$469	\$1,128	\$1,746	\$1,193	\$1,215	\$1,214	\$1,031	\$1,581	\$469	\$1,205	\$715
Utilities	\$621	\$1,172	\$1,852	\$1,268	\$621	\$917	\$1,275	\$684	\$694	\$1,377	\$1,328
Insurance	\$240	\$572	\$1,599	\$481	\$662	\$665	\$486	\$408	\$1,599	\$265	\$332
Real Estate Taxes	\$20	\$99	\$383	\$66	\$0	\$123	\$35	\$20	\$0	\$70	\$234
Resident Services	\$277	\$854	\$1,607	\$766	\$1,009	\$820	\$1,607	\$1,515	\$1,458	\$278	\$654
Other Operating Expenses	\$18	\$628	\$2,325	\$585	\$0	\$18	\$925	\$0	\$612	\$796	\$558
Sub Total Operating Expenses	\$6,634	\$9,266	\$18,973	\$8,126	\$7,906	\$7,181	\$10,066	\$7,590	\$18,973	\$6,634	\$6,831
Replacement Reserve	\$255	\$505	\$673	\$513	\$673	\$492	\$510	\$306	\$367	\$255	422.3918648
Other	\$74	\$1,011	\$1,948	\$1,011	\$0	\$74	\$0	\$0	\$0	\$0	\$0
Total Annual Operating Expenses	\$6,889	\$9,916	\$19,340	\$8,720	\$8,579	\$7,746	\$10,576	\$7,896	\$19,340	\$6,889	\$7,253
Total Expenses Excluding Services	\$6,380	\$9,184	\$17,881	\$7,930	\$7,570	\$6,926	\$8,969	\$6,380	\$17,881	\$6,611	\$6,599

Note: While calculating Low, Average, High and Median, values equal to zero have been excluded.

Table 4. Summary Comparison of Large Family Projects (costs escalated to \$2019)

**Affordable Housing Portfolio Analysis
City of San Jose**

	Cornerstone at Japantown				Quetzal Gardens	Roosevelt Park	226 Balbach	Eagle Family Housing	Stevenson Place Apartments	Fairview Heights Apartment	Armita Sq Apartments	Warm Springs TOD
Project Information	Low	Average	High	Median								
Housing/Occupancy Type					Large Family	Large Family	Large Family	Large Family	Large Family	Large Family	Large Family	Large Family
New Construction or Acq/Rehab					New	New	New	New	New	New	New	New
TCAC 4% I 9%					9%	4%	4%	9%	9%	0%	0%	9%
Pro forma/TCAC Application Date					6/1/2008	12/17/2018	10/31/2018	1/8/2019	4/18/2016	1/18/2017	1/18/2019	1/18/2018
Assumed Hard Cost Escalator					5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Assumed Operating Expenses Escalator					3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Escalator Months					134	8	10	7	40	31	7	19
Hard Cost Escalator Factor					1.72	1.03	1.04	1.03	1.18	1.13	1.03	1.08
Operating Expenses Escalator Factor					1.47	1.02	1.03	1.02	1.12	1.09	1.02	1.06
Site Acres					2.10	0.74	0.47	0.37	0.83	2.30	1.44	1.09
Section 8 Units/Rent Subsidy, If any					0	32	0	0	0	0	0	0
Developer					Core	RCD	First Community	RCD	Island City Dev.	MidPen Housing CORE	Fairview Met	Armita Meta, LP
Total Number of Units (incl. managers)	20	75	110	80	53	71	80	87	20	80	101	110
Building Stories	3	5	8	4	3	6	8	8	3	4	4	5
Density (du/ac)	24	87	236	65	25	96	170	236	24	35	70	65
Project Development Costs (escalated)	Low	Average	High	Median								
Property Acquisition	\$28,383	\$87,653	\$195,960	\$64,348	\$195,960	\$63,272	\$57,535	\$28,383	\$142,369	\$64,348	\$51,007	\$77,745
Total Direct Costs	\$301,026	\$451,068	\$632,205	\$439,830	\$414,943	\$632,205	\$582,254	\$439,830	\$572,229	\$442,960	\$364,479	\$301,026
New construction costs	\$276,590	\$413,482	\$574,731	\$418,045	\$380,402	\$574,731	\$550,960	\$418,752	\$482,408	\$418,045	\$324,505	\$276,590
Offsites/Demolition	\$3,547	\$19,357	\$65,406	\$10,373	\$16,506	\$0	\$3,547	\$0	\$65,406	\$3,821	\$22,618	\$4,240
Construction Contingency	\$14,747	\$24,682	\$57,473	\$21,077	\$18,034	\$57,473	\$27,747	\$21,077	\$24,415	\$21,093	\$17,356	\$20,195
Total Indirect Costs	\$94,487	\$176,909	\$276,926	\$166,498	\$166,498	\$245,081	\$276,926	\$151,532	\$221,954	\$141,068	\$94,487	\$119,460
A&E	\$11,430	\$27,019	\$48,535	\$24,482	\$16,456	\$42,450	\$37,103	\$24,482	\$48,535	\$17,696	\$11,430	\$18,772
Fees & Permits Costs	\$15,407	\$38,137	\$83,517	\$36,504	\$30,061	\$39,198	\$36,504	\$18,135	\$40,606	\$52,973	\$26,835	\$15,407
Soft Cost Contingency	\$2,627	\$4,039	\$7,060	\$3,305	\$2,668	\$5,892	\$5,077	\$2,668	\$7,060	\$2,627	\$3,305	\$3,040
Other Costs	\$8,082	\$14,480	\$31,574	\$11,766	\$10,069	\$31,574	\$13,360	\$17,678	\$11,766	\$10,165	\$8,387	\$19,241
Commercial Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Operating Reserves	\$3,332	\$7,190	\$19,869	\$5,724	\$8,794	\$5,608	\$5,724	\$3,332	\$19,869	\$6,828	\$4,025	\$4,722
Developer Fee	\$19,233	\$44,432	\$102,580	\$41,391	\$45,548	\$50,926	\$102,580	\$41,391	\$51,477	\$19,851	\$19,233	\$20,577
Financing Costs	\$21,272	\$44,612	\$76,577	\$42,642	\$52,903	\$69,433	\$76,577	\$43,845	\$42,642	\$30,928	\$21,272	\$37,700
Total Development Cost	\$498,231	\$715,631	\$940,557	\$648,376	\$777,401	\$940,557	\$916,715	\$619,744	\$936,552	\$648,376	\$509,973	\$498,231
Property Acquisition (\$/Land SF)	\$51	\$123	\$225	\$114	\$114	\$139	\$225	\$154	\$79	\$51	\$82	\$106
Net Developer Fee per Unit	\$19,232	\$27,579	\$51,324	\$23,652	\$29,612	\$36,375	\$27,148	\$23,652	\$51,324	\$19,406	\$19,232	\$20,163
Permanent Sources (\$ Amount) (escalated)	Low	Average	High	Median								
Hard Debt - Tranch A	\$62,354	\$105,660	\$132,139	\$107,236	\$131,568	\$132,139	\$0	\$0	\$0	\$104,330	\$110,142	\$93,428
Hard Debt - Tranch B (Section 8 Trache)	\$55,286	\$81,151	\$101,818	\$86,349	\$0	\$0	\$0	\$55,286	\$101,818	\$0	\$0	\$86,349
LIHTC Investment	\$242,209	\$340,389	\$491,888	\$350,214	\$411,139	\$355,075	\$353,861	\$242,209	\$491,888	\$350,214	\$262,299	\$318,040
AHP	\$10,170	\$11,383	\$13,794	\$10,185	\$13,794	\$10,185	\$0	\$10,170	\$0	\$0	\$0	\$0
Deferred Developer Fee	\$93	\$6,605	\$15,935	\$6,892	\$15,935	\$7,275	\$6,509	\$9,402	\$93	\$0	\$0	\$414
Developer (GP) Equity	\$1	\$12,149	\$68,923	\$445	\$0	\$7,275	\$68,923	\$8,337	\$59	\$445	\$1	\$0
City Funding	\$122,050	\$188,022	\$339,164	\$163,578	\$204,964	\$159,822	\$122,050	\$134,794	\$339,164	\$167,335	\$0	\$0
County Funding	\$26,053	\$110,374	\$169,243	\$123,100	\$0	\$149,833	\$169,243	\$0	\$0	\$26,053	\$96,367	\$0
State Funding	\$131,163	\$131,398	\$131,634	\$131,398	\$0	\$0	\$131,634	\$131,163	\$0	\$0	\$0	\$0
Other Funding	\$9,530	\$87,374	\$251,997	\$74,619	\$0	\$0	\$78,339	\$28,383	\$3,530	\$0	\$74,619	\$0
Total Sources	\$498,231	\$707,670	\$936,552	\$648,376	\$777,401	\$821,604	\$930,560	\$619,744	\$936,552	\$648,376	\$543,428	\$498,231
Permanent Sources (% of Total)	Low	Average	High	Median								
Hard Debt - Tranch A	11%	16%	20%	17%	17%	16%	0%	0%	0%	16%	20%	19%
Hard Debt - Tranch B (Section 8 Trache)	9%	12%	17%	11%	0%	0%	0%	9%	11%	0%	0%	17%
LIHTC Investment	38%	49%	64%	48%	53%	43%	38%	39%	53%	54%	48%	64%
AHP	1%	2%	2%	2%	2%	1%	0%	2%	0%	0%	0%	0%
Deferred Developer Fee	0%	1%	2%	1%	2%	1%	1%	2%	0%	0%	0%	0%
Developer (GP) Equity	0%	1%	7%	0%	0%	1%	7%	1%	0%	0%	0%	0%
City Funding	13%	24%	36%	24%	26%	19%	13%	22%	36%	26%	0%	0%
County Funding	4%	15%	18%	18%	0%	18%	18%	0%	4%	18%	0%	0%
State Funding	14%	18%	21%	18%	0%	0%	14%	21%	0%	0%	0%	0%
Other Funding	0%	14%	42%	8%	0%	0%	8%	5%	0%	14%	0%	42%
Total Sources	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Unit & Affordability Mix (Units)	Low	Average	High	Median								
Extremely Low Income	4	30	56	29	14	47	40	0	4	15	56	45
Very Low Income	1	22	44	20	31	0	20	0	11	44	10	1
Low Income	4	23	63	20	7	23	19	0	4	20	34	16
Total	19	72	109	75	52	70	79	0	19	79	100	70
Unit & Affordability Mix (% of Total)	Low	Average	High	Median								
Extremely Low Income					27%	67%	51%		21%	19%	56%	41%
Very Low Income					60%	0%	25%		58%	56%	10%	1%
Low Income					13%	33%	24%		21%	25%	34%	58%
Total					100%	100%	100%		100%	100%	100%	100%
Operating Expenses (Escalated)	Low	Average	High	Median								
Administrative Expenses	\$432	\$801	\$1,399	\$766	\$432	\$930	\$1,399	\$0	\$1,080	\$602	\$1,014	\$516
Property Management Fees	\$617	\$739	\$838	\$737	\$838	\$700	\$617	\$0	\$740	\$787	\$735	\$760
Payroll	\$1,391	\$2,253	\$4,711	\$1,925	\$1,738	\$4,711	\$2,122	\$0	\$2,579	\$2,034	\$1,632	\$1,391
Repairs and Maintenance (O&M)	\$657	\$1,189	\$1,746	\$1,210	\$657	\$1,746	\$1,180	\$0	\$1,215	\$1,214	\$1,581	\$1,205
Utilities	\$621	\$1,154	\$1,852	\$1,150	\$1,480	\$971	\$1,852	\$0	\$621	\$917	\$684	\$1,377
Insurance	\$265	\$573	\$873	\$654	\$734	\$873	\$646	\$0	\$662	\$665	\$408	\$265
Real Estate Taxes	\$20	\$93	\$234	\$72	\$83	\$72	\$51	\$0	\$123	\$20	\$70	\$234
Resident Services	\$277	\$702	\$1,515	\$654	\$277	\$0	\$360	\$0	\$1,009	\$820	\$1,515	\$278
Other Operating Expenses	\$18	\$745	\$2,325	\$607	\$656	\$2,325	\$117	\$0	\$18	\$0	\$796	\$558
Sub Total Operating Expenses	\$6,634	\$7,964	\$12,328	\$7,385	\$6,895	\$12,328	\$8,347	\$0	\$7,906	\$7,181	\$7,590	\$6,634
Replacement Reserve	\$255	\$474	\$673	\$503	\$514	\$614	\$515	\$0	\$673	\$492	\$306	\$255
Other	\$74	\$74	\$74	\$74	\$0	\$0	\$0	\$0	\$74	\$0	\$0	\$0
Total Annual Operating Expenses	\$6,889	\$8,447	\$12,942	\$7,821	\$7,409	\$12,942	\$8,861	\$0	\$8,579	\$7,746	\$7,896	\$6,889
Total Expenses Excluding Services	\$6,380	\$7,833	\$12,942	\$7,029	\$7,132	\$12,942	\$8,502	\$0	\$7,570	\$6,926	\$6,380	\$6,599

Note: While calculating Low, Average, High and Median, values equal to zero have been excluded.

Table 5. Summary Comparison of Special Needs/Single Room Occupancy Projects (costs escalated to \$2019)

**Affordable Housing Portfolio Analysis
City of San Jose**

	Renascent Place				Page Street	Second St. Studios	Villas on the Park	Donner Lofts	Corvin Apartments	Long Beach Assisted Living
Project Information	Low	Average	High	Median						
Housing/Occupancy Type					SN/SRO	SN/SRO	SN/SRO	SN/SRO	SN/SRO	SN/SRO
New Construction or Acq/Rehab					New	New	New	New	New	New
TCAC 4% 9%					0%	4%	0%	9%	0%	0%
Pro forma/TCAC Application Date					12/27/2016	12/13/2018	5/31/2018	2/5/2018	1/31/2014	1/18/2019
Assumed Hard Cost Escalator					5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Assumed Operating Expenses Escalator					3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Escalator Months					32	8	15	18	67	7
Hard Cost Escalator Factor					1.14	1.03	1.06	1.08	1.31	1.03
Operating Expenses Escalator Factor					1.10	1.02	1.04	1.05	1.21	1.02
Site Acres					2.56	0.70	1.16	0.35	0.44	1.77
Section 8 Units/Rent Subsidy, if any					0	27	134	83	5	0
Developer					Renascent Place, LP	Charities Housing	FCH	0	MidPen	allied Housing, InrJation for Better Hc
Total Number of Units (incl. managers)	82	123	162	135	162	82	135	84	102	145
Building Stories	4	5	7	5	4	5	5	6	7	5
Density (du/ac)	63	141	240	117	63	117	116	240	232	134
										85
Project Development Costs (escalated)	Low	Average	High	Median						
Property Acquisition	\$41,200	\$60,755	\$81,561	\$59,091	\$69,510	\$49,437	\$41,200	\$49,036	\$59,091	\$81,561
Total Direct Costs	\$211,368	\$301,145	\$348,787	\$325,856	\$275,608	\$348,787	\$327,982	\$333,214	\$285,200	\$325,856
New construction costs	\$203,239	\$271,378	\$308,848	\$283,769	\$241,657	\$308,848	\$0	\$306,987	\$272,595	\$294,943
Offsites/Demolition	\$1,287	\$4,044	\$8,908	\$2,523	\$8,908	\$6,080	\$0	\$2,523	\$1,287	\$1,419
Construction Contingency	\$8,130	\$21,924	\$33,859	\$24,373	\$25,043	\$33,859	\$0	\$23,703	\$11,318	\$29,494
Total Indirect Costs	\$71,294	\$141,145	\$249,652	\$137,628	\$176,779	\$249,652	\$95,668	\$137,628	\$115,317	\$141,673
A&E	\$10,494	\$18,326	\$27,575	\$17,634	\$14,263	\$27,575	\$0	\$20,853	\$22,356	\$14,416
Fees & Permits Costs	\$8,672	\$22,723	\$34,281	\$25,305	\$26,621	\$29,505	\$0	\$23,989	\$13,271	\$34,281
Soft Cost Contingency	\$1,049	\$3,764	\$6,255	\$3,872	\$2,703	\$6,255	\$0	\$5,406	\$5,041	\$2,129
Other Costs	\$8,503	\$24,324	\$61,557	\$18,283	\$10,884	\$61,557	\$0	\$23,914	\$28,435	\$12,652
Commercial Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Operating Reserves	\$2,990	\$14,514	\$41,528	\$10,610	\$41,528	\$2,990	\$0	\$4,854	\$6,716	\$16,490
Developer Fee	\$15,090	\$35,245	\$71,722	\$27,827	\$50,630	\$71,722	\$0	\$23,723	\$18,376	\$31,930
Financing Costs	\$12,981	\$29,827	\$50,048	\$29,962	\$30,149	\$50,048	\$0	\$34,888	\$21,122	\$29,775
Total Development Cost	\$358,113	\$503,044	\$647,876	\$519,877	\$521,896	\$647,876	\$464,850	\$519,877	\$459,608	\$549,090
Property Acquisition (\$/Land SF)	\$101	\$190	\$314	\$147	\$101	\$133	\$110	\$270	\$314	\$251
Net Developer Fee per Unit	\$7,545	\$15,699	\$23,723	\$15,703	\$13,666	\$13,168	\$0	\$23,723	\$18,353	\$17,739
										\$7,545
Permanent Sources (\$ Amount) (escalated)	Low	Average	High	Median						
Hard Debt - Tranch A	\$63,655	\$67,557	\$71,459	\$67,557	\$63,655	\$0		\$0	\$0	\$71,459
Hard Debt - Tranch B (Section 8 Trache)	\$28,699	\$45,667	\$62,634	\$45,667	\$0	\$28,699		\$62,634	\$0	\$0
LIHTC Investment	\$167,670	\$219,311	\$274,812	\$218,719	\$167,670	\$227,809		\$274,812	\$220,405	\$208,138
AHP	\$5,624	\$9,249	\$12,874	\$9,249	\$5,624	\$0		\$0	\$12,874	\$0
Deferred Developer Fee	\$7,545	\$15,262	\$30,926	\$11,289	\$10,515	\$30,926		\$0	\$0	\$12,063
Developer (GP) Equity	\$22	\$14,057	\$27,628	\$14,289	\$26,449	\$27,628		\$0	\$22	\$2,129
City Funding	\$35,478	\$73,606	\$144,991	\$55,391	\$0	\$90,414	\$144,991	\$41,756	\$55,391	\$35,478
County Funding	\$92,223	\$169,905	\$219,823	\$183,787	\$183,005	\$184,569		\$92,223	\$0	\$219,823
State Funding	\$57,831	\$64,816	\$72,093	\$64,524	\$64,524	\$57,831		\$0	\$72,093	\$0
Other Funding	\$4,275	\$78,877	\$133,534	\$98,823	\$4,275	\$0		\$0	\$98,823	\$0
Total Sources	\$358,113	\$496,669	\$647,876	\$471,425	\$525,717	\$647,876	\$464,850	\$471,425	\$459,608	\$549,090
Permanent Sources (% of Total)	Low	Average	High	Median						
Hard Debt - Tranch A	12%	13%	13%	13%	12%	0%		0%	0%	13%
Hard Debt - Tranch B (Section 8 Trache)	4%	9%	13%	9%	0%	4%		13%	0%	0%
LIHTC Investment	32%	45%	61%	43%	32%	35%		58%	48%	38%
AHP	1%	2%	3%	2%	1%	0%		0%	3%	0%
Deferred Developer Fee	2%	3%	5%	2%	2%	5%		0%	0%	2%
Developer (GP) Equity	0%	2%	5%	2%	5%	4%		0%	0%	0%
City Funding	6%	15%	31%	12%	0%	14%	31%	9%	12%	6%
County Funding	20%	31%	40%	32%	35%	28%		20%	0%	40%
State Funding	9%	12%	16%	12%	12%	9%		0%	16%	0%
Other Funding	1%	20%	37%	22%	1%	0%		0%	22%	0%
Total Sources	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Unit & Affordability Mix (Units)	Low	Average	High	Median						
Extremely Low Income	15	40	80	35	56	27	0	42	21	80
Very Low Income	41	77	135	67	104	54	0	41	80	50
Low Income	14	14	14	14	0	0	0	0	0	14
Total	81	120	160	123	160	81	0	83	101	144
Unit & Affordability Mix (% of Total)	Low	Average	High	Median						
Extremely Low Income					35%	33%	0%	51%	21%	56%
Very Low Income					65%	67%	0%	49%	79%	35%
Low Income					0%	0%	0%	0%	0%	10%
Total					100%	100%	0%	100%	100%	100%
Operating Expenses (Escalated)	Low	Average	High	Median						
Administrative Expenses	\$238	\$1,750	\$3,265	\$1,665	\$2,808	\$238	\$0	\$3,265	\$861	\$2,354
Property Management Fees	\$663	\$905	\$1,568	\$797	\$663	\$859	\$0	\$733	\$872	\$735
Payroll	\$1,618	\$4,254	\$11,596	\$3,034	\$3,314	\$3,914	\$0	\$2,754	\$2,327	\$1,618
Repairs and Maintenance (O&M)	\$469	\$1,046	\$1,703	\$974	\$1,703	\$699	\$0	\$1,454	\$918	\$1,031
Utilities	\$694	\$1,197	\$1,366	\$1,268	\$1,218	\$1,261	\$0	\$1,366	\$1,366	\$1,275
Insurance	\$240	\$571	\$1,599	\$398	\$304	\$240	\$0	\$476	\$320	\$486
Real Estate Taxes	\$24	\$108	\$383	\$37	\$24	\$383	\$0	\$63	\$37	\$35
Resident Services	\$588	\$1,067	\$1,607	\$969	\$712	\$588	\$0	\$0	\$969	\$1,607
Other Operating Expenses	\$83	\$451	\$925	\$398	\$83	\$184	\$0	\$0	\$0	\$925
Sub Total Operating Expenses	\$7,671	\$11,003	\$18,973	\$10,089	\$10,829	\$8,367	\$0	\$10,112	\$7,671	\$10,066
Replacement Reserve	\$367	\$547	\$658	\$559	\$658	\$512	\$0	\$632	\$606	\$510
Other	\$1,948	\$1,948	\$1,948	\$1,948	\$0	\$0	\$0	\$1,948	\$0	\$0
Total Annual Operating Expenses	\$8,277	\$11,875	\$19,340	\$11,031	\$11,487	\$8,878	\$0	\$12,691	\$8,277	\$10,576
Total Expenses Excluding Services	\$7,307	\$10,986	\$17,881	\$9,872	\$10,774	\$8,290	\$0	\$12,691	\$7,307	\$8,969
										\$17,881

Note: While calculating Low, Average, High and Median, values equal to zero have been excluded.

Appendix B
Market Rate Apartment Projects in San Jose Built 2015 or Later
Cost of Development
San Jose, CA

Property	Status	Year Built	Style	Stories	Units	Avg Unit SF
Ascent	Existing	2015	Mid-Rise	6	650	1,026
Vista 99	Existing	2016	Mid-Rise	5	554	1,087
The Platform	UC	2019	Mid-Rise	5	551	929
Fruitdale Station	Existing	2015	Mid-Rise	4	443	1,083
Verona	Existing	2015	Mid-Rise	5	438	905
Hanover Cannery Park	Existing	2018	Mid-Rise	5	403	841
Lex Apartments	Existing	2017	Mid-Rise	5	387	876
Century Towers	Existing	2017	Mid-Rise	14	376	877
Centerra	Existing	2015	Hi-Rise	20	347	1,000
808 West Apartments	Existing	2018	Mid-Rise	7	315	973
One South Market	Existing	2015	Hi-Rise	23	312	899
N. San Pedro Tower 3	UC	2019	Hi-Rise	18	305	
Sofi Riverview Park	Existing	2015	Mid-Rise	4	271	811
Silver - Block B	UC	2019	Mid-Rise	6	269	
Silver San Jose	Existing	2019	Mid-Rise	5	268	902
The Foundry Commons	Existing	2016	Mid-Rise	4	238	835
VIO Luxury Apartments	Existing	2016	Mid-Rise	4	234	904
The Pierce	Existing	2016	Mid-Rise	7	232	940
LINQ Apartment Homes	Existing	2016	Mid-Rise	5	230	835
Meridian at Midtown Apartments	Existing	2015	Mid-Rise	4	218	846
Venue Apartments	Existing	2015	Mid-Rise	5	206	1,049
45 N San Pedro St	UC	2019	Mid-Rise	8	204	
The James Apartments	UC	2019	Mid-Rise	7	195	878
The Standard	Existing	2017	Mid-Rise	6	190	761
Modera the Alameda	Existing	2018	Mid-Rise	5	168	993
Marquis	Existing	2015	Low-Rise	3	166	834
Vespaio at Diridon	UC	2019	Mid-Rise	7	164	
Sparq Apartments	UC	2019	Mid-Rise	7	105	671
Mio Japantown	Existing	2015	Mid-Rise	4	103	897
Latitude 37 Phase II	Existing	2018	Mid-Rise	5	86	1,189
Scotia Apartments	UC	2019	Mid-Rise	4	55	1,098
955 S 1st St	UC	2019	Mid-Rise	4	50	980
<i>Total Projects</i>	32					
<i>Less Than 100 Units</i>	3					
<i>100 to 200 units</i>	7					
<i>Greater Than 200 Units</i>	22					

APPENDIX C: GLOSSARY OF TERMS

Direct construction costs: Direct or “hard” construction costs consist of material and labor costs incurred to construct the improvements. The improvements typically include: on-site grading, utilities, landscaping, parking, and vertical shell, core, and finishes. Payments to the general contractor, including overhead and profit, are direct construction costs. The percentage breakdown of direct costs between expenditures on materials and on labor varies depending on market conditions the type of project. A common breakdown is 50% materials and 50% labor.

Prevailing wages: In accordance with California law, anyone working on a “public works” project must be paid prevailing wages as determined by the Department of Industrial Relations (DIR). In government contracting, a prevailing wage is defined as the hourly wage, usual benefits and overtime, paid to the majority of workers, laborers, and mechanics within a particular area. Prevailing wage may also include other payments such as apprenticeship and industry promotion. In accordance with Labor Code section 1720, “public works” projects include affordable housing projects that are paid for in whole or in part out of public funds, including loans from public agencies with favorable interest rates or contingent repayment provisions. However, funding provided by a Low and Moderate-Income Housing Fund or from the Low-Income housing tax credit program do not in and of themselves trigger prevailing wage requirements. Other State and Federal funding programs, such as CDBG funds, HOME funds, Section 8 vouchers, and AHSC funds do require that affordable projects pay prevailing wages. Prevailing wage costs significantly exceed non-prevailing wage costs for most housing product types. Studies have indicated a standard direct cost premium ranging from 15% to 30%. Given that many affordable housing projects require multiple layers of federal and state public subsidies, most affordable housing projects are required to pay prevailing wages.

Indirect construction costs: Indirect or “soft” construction costs include all development costs other than direct costs and land acquisition costs. Components include: architectural and engineering professional services, legal and accounting, building permits and impact fees, taxes, insurance and construction loan interest carry costs during the construction period, permanent loan issuance costs, tax credit syndication costs, loan application expenses, an allowance to the developer for managing the development process, and a contingency allowance. Many of the fees are proportionately related to direct costs. For example, architectural and engineering fees typically range from 4% to 8% of direct costs. Therefore, indirect costs increase as direct costs increase.

City-levied fees: City fees are a component of indirect construction costs. San Jose levies fees for affordable housing, parks, traffic improvements, development services, and a construction tax. Affordable housing projects are exempt from paying the affordable housing fee.