

# Memorandum

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**November 14, 2006**

**To:** Jim Kennedy, Contra Costa County

**From:** Mark Sawicki and William Gibson

**Subject:** Contra Costa County Oak Park Development Site Residual Land Value

Thank you for requesting that Seifel Consulting Inc. (Seifel) estimate the potential land value of Contra Costa County's Oak Park Site, located in the City of Pleasant Hill. Seifel's analysis uses a residual land value approach to determine the range of potential values under four development scenarios. In particular, we estimated the net value that could be generated from sale of residential units (and commercial space under one scenario) on the site after subtracting all development costs and a reasonable developer profit. This memorandum provides a summary of our analysis and is organized in the following sections:

1. Summary of Findings
2. Site Description
3. Methodology
4. Residual Land Values
5. Alternative Developer Return Scenario

Appendix Tables

## 1. Summary of Findings

This memorandum presents a range of residual land values for the Oak Park site under a variety of potential development scenarios. The approximate supportable land values for each scenario analyzed are as follows:

- Low-density single-family residential scenario (7 units/acre): \$17,000,000.
- Higher-density single-family residential scenario (12 units/acre): \$27,300,000.
- Multifamily residential scenario (25 units/acre): \$15,100,000.
- Mixed-use scenario (23.5 units/acre and 17,500 commercial square feet): \$12,600,000.

The four scenarios are presented in more detail in Table 1, including the density of development, the estimated development costs and potential revenue from sales for each scenario, and the residual value per acre, per unit, and per site square foot. The residual land value is the sale value of the project net of development costs and a reasonable developer profit.

**Table 1**  
**Residual Land Values, Potential Development Scenarios**  
**Contra Costa County Oak Park Site**

	Single Family Residential	SFR Higher Density	Multifamily Residential	Mixed Use MFR/Commercial
Site Area Square Feet	435,600	435,600	435,600	435,600
Acres	10	10	10	10
Dwelling Units	73	120	250	235
DU/Acre	7	12	25	24
Residential Square Feet	116,000	174,275	332,018	315,743
Average Unit Size SF	1,589	1,452	1,328	1,344
Commercial/Retail SF	-	-	-	17,500
Parking Square Feet	-	-	105,000	122,500
Parking Spaces	-	-	300	350
<b>Net Building Square Feet</b>	<b>116,000</b>	<b>174,275</b>	<b>437,018</b>	<b>455,743</b>
<b>Development Cost</b>				
Land Cost	\$0	\$0	\$0	\$0
Direct Costs	<u>\$17,400,000</u>	<u>\$26,141,250</u>	<u>\$68,603,178</u>	<u>\$67,676,317</u>
<b>Subtotal</b>	<b>\$17,400,000</b>	<b>\$26,141,250</b>	<b>\$68,603,178</b>	<b>\$67,676,317</b>
Public Permits and Fees	\$2,190,000	\$3,600,000	\$7,500,000	\$7,102,500
Indirect Costs	<u>\$3,732,964</u>	<u>\$5,752,866</u>	<u>\$15,728,566</u>	<u>\$15,867,247</u>
<b>Subtotal</b>	<b>\$23,322,964</b>	<b>\$35,494,116</b>	<b>\$91,831,744</b>	<b>\$90,646,064</b>
Financing Costs	\$2,332,296	\$4,259,294	\$12,856,444	\$12,690,449
Sales and Marketing	\$3,323,428	\$5,225,363	\$7,881,206	\$7,425,466
Tenant Improvements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$612,500</u>
<b>Total Development Cost</b>	<b>\$28,978,689</b>	<b>\$44,978,772</b>	<b>\$112,569,394</b>	<b>\$111,374,479</b>
Total Cost per SF	\$250	\$258	\$258	\$244
<b>Estimated Development Value</b>	<b>\$52,348,801</b>	<b>\$82,089,379</b>	<b>\$145,124,129</b>	<b>\$140,841,729</b>
Value per DU	\$717,107	\$684,078	\$580,497	\$581,955
Value per Residential SF	\$451	\$471	\$437	\$433
Value per Commercial SF	\$0	\$0	\$0	\$233
<b>Developer Margin</b>	<b>\$6,281,856</b>	<b>\$9,850,726</b>	<b>\$17,414,895</b>	<b>\$16,901,007</b>
Percent of Total Value	12%	12%	12%	12%
Supportable Investment	\$46,066,945	\$72,238,654	\$127,709,233	\$123,940,721
Less: Development Costs	\$28,978,689	\$44,978,772	\$112,569,394	\$111,374,479
<b>Residual Land Value</b>	<b>\$17,088,257</b>	<b>\$27,259,881</b>	<b>\$15,139,839</b>	<b>\$12,566,242</b>
Per Acre	\$1,708,826	\$2,725,988	\$1,513,984	\$1,256,624
Per Unit	\$234,086	\$227,166	\$60,559	\$53,473
Per SF	\$39	\$63	\$35	\$29

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

## 2. Oak Park Site Description

The Oak Park site, owned by Contra Costa County and located at 1700 Oak Park Boulevard in the City of Pleasant Hill, consists of 10 acres currently occupied by the former Oak Park Elementary School. Eight acres of the site are owned by the County, and 2 acres by the Mt. Diablo Unified School District. This analysis assumes that all 10 acres will be sold as a single property.

Development of the site will be subject to zoning and other development restrictions under applicable Pleasant Hill regulations. The site is currently zoned Planned Unit Development (PUD), which will require the creation and approval of a specific plan for the site prior to development. The highest density single-family residential development currently allowed under Pleasant Hill zoning is approximately 7 units per acre, and the highest density multifamily residential development currently allowed is approximately 30 units per acre. Restrictions also exist on building heights, lot coverage, and floor area ratios that may limit the total square footage of space that can be built on the site. However, the specific plan adopted for the site and approved by the City might allow greater or lesser densities. Pleasant Hill's current General Plan envisions a mix of residential and commercial uses for the site, but does not specify densities or types of development.

The City of Pleasant Hill also has an inclusionary housing ordinance that requires that a specific percentage of all newly developed residential units be affordable to certain income categories. This analysis assumes that 5 percent of all residential units under each development scenario will be priced at a level affordable to very low income households in Contra Costa County, as defined by the California Department of Housing and Community Development.

## 3. Methodology

This memorandum estimates the residual land value of the Oak Park site under four alternative development scenarios. The analysis estimates a range of development costs and sales revenues for each scenario, and arrives at a residual value based on the net sale value of residential units (and commercial square feet where applicable) after subtraction of development costs and a 12% developer profit.

Seifel analyzed development costs for a number of comparable projects to determine an estimated per square foot cost of development for each scenario. Seifel also researched sale values for comparable projects and product types, based on recent sales information, to determine estimated sale values for each project.<sup>1</sup> The basic programmatic assumptions and

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<sup>1</sup> Sources for project costs and sales values include comparable development projects in the Bay Area currently under review or recently reviewed by Seifel, as well as recent sales price data from DataQuick and price listing information from Zip Realty.

revenue and cost assumptions for each scenario are described in the residual land value section, below. Project costs and values are shown in greater detail for each scenario in Table 1.

The Appendix presents several backup tables for each scenario. A Project Description and Assumptions Table for each scenario presents basic project square footage, density, programming, and sale values. A Project Cost Table for each scenario presents direct costs per square foot for residential construction and commercial and parking construction, where appropriate. The Project Cost Table also presents assumptions for typical indirect and project-wide costs, including permitting and entitlement fees per unit, architectural and engineering fees, project insurance, wrap insurance, sales and marketing costs, financing assumptions and costs, and a variety of other typical project costs. These costs are based on examination of recent comparable projects.

The Appendix also contains a separate Residual Land Value Table for each scenario, presenting the cost, sale value, and resulting residual land value, net of developer profit, for each scenario.

## 4. Residual Land Values

### 4.1 Low Density Single Family Residential

The low density single family residential scenario assumes 7 single family units per acre, in keeping with the allowable single family residential density of the site under existing Pleasant Hill zoning. This results in 73 total units and 116,000 square feet of residential space. The average unit size is approximately 1,600 square feet. The average sale price per unit is estimated at approximately \$717,000, and the average price per residential square foot is roughly \$451. Total development cost per square foot is estimated at \$250. Residual land values for this scenario are approximately:

- \$17,100,000 total.
- \$1,700,000 per acre.
- \$234,000 per unit.
- \$39 per site square foot.

### 4.2 Higher Density Single Family Residential

The higher density single family residential scenario assumes 12 units per acre, or 120 total single family units, which is beyond the density allowed for the site under Pleasant Hill's current single family zoning. However, the specific plan for the site under the PUD zoning designation might result in approved densities in this range.

The total residential square footage under this scenario is approximately 174,000, and the average unit size is roughly 1,400 square feet. The average total sales price per unit is approximately \$684,000, or \$471 per square foot on average. Total development cost per square foot is estimated at \$258. The residual land values under this scenario are approximately:

- \$27,300,000 total.
- \$2,700,000 per acre.
- \$227,000 per unit.
- \$63 per site square foot.

### 4.3 Multifamily Residential

The multifamily residential scenario assumes 25 units per acre, or 250 units. While Pleasant Hill's zoning code allows up to 30 units per acre under the highest density multifamily zoning, 250 units is a more feasible development scenario given applicable height, lot coverage, and floor area ratio restrictions. The total residential square footage is 332,018, and the average unit size is roughly 1,330 square feet. This scenario also assumes construction of 300 structured parking spaces.<sup>2</sup> Average sale price per unit is estimated at \$580,500, or an average of \$437 per residential square foot. Total development cost per residential square foot is estimated at \$339. Residual land values are approximately:

- \$15,100,000 total.
- \$1,500,000 per acre.
- \$60,500 per unit.
- \$35 per site square foot.

### 4.4 Mixed Use Multifamily Residential and Commercial

The mixed use multifamily residential and commercial scenario assumes 235 multifamily residential units, or 23.5 units per acre, in combination with 17,500 gross square feet of ground floor commercial space. This scenario also assumes construction of 350 structured parking spaces serving both the residential and commercial components.

The average size of residential units is roughly 1,340 square feet. The average sale price of the residential units is estimated at approximately \$582,000, or roughly \$434 per square foot. The capitalized sale price of the commercial space is estimated at roughly \$4 million, or \$233 per square foot. Total development cost per residential square foot is estimated at \$352. The residual land values for this scenario are approximately:

- \$12,600,000 total.
- \$1,256,000 per acre.

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<sup>2</sup> Pleasant Hill zoning requires 1.5 total parking spaces per multifamily studio and 1-bedroom apartment, and 2 spaces per each unit with 2 or more bedrooms. However, only 1 space per unit is required to be covered parking. Both the multifamily and mixed use development scenarios include slightly more covered parking than is required by zoning, and both scenarios assume that the remainder of required parking on the site will be surface parking. The mixed use scenario also includes parking required to serve the commercial component of this scenario, as required by zoning.

- \$53,000 per unit.
- \$29 per site square foot.

## 5. Alternative Developer Return Scenario

The scenarios and residual land values presented above assume a developer profit of 12% of sale value. The actual return required by a developer might be lower or higher than this target, depending on several risk and return factors particular to the final development plan and financing structure. Potentially, a developer might accept a lower profit margin if Contra Costa County were to carry the land through entitlement, for example, or otherwise assume some entitlement or predevelopment risk.

Appendix Table 14 shows the residual land value calculations for each scenario given a 10% developer profit margin. The approximate estimated residual land values under this assumption are as follows:

- Low-density single-family residential scenario: \$18,100,000.
- Higher-density single-family residential scenario: \$28,900,000.
- Multifamily residential scenario: \$18,000,000.
- Mixed-use scenario: \$15,400,000.

**Appendix Table 1  
Project Description and Assumptions, Single Family Unit Development  
Contra Costa County Oak Park Site**

<b>Base Project Description</b>		
Site Square Feet	435.600	
Site Acres	10	
DU/Acre (R6 Zoning)	7.3	
	Units /Spaces	Square Feet
Single Family Residential For-Sale	73	116,000
Multifamily Residential For-Sale	-	-
Multifamily Rental	-	-
<b>Total Units</b>	<b>73</b>	<b>116,000</b>
Commercial/Retail	0	-
Parking	0	-
<b>Total Built Square Feet</b>		<b>116,000</b>

<b>Residential Program and Sale Prices</b>											
	<b>Market Rate Units</b>					<b>Very Low Income Units</b>					<b>Total</b>
	Units	Avg SF	Sales/SF	Sales/Unit	Market Rate Total	Units	Avg SF	Sales/SF	Sales/Unit	Affordable Total	Total Sales
<i>Single Family Detached For-Sale</i>											
Studio	-	1,000	\$ 600	\$ 600,000	\$ -	-	800	\$ 103	\$ 82,568	\$ -	\$ -
1 BR	23	1,200	\$ 560	\$ 672,000	\$ 15,456,000	2	1,100	\$ 92	\$ 101,049	\$ 202,099	\$ 15,658,099
2 BR	23	1,500	\$ 475	\$ 712,500	\$ 16,387,500	1	1,400	\$ 86	\$ 119,979	\$ 119,979	\$ 16,507,479
3 BR	23	2,100	\$ 415	\$ 871,500	\$ 20,044,500	1	2,000	\$ 69	\$ 138,724	\$ 138,724	\$ 20,183,224
4 BR	-	2,400	\$ 375	\$ 900,000	\$ -	-	2,350	\$ 65	\$ 153,705	\$ -	\$ -
	69	1,600				4	1,400				
<i>Multifamily Attached For-Sale</i>											
Studio	-	725	\$ 600	\$ 435,000	\$ -	-	725	\$ 114	\$ 82,568	\$ -	\$ -
1 BR	-	896	\$ 565	\$ 506,240	\$ -	-	896	\$ 113	\$ 101,049	\$ -	\$ -
2 BR	-	1,296	\$ 465	\$ 602,640	\$ -	-	1,296	\$ 93	\$ 119,979	\$ -	\$ -
3 BR	-	1,728	\$ 405	\$ 699,840	\$ -	-	1,728	\$ 80	\$ 138,724	\$ -	\$ -
4 BR	-	2,100	\$ 380	\$ 798,000	\$ -	-	2,100	\$ 73	\$ 153,705	\$ -	\$ -
	-					-					
<b>Potential Gross Sales Revenue</b>					<b>\$ 51,888,000</b>					<b>\$ 460,801</b>	<b>\$ 52,348,801</b>

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 2**  
**Project Cost Detail, Single Family Unit Development**  
**Contra Costa County Oak Park Site**

<b>Construction Costs</b>	<u>\$ per SF/Unit/Space</u>	<u>SF/Units/Spaces</u>	<u>Total</u>
<i>Direct Costs</i>			
Residential Construction Direct	\$ 150	116,000	\$ 17,400,000
Commercial Retail Direct	\$ 100	-	\$ -
Parking Direct	\$ 100	-	\$ -
<b>Subtotal Direct</b>			<b>\$ 17,400,000</b>
<b>Land &amp; Building Purchase Costs</b>	-	-	\$ -
<b>Permits and Fees</b>			
Per Residential Unit	\$ 30,000.00	73	\$ 2,190,000
Per Retail SF	\$3.00	-	0
Per Parking Space		-	0
<b>Subtotal Permits and Fees</b>			<b>\$ 2,190,000</b>
<b>Other Project-Wide Soft Costs</b>			
	<u>% of Cost/\$ Per Unit</u>	<u>Cost Basis</u>	<u>Total</u>
Pre-Acquisition & Development	1.00%	\$ 17,400,000	\$ 174,000
Planning & Entitlement	1.00%	\$ 17,400,000	\$ 174,000
Architect and Engineers	4.00%	\$ 17,400,000	\$ 696,000
Testing and Inspection	0.75%	\$ 17,400,000	\$ 130,500
Taxes, Legal and Accounting	2.00%	\$ 17,400,000	\$ 348,000
Development Management	3.00%	\$ 52,348,801	\$ 1,570,464
Project Insurance	2.0%	\$ 17,400,000	\$ 348,000
Homebuyer Warranty	\$ 4,000.00	73	\$ 292,000
<b>Subtotal Other Indirect Costs</b>			<b>\$ 3,732,964</b>
<i>Per SF</i>			\$ 32
<b>Sales &amp; Marketing</b>			
Closing Costs	1%	52,348,801	\$ 523,488
Marketing - Residential	\$2,500	73	\$ 182,500
Commissions - For-Sale	5.00%	\$ 52,348,801	\$ 2,617,440
Commissions - For-Rent	\$7.50	\$0.00	\$ -
<b>Subtotal Sales &amp; Marketing</b>			<b>\$ 3,323,428</b>
<b>Tenant Improvements Allowance</b>	\$20.00	\$0.00	\$ -
<b>TOTAL PROJECT COSTS - before financing (in 2006 Dollars)</b>			<b>\$ 26,646,392</b>
<b>Estimated Financing Costs</b>			
Monthly Loan Term		24	
Total Potential Loan Draws	\$ 23,322,964.04		
% Average Outstanding		50%	
Average Outstanding Balance	\$ 11,661,482.02		
Interest Rate		8.00%	
% Costs and Fees		2.00%	
<i>Construction Loan Interest</i>	\$ 1,865,837		\$ 1,865,837
<i>Costs and Fees</i>	\$ 466,459		\$ 466,459
<b>Total Financing Cost</b>			<b>\$ 2,332,296</b>
<b>TOTAL PROJECT COSTS (in 2006 Dollars)</b>			<b>\$ 28,978,689</b>

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 3**  
**Residual Land Value, Low-Density Single-Family Residential Development**  
**Contra Costa County Oak Park Site**

Site Area Square Feet		435,600
Acres		10
Dwelling Units		73
DU/Acre		7
Residential Square Feet		116,000
Commercial/Retail SF		-
Parking Square Feet		-
Parking Spaces		-
<b>Net Building Square Feet</b>		<b>116,000</b>
<b>Development Cost</b>		
Land Cost	\$	-
Direct Costs	\$	17,400,000
<b>Subtotal</b>	<b>\$</b>	<b>17,400,000</b>
Public Permits and Fees	\$	2,190,000
Indirect Costs	\$	3,732,964
<b>Subtotal</b>	<b>\$</b>	<b>23,322,964</b>
Financing Costs	\$	2,332,296
Sales and Marketing	\$	3,323,428
Tenant Improvements	\$	-
<b>Total Development Cost</b>	<b>\$</b>	<b>28,978,689</b>
Total Cost per SF		\$250
<b>Estimated Development Value</b>	<b>\$</b>	<b>52,348,801</b>
Value per DU		\$717,107
Value per Commercial SF		\$0
Value per Parking Space		
<b>Developer Margin</b>	<b>\$</b>	<b>6,281,856</b>
Percent of Total Value		12.0%
<b>Project Surplus (Financial Gap)</b>		
Supportable Investment		\$46,066,945
Less: Development Costs		\$28,978,689
<b>Residual Land Value</b>		<b>\$17,088,257</b>
Per Acre	\$	1,708,826
Per Unit	\$	234,086
Per SF	\$	39

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 4  
Project Description and Assumptions, Multifamily Residential  
Contra Costa County Oak Park Site**

<b>Base Project Description</b>		
Site Square Feet	435,600	
Site Acres	10	
Du/Acre (MRM/MRH Zoning)	25	
	Units /Spaces	Square Feet
Single Family Residential For-Sale	-	-
Multifamily Residential For-Sale	250	325,508
Multifamily Rental	-	-
<b>Total Units</b>	<b>250</b>	<b>332,018</b>
Commercial/Retail	0	-
Parking	300	105,000
<b>Total Built Square Feet</b>		<b>437,018</b>

<b>Residential Program and Sale Prices</b>												
	<b>Market Rate Units</b>					<b>Very Low Income Units</b>					<b>Total</b>	
	Units	Avg SF	Sales/SF	Sales/Unit	Market Rate Total	Units	Avg SF	Sales/SF	Sales/Unit	Affordable Total	Total Sales	
<i>Single Family Detached For-Sale</i>												
Studio	-	800	\$ 600	\$ 480,000	\$ -	-	800	\$ 103	\$ 82,568	\$ -	\$ -	
1 BR	-	1,100	\$ 550	\$ 605,000	\$ -	-	1,100	\$ 92	\$ 101,049	\$ -	\$ -	
2 BR	-	1,400	\$ 465	\$ 651,000	\$ -	-	1,400	\$ 86	\$ 119,979	\$ -	\$ -	
3 BR	-	2,000	\$ 405	\$ 810,000	\$ -	-	2,000	\$ 69	\$ 138,724	\$ -	\$ -	
4 BR	-	2,350	\$ 375	\$ 881,250	\$ -	-	2,350	\$ 65	\$ 153,705	\$ -	\$ -	
	-	-				-	-					
<i>Multifamily Attached For-Sale</i>												
Studio	-	725	\$ 600	\$ 435,000	\$ -	-	725	\$ 114	\$ 82,568	\$ -	\$ -	
1 BR	78	896	\$ 565	\$ 506,240	\$ 39,486,720	4	825	\$ 122	\$ 101,049	\$ 404,197	\$ 39,890,917	
2 BR	80	1,296	\$ 465	\$ 602,640	\$ 48,211,200	4	1,100	\$ 109	\$ 119,979	\$ 479,914	\$ 48,691,114	
3 BR	80	1,728	\$ 405	\$ 699,840	\$ 55,987,200	4	1,500	\$ 92	\$ 138,724	\$ 554,897	\$ 56,542,097	
4 BR	-	2,100	\$ 380	\$ 798,000	\$ -	-	2,100	\$ 73	\$ 153,705	\$ -	\$ -	
	238	1,310				12	1,142					
<b>Potential Gross Sales Revenue</b>					\$ <b>143,685,120</b>					\$ <b>1,439,009</b>	\$ <b>145,124,129</b>	

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 5  
Project Costs Detail, Multifamily Residential  
Contra Costa County Oak Park Site**

<b>Construction Costs</b>	<u>\$ per SF/Unit/Space</u>	<u>SF/Units/Spaces</u>	<u>Total</u>
<i>Direct Costs</i>			
Residential Construction Direct	\$ 175	332,018	\$ 58,103,178
Commercial Retail Direct	\$ 100	-	\$ -
Parking Direct	\$ 100	105,000	\$ 10,500,000
<b>Subtotal Direct</b>			<b>\$ 68,603,178</b>
<b>Land &amp; Building Purchase Costs</b>	-	-	\$ -
<b>Permits and Fees</b>			
Per Residential Unit	\$ 30,000.00	250	\$ 7,500,000.00
Per Retail SF	\$3.00	-	0
Per Parking Space		-	0
<b>Subtotal Permits and Fees</b>			<b>\$ 7,500,000.00</b>
<b>Other Project-Wide Soft Costs</b>			
	<u>% of Cost/\$ Per Unit</u>	<u>Cost Basis</u>	<u>Total</u>
Pre-Acquisition & Development	1.00%	\$ 68,603,178	\$ 686,031.78
Planning & Entitlement	1.00%	\$ 68,603,178	\$ 686,031.78
Architect and Engineers	4.00%	\$ 68,603,178	\$ 2,744,127
Testing and Inspection	0.75%	\$ 68,603,178	\$ 514,523.84
Taxes, Legal and Accounting	2.00%	\$ 68,603,178	\$ 1,372,063.56
Development Management	3.00%	\$ 145,124,129	\$ 4,353,723.87
Wrap Insurance	\$ 12,000.00	\$ 250	\$ 3,000,000.00
Project Insurance	2.0%	\$ 68,603,178	\$ 1,372,063.56
Homebuyer Warranty	\$ 4,000.00	\$ 250	\$ 1,000,000
<b>Subtotal Other Indirect Costs</b>			<b>\$ 15,728,566</b>
<i>Per SF</i>			\$ 36
<b>Sales &amp; Marketing</b>			
Closing Costs	1%	145,124,129	\$ 1,451,241
Marketing - Residential	\$2,500	250	\$ 625,000
Commissions - For-Sale	5.00%	\$ 145,124,129	\$ 7,256,206
Commissions - For-Rent	\$7.50	-	\$ -
<b>Subtotal Sales &amp; Marketing</b>			<b>\$ 7,881,206</b>
<b>Tenant Improvements Allowance</b>	\$20.00	-	\$ -
<b>TOTAL PROJECT COSTS - before financing (in 2006 Dollars)</b>			<b>\$ 99,712,950</b>
<b>Estimated Financing Costs</b>			
Monthly Loan Term		36	
Total Potential Loan Draws	\$ 91,831,743.50		
% Average Outstanding		50%	
Average Outstanding Balance	\$ 45,915,871.75		
Interest Rate		8.00%	
% Costs and Fees		2.00%	
<i>Construction Loan Interest</i>	\$ 11,019,809		\$ 11,019,809
<i>Costs and Fees</i>	\$ 1,836,635		\$ 1,836,635
<b>Total Financing Cost</b>			<b>\$ 12,856,444</b>
<b>TOTAL PROJECT COSTS (in 2006 Dollars)</b>			<b>\$ 112,569,394</b>

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 6**  
**Residual Land Value, Multifamily Residential Development**  
**Contra Costa County Oak Park Site**

Site Area Square Feet		435,600
Acres		10
Dwelling Units		250
DU/Acre		25
Residential Square Feet		332,018
Commercial/Retail SF		-
Parking Square Feet		105,000
Parking Spaces		300
<b>Building Square Feet</b>		<b>437,018</b>
<b>Development Cost<sup>2</sup></b>		
Land Cost	\$	-
Direct Costs	\$	68,603,178
<b>Subtotal</b>	<b>\$</b>	<b>68,603,178</b>
Public Permits and Fees	\$	7,500,000
Indirect Costs	\$	15,728,566
<b>Subtotal</b>	<b>\$</b>	<b>91,831,744</b>
Financing Costs	\$	12,856,444
Sales and Marketing	\$	7,881,206
Tenant Improvements	\$	-
<b>Total Development Cost</b>	<b>\$</b>	<b>112,569,394</b>
Total Cost per SF		\$258
<b>Estimated Development Value<sup>1</sup></b>	<b>\$</b>	<b>145,124,129</b>
Value per DU		\$580,497
Value per Commercial SF		\$0
Value per Parking Space		
<b>Developer Margin</b>	<b>\$</b>	<b>17,414,895</b>
Percent of Total Value		12.0%
<b>Project Surplus (Financial Gap)</b>		
Supportable Investment		\$127,709,233
Less: Development Costs		\$112,569,394
<b>Residual Land Value</b>		<b>\$15,139,839</b>
Per Acre	\$	1,513,984
Per Unit	\$	60,559
Per SF	\$	35

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 7**  
**Project Description and Assumptions, Multifamily Residential/Commercial Mixed Use**  
**Contra Costa County Oak Park Site**

<b>Base Project Description</b>		
Site Square Feet	435,600	
Site Acres	10	
DU/Acre (MRM Zoning)	23.5	
	<b>Units /Spaces</b>	<b>Square Feet</b>
Single Family Residential For-Sale	-	-
Multifamily Residential For-Sale	235	309,552
Multifamily Rental	-	-
<b>Total Residential (Gross)</b>	<b>235</b>	<b>315,743</b>
Commercial/Retail	-	17,500
Parking	350	122,500
<b>Total Built Square Feet</b>		<b>455,743</b>

<b>Residential Program and Sale Prices</b>												
	<b>Market Rate Units</b>					<b>Very Low Income Units</b>					<b>Total</b>	
	Units	Avg SF	Sales/SF	Sales/Unit	Market Rate	Units	Avg SF	Sales/SF	Sales/Unit	Affordable Total	Total Sales	
<i>Single Family Detached For-Sale</i>												
Studio	-	800	\$ 600	\$ 480,000	\$ -	-	800	\$ 103	\$ 82,568	\$ -	\$ -	
1 BR	-	1,100	\$ 550	\$ 605,000	\$ -	-	1,100	\$ 92	\$ 101,049	\$ -	\$ -	
2 BR	-	1,400	\$ 465	\$ 651,000	\$ -	-	1,400	\$ 86	\$ 119,979	\$ -	\$ -	
3 BR	-	2,000	\$ 405	\$ 810,000	\$ -	-	2,000	\$ 69	\$ 138,724	\$ -	\$ -	
4 BR	-	2,350	\$ 375	\$ 881,250	\$ -	-	2,350	\$ 65	\$ 153,705	\$ -	\$ -	
	-	-				-	-					
<i>Multifamily Attached For-Sale</i>												
Studio	-	725	\$ 600	\$ 435,000	\$ -	-	725	\$ 114	\$ 82,568	\$ -	\$ -	
1 BR	71	896	\$ 565	\$ 506,240	\$ 35,943,040	4	896	\$ 113	\$ 101,049	\$ 404,197	\$ 36,347,237	
2 BR	72	1,296	\$ 465	\$ 602,640	\$ 43,390,080	4	1,200	\$ 100	\$ 119,979	\$ 479,914	\$ 43,869,994	
3 BR	80	1,728	\$ 405	\$ 699,840	\$ 55,987,200	4	1,500	\$ 92	\$ 138,724	\$ 554,897	\$ 56,542,097	
4 BR	-	2,100	\$ 380	\$ 798,000	\$ -	-	2,100	\$ 73	\$ 153,705	\$ -	\$ -	
	223	1,324				12	1,199					
<b>Potential Gross Sales Revenue</b>					<b>\$ 135,320,320</b>					<b>\$ 1,439,009</b>	<b>\$ 136,759,329</b>	

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 8**  
**Multifamily Residential/Commercial Mixed Use Commercial Program and Assumptions**  
**Contra Costa County Oak Park Site**

<b>Commercial Program</b>		
Gross Square Feet		17,500
Sales/SF	\$	2.0
<b>Sales Value of Commercial Space</b>		
Rentable SF		15,750
Sales/SF		\$2.0
<b>Effective Gross Income</b>		<b>\$378,000</b>
Less:		
<i>Vacancy</i>	5%	\$18,900
<i>Operating/Marketing</i>	2%	\$7,560
<i>Management</i>	5%	\$18,900
<i>CapEx</i>	3%	\$11,340
<i>Selling Expense</i>	4%	\$15,120
<b>NOI</b>		<b>\$306,180</b>
<b>Capitalized Value</b>	<b>8%</b>	<b>\$4,082,400</b>
<i>Value/SF</i>		\$233

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County,  
Zip Realty, Seifel Consulting Inc.

**Appendix Table 9**  
**Project Costs Detail, Multifamily Residential/Commercial Mixed Use**  
**Contra Costa County Oak Park Site**

<b>Construction Costs</b>	<u>\$ per SF/Unit/Space</u>	<u>SF/Units/Spaces</u>	<u>Total</u>
<i>Direct Costs</i>			
Residential Construction Direct	\$ 170	315,743	\$ 53,676,317
Commercial Retail Direct	\$ 100	17,500	\$ 1,750,000
Parking Direct	\$ 100	122,500	\$ 12,250,000
<b>Subtotal Direct</b>			<b>\$ 67,676,317</b>
<b>Land &amp; Building Purchase Costs</b>	-	-	\$ -
<b>Permits and Fees</b>			
Per Residential Unit	\$ 30,000.00	235	\$ 7,050,000
Per Retail SF	\$3.00	17,500	\$ 52,500
Per Parking Space		-	\$ -
<b>Subtotal Permits and Fees</b>			<b>\$ 7,102,500</b>
<b>Other Project-Wide Soft Costs</b>			
	<u>% of Cost/\$ Per Unit</u>	<u>Cost Basis</u>	<u>Total</u>
Pre-Acquisition & Development	1%	\$ 67,676,317	\$ 676,763
Planning & Entitlement	1%	\$ 67,676,317	\$ 676,763
Architect and Engineers	4%	\$ 67,676,317	\$ 2,707,053
Testing and Inspection	0.75%	\$ 67,676,317	\$ 507,572
Taxes, Legal and Accounting	2%	\$ 67,676,317	\$ 1,353,526
Development Management	3.00%	\$ 138,509,329	\$ 4,155,280
Wrap Insurance	\$ 12,000	235	\$ 2,820,000
Project Insurance	3%	\$ 67,676,317	\$ 2,030,290
Homebuyer Warranty	\$ 4,000	235	\$ 940,000
<b>Subtotal Other Indirect Costs</b>			<b>\$ 15,867,247</b>
<i>Per Total SF</i>			\$ 35
<b>Sales &amp; Marketing</b>			
Closing Costs	1%	136,759,329	\$ 1,367,593
Marketing - Residential	\$2,500	235	\$ 587,500
Commissions - For-Sale	5%	\$ 136,759,329	\$ 6,837,966
Commissions - For-Rent	\$7.50	-	\$ -
<b>Subtotal Sales &amp; Marketing</b>			<b>\$ 7,425,466</b>
<b>Tenant Improvements Allowance</b>	\$35.00	17,500.00	\$ 612,500
<b>TOTAL PROJECT COSTS - before financing (in 2005 Dollars)</b>			<b>\$ 98,684,030</b>
<b>Estimated Financing Costs</b>			
Monthly Loan Term		36	
Total Potential Loan Draws	\$ 90,646,063.89		
% Average Outstanding		50%	
Average Outstanding Balance	\$ 45,323,031.94		
Interest Rate		8.00%	
% Costs and Fees		2.00%	
<i>Construction Loan Interest</i>	\$ 10,877,528		\$ 10,877,528
<i>Costs and Fees</i>	\$ 1,812,921		\$ 1,812,921
<b>Total Financing Cost</b>			<b>\$ 12,690,449</b>
<b>TOTAL PROJECT COSTS (in 2006 Dollars)</b>			<b>\$ 111,374,479</b>

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 10**  
**Residual Land Value, Mixed Use Multifamily Residential/Commercial Development**  
**Contra Costa County Oak Park Site**

Site Area Square Feet		435,600
Acres		10.00
Dwelling Units		235
DU/Acre		24
Residential Square Feet		315,743
Commercial/Retail SF		17,500
Parking Square Footage		122,500
Parking Spaces		350
<b>Building Square Feet</b>		<b>455,743</b>
<b>Development Cost<sup>2</sup></b>		
Land Cost	\$	-
Direct Costs	\$	67,676,317
<b>Subtotal:</b>	<b>\$</b>	<b>67,676,317</b>
Public Permits and Fees	\$	7,102,500
Indirect Costs	\$	15,867,247
<b>Subtotal:</b>	<b>\$</b>	<b>90,646,064</b>
Financing Costs	\$	12,690,449
Sales and Marketing	\$	7,425,466
Tenant Improvements	\$	612,500
<b>Total Development Cost</b>	<b>\$</b>	<b>111,374,479</b>
<i>Total Cost per SF</i>		\$244
<b>Estimated Development Value<sup>1</sup></b>		
Value per DU		\$581,955
Value per Commercial SF		\$233
Value per Parking Space		
<b>Developer Margin</b>	<b>\$</b>	<b>16,901,007</b>
Percent of Total Value		12.0%
<b>Project Surplus (Financial Gap)</b>		
Supportable Investment		\$123,940,721
Less: Development Costs		\$111,374,479
<b>Residual Land Value</b>		<b>\$12,566,242</b>
<i>Per Acre</i>	\$	1,256,624
<i>Per Unit</i>	\$	53,473
<i>Per Site SF</i>	\$	29

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 11**  
**Project Description and Assumptions, Single Family Higher Density Residential Development**  
**Contra Costa County Oak Park Site**

<b>Base Project Description</b>		
Site Square Feet	435,600	
Site Acres	10	
DU/Acre	12	
	Units /Spaces	Square Feet
Single Family Residential For-Sale	120	174,275
Multifamily Residential For-Sale	-	-
Multifamily Rental	-	-
<b>Total Units</b>	<b>120</b>	<b>174,275</b>
Commercial/Retail	0	-
Parking		
<b>Total Built Square Feet</b>		<b>174,275</b>

<b>Residential Program and Sale Prices</b>												
	<b>Market Rate Units</b>					<b>Very Low Income Units</b>					<b>Total</b>	
	Units	Avg SF	Sales/SF	Sales/Unit	Market Rate Total	Units	Avg SF	Sales/SF	Sales/Unit	Affordable Total	Total Sales	
<i>Single Family Detached For-Sale</i>												
Studio	-	1,000	\$ 605	\$ 605,000	\$ -	-	800	\$ 103	\$ 82,568	\$ -	\$ -	
1 BR	49	1,175	\$ 565	\$ 663,875	\$ 32,529,875	2	1,100	\$ 92	\$ 101,049	\$ 202,099	\$ 32,731,974	
2 BR	40	1,450	\$ 480	\$ 696,000	\$ 27,840,000	2	1,350	\$ 89	\$ 119,979	\$ 239,957	\$ 28,079,957	
3 BR	25	2,000	\$ 420	\$ 840,000	\$ 21,000,000	2	1,900	\$ 73	\$ 138,724	\$ 277,449	\$ 21,277,449	
4 BR	-	2,400	\$ 380	\$ 912,000	\$ -	-	2,350	\$ 65	\$ 153,705	\$ -	\$ -	
	114	1,452				6	1,450					
<i>Multifamily Attached For-Sale</i>												
Studio	-	725	\$ 600	\$ 435,000	\$ -	-	725	\$ 114	\$ 82,568	\$ -	\$ -	
1 BR	-	896	\$ 565	\$ 506,240	\$ -	-	896	\$ 113	\$ 101,049	\$ -	\$ -	
2 BR	-	1,296	\$ 465	\$ 602,640	\$ -	-	1,296	\$ 93	\$ 119,979	\$ -	\$ -	
3 BR	-	1,728	\$ 405	\$ 699,840	\$ -	-	1,728	\$ 80	\$ 138,724	\$ -	\$ -	
4 BR	-	2,100	\$ 380	\$ 798,000	\$ -	-	2,100	\$ 73	\$ 153,705	\$ -	\$ -	
<b>Potential Gross Sales Revenue</b>					<b>\$ 81,369,875</b>					<b>\$ 719,504</b>	<b>\$ 82,089,379</b>	

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 12**  
**Project Cost Detail, Single Family Higher Density Residential Development**  
**Contra Costa County Oak Park Site**

<b>Construction Costs</b>	<b>\$ per SF/Unit/Space</b>	<b>SF/Units/Spaces</b>	<b>Total</b>
<i>Direct Costs</i>			
Residential Construction Direct	\$ 150	174,275	\$ 26,141,250
Commercial Retail Direct	\$ 100	-	\$ -
Parking Direct	\$ 100	-	\$ -
<b>Subtotal Direct</b>			<b>\$ 26,141,250</b>
<b>Land &amp; Building Purchase Costs</b>	-	-	<b>\$ -</b>
<b>Permits and Fees</b>			
Per Residential Unit	\$ 30,000.00	120	\$ 3,600,000
Per Retail SF	\$ 3.00	-	\$ -
Per Parking Space		-	\$ -
<b>Subtotal Permits and Fees</b>			<b>\$ 3,600,000</b>
<b>Other Project-Wide Soft Costs</b>			
	<b>% of Cost/\$ Per Unit</b>	<b>Cost Basis</b>	<b>Total</b>
Pre-Acquisition & Development	1.00%	\$ 26,141,250	\$ 261,413
Planning & Entitlement	1.00%	\$ 26,141,250	\$ 261,413
Architect and Engineers	4.00%	\$ 26,141,250	\$ 1,045,650
Taxes, Legal and Accounting	2.00%	\$ 26,141,250	\$ 522,825
Development Management	3.00%	\$ 82,089,379	\$ 2,462,681
Project Insurance	2.0%	\$ 26,141,250	\$ 522,825
Homebuyer Warranty	\$ 4,000.00	120	\$ 480,000
<b>Subtotal Other Indirect Costs</b>			<b>\$ 5,752,866</b>
<i>Per SF</i>			\$ 33
<b>Sales &amp; Marketing</b>			
Closing Costs	1%	82,089,379	820,894
Marketing - Residential	\$ 2,500	120	\$ 300,000
Commissions - For-Sale	5.00%	\$ 82,089,379	\$ 4,104,469
Commissions - For-Rent	\$ 7.50	\$ 0.00	\$ -
<b>Subtotal Sales &amp; Marketing</b>			<b>\$ 5,225,363</b>
<b>Tenant Improvements Allowance</b>	\$ 20.00	\$ 0.00	\$ -
<b>TOTAL PROJECT COSTS - before financing (in 2006 Dollars)</b>			<b>\$ 40,719,479</b>
<b>Estimated Financing Costs</b>			
Monthly Loan Term		30	
Total Potential Loan Draws	\$ 35,494,115.76		
% Average Outstanding		50%	
Average Outstanding Balance	\$ 17,747,057.88		
Interest Rate		8.00%	
% Costs and Fees		2.00%	
Construction Loan Interest	\$ 3,549,412		\$ 3,549,412
Costs and Fees	\$ 709,882		\$ 709,882
<b>Total Financing Cost</b>			<b>\$ 4,259,294</b>
<b>TOTAL PROJECT COSTS (in 2006 Dollars)</b>			<b>\$ 44,978,772</b>

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.

**Appendix Table 13**  
**Residual Land Value, Single Family Higher Density Residential Development**  
**Contra Costa County Oak Park Site**

Site Area Square Feet		435,600
Acres		10
Dwelling Units		120
DU/Acre		12
Residential Square Feet		174,275
Commercial/Retail SF		-
Parking Square Feet		-
Parking Spaces		-
<b>Net Building Square Feet</b>		<b>174,275</b>
<b>Development Cost<sup>2</sup></b>		
Land Cost	\$	-
Direct Costs	\$	26,141,250
<b>Subtotal</b>	<b>\$</b>	<b>26,141,250</b>
Public Permits and Fees	\$	3,600,000
Indirect Costs	\$	5,752,866
<b>Subtotal</b>	<b>\$</b>	<b>35,494,116</b>
Financing Costs	\$	4,259,294
Sales and Marketing	\$	5,225,363
Tenant Improvements	\$	-
<b>Total Development Cost</b>	<b>\$</b>	<b>44,978,772</b>
Total Cost per SF		\$258
<b>Estimated Development Value<sup>1</sup></b>	<b>\$</b>	<b>82,089,379</b>
Value per DU		\$684,078
Value per Commercial SF		\$0
<b>Developer Margin</b>	<b>\$</b>	<b>9,850,726</b>
Percent of Total Value		12.0%
<b>Project Surplus (Financial Gap)</b>		
Supportable Investment		\$72,238,654
Less: Development Costs		\$44,978,772
<b>Residual Land Value</b>		<b>\$27,259,881</b>
Per Acre	\$	2,725,988
Per Unit	\$	227,166
Per SF	\$	63

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County,  
Zip Realty, Seifel Consulting Inc.

**Table 14**  
**Residual Land Values, 10% Developer Return Scenario**  
**Contra Costa County Oak Park Site**

	Single Family Residential	SFR Higher Density	Multifamily Residential	Mixed Use MFR/Commercial
Site Area Square Feet	435,600	435,600	435,600	435,600
Acres	10	10	10	10
Dwelling Units	73	120	250	235
DU/Acre	7	12	25	24
Residential Square Feet	116,000	174,275	332,018	315,743
Average Unit Size SF	1,589	1,452	1,328	1,344
Commercial/Retail SF	-	-	-	17,500
Parking Square Feet	-	-	105,000	122,500
Parking Spaces	-	-	300	350
<b>Net Building Square Feet</b>	<b>116,000</b>	<b>174,275</b>	<b>437,018</b>	<b>455,743</b>
<b>Development Cost</b>				
Land Cost	\$0	\$0	\$0	\$0
Direct Costs	<u>\$17,400,000</u>	<u>\$26,141,250</u>	<u>\$68,603,178</u>	<u>\$67,676,317</u>
<b>Subtotal</b>	<b>\$17,400,000</b>	<b>\$26,141,250</b>	<b>\$68,603,178</b>	<b>\$67,676,317</b>
Public Permits and Fees	\$2,190,000	\$3,600,000	\$7,500,000	\$7,102,500
Indirect Costs	<u>\$3,732,964</u>	<u>\$5,752,866</u>	<u>\$15,728,566</u>	<u>\$15,867,247</u>
<b>Subtotal</b>	<b>\$23,322,964</b>	<b>\$35,494,116</b>	<b>\$91,831,744</b>	<b>\$90,646,064</b>
Financing Costs	\$2,332,296	\$4,259,294	\$12,856,444	\$12,690,449
Sales and Marketing	\$3,323,428	\$5,225,363	\$7,881,206	\$7,425,466
Tenant Improvements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$612,500</u>
<b>Total Development Cost</b>	<b>\$28,978,689</b>	<b>\$44,978,772</b>	<b>\$112,569,394</b>	<b>\$111,374,479</b>
Total Cost per SF	\$250	\$258	\$258	\$244
<b>Estimated Development Value</b>	<b>\$52,348,801</b>	<b>\$82,089,379</b>	<b>\$145,124,129</b>	<b>\$140,841,729</b>
Value per DU	\$717,107	\$684,078	\$580,497	\$581,955
Value per Residential SF	\$451	\$471	\$437	\$433
Value per Commercial SF	\$0	\$0	\$0	\$233
<b>Developer Margin</b>	<b>\$5,234,880</b>	<b>\$8,208,938</b>	<b>\$14,512,413</b>	<b>\$14,084,173</b>
Percent of Total Value	10%	10%	10%	10%
Supportable Investment	\$47,113,921	\$73,880,441	\$130,611,716	\$126,757,556
Less: Development Costs	\$28,978,689	\$44,978,772	\$112,569,394	\$111,374,479
<b>Residual Land Value</b>	<b>\$18,135,233</b>	<b>\$28,901,669</b>	<b>\$18,042,322</b>	<b>\$15,383,077</b>
Per Acre	\$1,813,523	\$2,890,167	\$1,804,232	\$1,538,308
Per Unit	\$248,428	\$240,847	\$72,169	\$65,460
Per SF	\$42	\$66	\$41	\$35

Source: Dataquick, Pleasant Hill Municipal Zoning Ordinance, Contra Costa County, Zip Realty, Seifel Consulting Inc.