

City of San José
Inclusionary Housing Analysis

Appendix A:
Costs of Alternative Affordability Requirements

ADMINISTRATIVE REVIEW DRAFT

Prepared for: City of San José

Submitted By: David Paul Rosen & Associates

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Table A-1
Rental Housing Prototype Project
San José Inclusionary Housing Analysis

	Renter 1
PROTOTYPE	Stacked Flat Apartments
Total Unit Count	157 Units
Zoning	A(PD)
FAR	1.66
Resident Population	Family
Product Type	Stacked Flat 4 Stories
Construction Type	Type V Podium Parking
Density (DU's/Acre)	55
Land Area (Acres)	2.86 Acres
Streets, etc @ % of Gross:	0.00%
Gross Site Area	2.86 Acres
Units by BR Count	
One Bedroom	71
Two Bedroom	70
Three Bedroom	15
Manager's (2 BR/1 BA)	1
Unit Size (Net SF)	
One Bedroom	800
Two Bedroom	1,100
Three Bedroom	1,400
Manager's	1,100
Average (Excl. Mgr's)	992
Building Square Feet	
Net Living Area	155,900
Community Space (SF)	20,000
Total Net Bldg. SF	175,900
Type of Parking	2 Levels Podium 71,400 SF 350 SF/Space
No. of Parking Spaces	
Below Grade	204
On Grade	24
Street	59
Total Spaces	287
Amenities	Community Room

Source: David Paul Rosen & Associates

**Table A-2
Owner Housing Prototype Projects
San José Inclusionary Housing Analysis**

PROTOTYPE	Owner 1	Owner 2	Owner 3	Owner 4
	Type I High-Rise Condos	Type V Stacked Flat Condos	Type V Townhomes	Single Family Detached
Total Unit Count	200 Units	157 Units	75 Units	45 Units
Zoning	A(PD)	A(PD)	A(PD)	A(PD)
FAR	2.95	1.92	0.67	0.42
Resident Population	Family	Family	Family	Family
Product Type	High Rise 11 Stories	Stacked Flats 4 Stories	Townhome 3 Stories	SFD 2 Stories
Construction Type	Type I Subterranean Parking	Type V Podium Parking	Type V Garage Parking	Type V Garage Parking
Density (DU's/Acre)	100	55	17	9
Net Site Area (Acres)	2.00 Acres	2.86 Acres	4.41 Acres	5.00 Acres
Streets, etc @ % of Gross	0.00%	0.00%	20.00%	20.00%
Gross Site Area	2,000 Acres	2.86 Acres	5.513 Acres	6.250 Acres
Units by BR Count				
One Bedroom	80	31	0	0
Two Bedroom	108	95	29	0
Three Bedroom	12	31	46	27
Four Bedroom	0	0	0	18
Unit Size (Net SF)				
One Bedroom	950	950	0	0
Two Bedroom	1,150	1,150	1,500	0
Three Bedroom	1,550	1,550	1,700	1,700
Four Bedroom	0	0	0	2,100
Manager's	0	0	0	0
Average	1,094	1,197	1,623	1,860
Building Square Feet				
Net Living Area	218,800	186,750	118,300	83,700
Community Space	0	15,700	11,250	6,750
Total Net Bldg. SF	218,800	202,450	129,550	90,450
Type of Parking	3 Levels Subterranean 99,750 SF 350 SF/Space	2 Levels Podium 71,400 SF 350 SF/Space	2 Car Garage 30,000 SF 400 SF/Garage	2 Car Garage 18,000 SF 400 SF/Garage
No. of Parking Spaces				
Below Grade	285	204	0	0
On Grade	24	24	35	27
Above Grade (Podium)	0	0	0	0
Garage	20	0	150	90
Street	0	59	0	0
Total Parking Spaces	329	287	185	117
Amenities	Pool/Spa Small Community Room	Pool/Spa	None	None

Source: David Paul Rosen & Associates.

Table A-3
Development and Financing Cost Assumptions
Rental Housing Prototype
San José Inclusionary Housing Analysis

	Renter 1
	<u>Stacked Flat Apartments</u>
Land Acquisition Cost	
Low Land Cost Per Gross SF Site Area	\$34.00
Middle Land Cost Per Gross SF Site Area	\$77.00
High Land Cost Per Gross SF Site Area	\$106.00
Development Cost Assumptions	
Site Improvement Costs per SF	\$30
Site Improvement Costs per Unit	\$24,000
Building Hard Costs per SF (1)	\$150
Building Hard Costs per Unit (1)	\$198,000
Hard Cost Contingency (2)	5.00%
Architectural/Engineering (2)	5.00%
City Impact and Permit Fees per Unit (3)	\$22,000
Environmental Phase I	\$7,000
Soils Testing	\$20,000
Property Taxes During Construction (% TDC)	1.00%
Insurance During Construction (4)	2.00%
Marketing/Leasing/Start-Up Per Unit	\$5,000
Developer Overhead (2)	2.00%
Developer Profit (% TDC)	5.00%
Construction Loan	
Construction Loan As a % of TDC	70.00%
Construction Loan Amount	\$42,109,249
Interest Rate (Prime + 0.25%)	6.25%
Loan Fees	1.00%
Average Loan Balance (Constr)	60.00%
Construction Period	12 Months
Lease-Up Period	3 Months
Total Construction Loan Term	15 Months
Construction Loan Interest - Const. Period	\$1,579,097
Construction Loan Interest - Lease-Up	\$657,957
Total Construction Loan Interest	\$2,237,054
Construction Loan Fees	\$421,092
Permanent Loan	
Debt Coverage Ratio	1.25
Mortgage Term	30 years
Interest Rate	8.00%

- (1) Includes parking hard costs and contractor profit, overhead and general conditions.
(2) As a percentage of direct costs (site improvements and hard costs).
(3) Estimate based on Housing Department experience and developer input.
(4) As a percentage of TDC, exclusive of land costs and developer profit.

Source: David Paul Rosen & Associates

Table A-4
Development and Financing Cost Assumptions
Owner Housing Prototypes
San José Inclusionary Housing Analysis

	Owner 1 Type I High-Rise Condos	Owner 2 Type V Stacked Flat Condos	Owner 3 Type V Townhomes	Owner 4 Single Family Detached
Land Acquisition Cost				
Low Land Cost Per Gross SF Site Area	N/A	\$34	\$23	\$32
Middle Land Cost Per Gross SF Site Area	\$67	\$77	\$59	\$46
High Land Cost Per Gross SF Site Area	\$97	\$106	\$91	\$71
Development Cost Assumptions				
Site Improvement Costs per SF	\$30	\$30	\$20	\$15
Site Improvement Costs per Unit	\$13,000	\$24,000	\$51,000	\$73,000
Unit Hard Construction per SF (1)	\$300	\$135	\$110	\$110
Unit Hard Construction per Unit (1)	\$386,000	\$205,000	\$190,000	\$221,000
Hard Cost Contingency (2)	7.00%	5.00%	5.00%	4.00%
Architectural/Engineering (2)	5.00%	5.00%	5.00%	5.00%
City Impact and Permit Fees per Unit (3)	\$21,000	\$22,000	\$25,000	\$35,000
Environmental Phase I	\$7,000	\$7,000	\$7,000	\$7,000
Soils Testing	\$20,000	\$20,000	\$20,000	\$20,000
Property Taxes During Construction (% TDC)	1.20%	1.00%	1.00%	0.80%
Insurance During Construction (4)	2.00%	2.50%	2.50%	1.00%
Selling/Closing Costs (per unit)	\$7,000	\$2,000	\$2,000	\$5,000
Sales Commissions (% TDC)	2.00%	2.00%	2.00%	2.00%
Developer Overhead (2)	3.00%	3.00%	3.00%	3.00%
Developer Profit (% TDC)	9.00%	9.00%	9.00%	9.00%
HOA fes (per unit per month)	\$700	\$400	\$275	\$150
Construction Loan				
Construction Loan % of TDC	70.00%	70.00%	70.00%	70.00%
Constr. Loan Amt.	\$84,981,338	\$43,806,955	\$28,985,985	\$22,303,008
Interest Rate (Prime + 0.25%)	6.25%	6.25%	6.25%	6.25%
Loan Fees	1.00%	1.00%	1.00%	1.00%
Average Loan Balance--Construction Period	60.00%	60.00%	60.00%	60.00%
Construction Period	18 Months	18 Months	15 Months	12 Months
Absorption Period (5)	15 Months	8 Months	NA	NA
Total Sales at Construction Completion (5)	108 Units	108 Units	75 Units	45 Units
Remaining Loan Balance at Const Completion	\$22,821,612	\$6,790,468	\$3,280,091	\$0
Months to Pay off Remaining Loan Balance	6.6 Months	3.3 Months	1.6 Months	0.0 Months
Average Loan Balance--Absorption Period	50.00%	50.00%	50.00%	50.00%
Construction Loan Interest--Construction Period	\$4,780,200	\$2,464,141	\$1,358,718	\$836,363
Construction Loan Interest--Absorption Period	\$392,758	\$58,391	\$13,624	\$0
Total Construction Loan Interest	\$5,172,958	\$2,522,532	\$1,372,342	\$836,363
Construction Loan Fees	\$849,813	\$438,070	\$289,860	\$223,030
Mezzanine Debt				
Mezzanine Debt % of TDC (6)	15.00%	15.00%	15.00%	15.00%
Mezzanine Debt Amount	\$18,210,287	\$9,387,205	\$6,211,282	\$4,779,216
Rate of Return	12.00%	12.00%	12.00%	12.00%
Average Draw--Construction	75.00%	75.00%	75.00%	75.00%
Months to Pay off Mezzanine Debt (7)	5.3 Months	4.6 Months	3.0 Months	1.5 Months
Return During Construction	\$2,458,389	\$1,267,273	\$698,769	\$430,129
Return During Absorption (8)	\$1,683,585	\$524,215	\$192,872	\$35,082
Total Return on Mezzanine Debt	\$4,141,973	\$1,791,488	\$891,641	\$465,211
Average Market Sales Price Per Unit	\$575,553	\$342,745	\$342,745	\$542,566

(1) Includes parking hard costs and contractor profit, overhead and general conditions.

(2) As a percentage of direct costs (site improvements and hard costs).

(3) Estimated based on South Bay Cost of Development Survey, 2005-2006, developer interviews, and Housing Department projects.

(4) As a percentage of TDC, exclusive of land cost and developer profit.

(5) Assumes an absorption rate of 6 units per month, beginning at start of construction, for Owner 1 and 2.

Owner 3 and 4 assumed to be built in phases and leased up as completed.

(6) Exclusive of developer profit.

(7) Assumes payments on mezzanine debt begin after construction loan is paid off in full.

(8) Assumes returns paid on 100% of mezzanine debt until construction loan is paid off, and then returns on an average of 50% of mezzanine debt for the months remaining until paid off in full.

Source: David Paul Rosen & Associates.

Table A-5
Estimated Prototype Development Costs
Rental Housing Prototype
San José Inclusionary Housing Analysis

	Renter 1 Stacked Flat Apartments
Acres	2.855
Number of Units	157
Parking Spaces	204
Net Square Feet Living Area	155,900
Total Net Square Feet	175,900
Ratio Net/Gross SF	85%
Total Gross Square Feet Building Area	206,941
LOW LAND ACQUISITION COSTS	\$4,228,369
MIDDLE LAND ACQUISITION COSTS	\$9,576,013
HIGH LAND ACQUISITION COSTS	\$13,182,563
SITE IMPROVEMENTS	\$3,730,914
BUILDING SHELL HARD COSTS	\$31,041,150
HARD COST CONTINGENCY	\$1,738,603
ARCH./ENG./CONSTR. SUPERVISION	\$1,738,603
CITY IMPACT AND PERMIT FEES	\$3,454,000
CONSTRUCTION LOAN FEES	\$421,092
CONSTRUCTION LOAN INTEREST	\$2,237,054
ENVIRONMENTAL PHASE I	\$7,000
SOILS TESTING	\$20,000
PROPERTY TAXES DURING CONSTR. (1)	\$751,951
INSURANCE	\$951,445
MARKETING/LEASE-UP/START-UP	\$785,000
DEVELOPER OVERHEAD	\$695,441
DEVELOPER PROFIT (1)	\$3,007,804
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TOTAL COST, WITHOUT LAND	\$50,580,057
PER UNIT	\$322,166
PER SQUARE FOOT	\$244.42
TOTAL COST, WITH LOW LAND COST	\$54,808,427
PER UNIT	\$349,098
PER SQUARE FOOT	\$264.85
TOTAL COST, WITH MIDDLE LAND COST	\$60,156,070
PER UNIT	\$383,160
PER SQUARE FOOT	\$290.69
TOTAL COST, WITH HIGH LAND COST	\$63,762,620
PER UNIT	\$406,131
PER SQUARE FOOT	\$308.12

(1) Calculated as a percentage of TDC, assuming the middle-range land cost.

Source: David Paul Rosen & Associates

Table A-6
Estimated Prototype Development Costs
Owner Housing Prototypes
San José Inclusionary Housing Analysis

	Owner 1 Type I High-Rise Condos	Owner 2 Type V Stacked Flat Condos	Owner 3 Type V Townhomes	Owner 4 Single Family Detached
Gross Site Area	2.000	2.855	5.513	6.250
Net Lot Area	2.000	2.855	4.410	5.000
No. of Units	200	157	75	45
Parking Spaces	329	287	185	117
Net Square Feet Living Area	218,800	186,750	118,300	83,700
Total Net Square Feet	218,800	202,450	129,550	90,450
Ratio Net/Gross SF	85%	85%	100%	100%
Total Gross Square Feet Building Area	257,412	238,176	129,550	90,450
LOW LAND ACQUISITION COSTS	N/A	\$4,228,369	\$5,522,864	\$8,712,000
MIDDLE LAND ACQUISITION COSTS	\$5,837,040	\$9,576,013	\$14,167,346	\$12,523,500
HIGH LAND ACQUISITION COSTS	\$8,450,640	\$13,182,563	\$21,851,330	\$19,329,750
SITE IMPROVEMENTS	\$2,613,600	\$3,730,914	\$3,841,992	\$3,267,000
BUILDING SHELL HARD COSTS	\$77,223,529	\$32,153,824	\$14,250,500	\$9,949,500
HARD COST CONTINGENCY	\$5,588,599	\$1,794,237	\$904,625	\$528,660
ARCH./ENG./CONSTR. SUPERVISION	\$3,991,856	\$1,794,237	\$904,625	\$660,825
CITY IMPACT AND PERMIT FEES	\$4,200,000	\$3,454,000	\$1,875,000	\$1,575,000
CONSTRUCTION LOAN FEES	\$849,813	\$438,070	\$289,860	\$223,030
CONSTRUCTION LOAN INTEREST	\$5,172,958	\$2,522,532	\$1,372,342	\$836,363
RETURN ON MEZZANINE DEBT	\$4,141,973	\$1,791,488	\$891,641	\$465,211
ENVIRONMENTAL PHASE I	\$7,000	\$7,000	\$7,000	\$7,000
SOILS TESTING	\$20,000	\$20,000	\$20,000	\$20,000
PROPERTY TAXES DURING CONST. (1)	\$2,401,356	\$1,031,561	\$568,799	\$280,101
INSURANCE	\$2,311,297	\$1,325,134	\$681,030	\$193,379
SALES COMMISSIONS (1)	\$2,668,174	\$1,375,415	\$910,078	\$700,251
SELLING/CLOSING COSTS	\$1,400,000	\$314,000	\$150,000	\$225,000
DEVELOPER OVERHEAD	\$2,395,114	\$1,076,542	\$542,775	\$396,495
DEVELOPER PROFIT (1)	\$12,006,782	\$6,189,366	\$4,095,351	\$3,151,131
HOA CARRYING COSTS (2)	\$579,600	\$176,400	\$30,938	\$10,125
TOTAL COST, EXCLUDING LAND	\$127,571,654	\$59,194,718	\$31,336,555	\$22,489,072
PER UNIT	\$637,858	\$377,036	\$417,821	\$499,757
PER SQUARE FOOT	\$495.59	\$248.53	\$241.89	\$248.64
TOTAL COST, WITH LOW LAND COST	N/A	\$63,423,087	\$36,859,419	\$31,201,072
PER UNIT	N/A	\$403,969	\$491,459	\$693,357
PER SQUARE FOOT	N/A	\$266.29	\$284.52	\$344.95
TOTAL COST, WITH MIDDLE LAND COST *	\$133,408,694	\$68,770,731	\$45,503,901	\$35,012,572
PER UNIT	\$667,043	\$438,030	\$606,719	\$778,057
PER SQUARE FOOT	\$518.27	\$288.74	\$351.25	\$387.09
TOTAL COST, WITH HIGH LAND COST	\$136,022,294	\$72,377,281	\$53,187,885	\$41,818,822
PER UNIT	\$680,111	\$461,002	\$709,172	\$929,307
PER SQUARE FOOT	\$528.42	\$303.88	\$410.56	\$462.34

(1) Calculated as a percentage of TDC, assuming the middle-range land cost.

(2) For Owner Prototypes 1 & 2, assumes carrying HOA costs during absorption period for 50% of units remaining to be sold at end of construction period. For Owner Prototypes 3 & 4, assumes carrying of HOA costs for 50% of units for 3 months.

Source: David Paul Rosen & Associates

Table A-7
Per Unit Development Costs By Unit Bedroom Count
Rental Housing Prototype
San José Inclusionary Housing Analysis

Prototype Description:	Stacked Flat Apartments 157 Units	TYPE AND SIZE OF UNIT		
		1 Bedroom 800 Net S.F. 1,091 Total S.F. (1)	2 Bedroom 1,100 Net S.F. 1,444 Total S.F. (1)	3 Bedroom 1,400 Net S.F. 1,797 Total S.F. (1)
Hard Construction Costs				
Site Improvements	\$23,764 /DU	\$23,764	\$23,764	\$23,764
Building Shell Hard Costs (2)	\$150.00 Per SF	\$163,657	\$216,598	\$269,539
Total Hard Costs		\$187,421	\$240,362	\$293,303
City Impact and Permit Fees	\$22,000 /DU	\$22,000	\$22,000	\$22,000
Other Fees and Indirect/Soft Costs	\$55,100 /DU	\$55,100	\$55,100	\$55,100
Total Costs (Except Land, Overhead, Profit)		\$264,521	\$317,462	\$370,403
Land Costs				
Low Land Cost	\$26,932 /DU	\$26,932	\$26,932	\$26,932
Middle Land Cost	\$60,994 /DU	\$60,994	\$60,994	\$60,994
High Land Cost	\$83,965 /DU	\$83,965	\$83,965	\$83,965
Dev. Fee/Profit & Overhead (3)	7%	\$21,078	\$24,979	\$28,880
Total Project Costs				
Low Land Cost		\$312,531	\$369,373	\$426,215
Middle Land Cost		\$346,593	\$403,435	\$460,277
High Land Cost		\$369,564	\$426,406	\$483,249

- (1) Assumes efficiency ratio (net/gross SF) of: 85%
Plus pro rata (per unit) share of 20,000 square feet of common space.
- (2) Includes building and parking hard costs and contractor profit, overhead and general conditions.
- (3) Includes developer overhead at 2% of hard costs (including site improvements and building hard costs) and developer profit at 5% of TDC, assuming middle-range land cost.
- Source: David Paul Rosen & Associates

Table A-8

PER UNIT PROTOTYPE DEVELOPMENT COSTS BY BEDROOM COUNT
OWNER PROTOTYPE #1
CITY OF SAN JOSE

Prototype Description: Total Number of Units:	Type I High-Rise Condos 200 Units	TYPE AND SIZE OF UNIT		
		1 Bedroom 950 Net S.F. 1,118 Total S.F. (1)	2 Bedroom 1,150 Net S.F. 1,353 Total S.F. (1)	3 Bedroom 1,550 Net S.F. 1,824 Total S.F. (1)
Hard Construction Costs				
Site Improvements	\$13,068 /DU	\$13,068	\$13,068	\$13,068
Unit/Parking Constr. Costs	\$300.00 /Gr. S.F.	\$335,294	\$405,882	\$547,059
Contingency	\$21.71 /Gr. S.F.	\$24,265	\$29,373	\$39,590
Total Hard Costs		\$372,627	\$448,324	\$599,717
City Building Permit and Impact Fees	\$21,000 /DU	\$21,000	\$21,000	\$21,000
Other Indirect and Soft Costs	\$117,720 /DU	\$117,720	\$117,720	\$117,720
Total Costs (Except Land and Overhead/Profit)		\$511,347	\$587,044	\$738,437
Land Costs				
Low Land Cost	N/A	N/A	N/A	N/A
Middle Land Cost	\$29,185 /DU	\$29,185	\$29,185	\$29,185
High Land Cost	\$42,253 /DU	\$42,253	\$42,253	\$42,253
Dev. Fee/Profit & Overhead (2)	12%	\$64,944	\$74,757	\$94,384
Total Project Costs				
Low Land Cost		N/A	N/A	N/A
Middle Land Cost		\$605,476	\$690,986	\$862,007
High Land Cost		\$618,544	\$704,054	\$875,075

(1) Assumes efficiency ratio (net/gross SF) of: 85%

(2) Includes developer overhead at 3% of hard costs (including site improvement and building hard costs) and developer profit at 9% of total development costs, assuming middle-range land cost.

Source: David Paul Rosen & Associates.

Table A-9
PER UNIT PROTOTYPE DEVELOPMENT COSTS BY BEDROOM COUNT
OWNER PROTOTYPE #2
CITY OF SAN JOSE

Prototype Description: Total Number of Units:	Stacked Flat Condos 157 Units	TYPE AND SIZE OF UNIT		
		1 Bedroom 950 Net S.F. 1,235 Total S.F. (1)	2 Bedroom 1,150 Net S.F. 1,471 Total S.F. (1)	3 Bedroom 1,550 Net S.F. 1,941 Total S.F. (1)
Hard Construction Costs				
Site Improvements	\$23,764 /DU	\$23,764	\$23,764	\$23,764
Unit/Parking Constr. Costs	\$135.00 /Gr. S.F.	\$166,765	\$198,529	\$262,059
Contingency	\$7.53 /Gr. S.F.	\$9,306	\$11,078	\$14,623
Total Hard Costs		\$199,834	\$233,371	\$300,446
City Building Permit and Impact Fees	\$22,000 /DU	\$22,000	\$22,000	\$22,000
Other Indirect and Soft Costs	\$68,763 /DU	\$68,763	\$68,763	\$68,763
Total Costs (Except Land and Overhead/Profit)		\$290,598	\$324,135	\$391,209
Land Costs				
Low Land Cost	\$26,932 /DU	\$26,932	\$26,932	\$26,932
Middle Land Cost	\$60,994 /DU	\$60,994	\$60,994	\$60,994
High Land Cost	\$83,965 /DU	\$83,965	\$83,965	\$83,965
Dev. Fee/Profit & Overhead (2)	12%	\$41,054	\$45,418	\$54,146
Total Project Costs				
Low Land Cost		\$358,584	\$396,485	\$472,288
Middle Land Cost		\$392,645	\$430,546	\$506,349
High Land Cost		\$415,617	\$453,518	\$529,321

- (1) Assumes efficiency ratio (net/gross SF) of: 85%
Plus pro rata (per unit) share of 15,700 square feet of common space.
- (2) Includes developer overhead at 3% of hard costs (including site improvement and building hard costs) and developer profit at 9% of total development costs, assuming middle-range land cost.

Source: David Paul Rosen & Associates.

Table A-10

PER UNIT PROTOTYPE DEVELOPMENT COSTS BY BEDROOM COUNT
 OWNER PROTOTYPE #3
 CITY OF SAN JOSE

Prototype Description: Total Number of Units:	Type V Townhomes 75 Units	TYPE AND SIZE OF UNIT	
		2 Bedroom 1,500 Net S.F. 1,650 Total S.F. (1)	3 Bedroom 1,700 Net S.F. 1,850 Total S.F. (1)
Hard Construction Costs			
Site Improvements	\$51,227 /DU	\$51,227	\$51,227
Unit/Parking Constr. Costs	\$110.00 /Gr. S.F.	\$181,500	\$203,500
Contingency	\$6.98 /Gr. S.F.	\$11,522	\$12,918
Total Hard Costs		\$244,248	\$267,645
City Building Permit and Impact Fees	\$25,000 /DU	\$25,000	\$25,000
Other Indirect and Soft Costs	\$77,684 /DU	\$77,684	\$77,684
Total Costs (Except Land and Overhead/Profit)		\$346,932	\$370,329
Land Costs			
Low Land Cost	\$73,638 /DU	\$73,638	\$73,638
Middle Land Cost	\$188,898 /DU	\$188,898	\$188,898
High Land Cost	\$291,351	\$291,351	\$291,351
Dev. Fee/Profit & Overhead (2)	12%	\$60,667	\$63,706
Total Project Costs			
Low Land Cost		\$481,237	\$507,673
Middle Land Cost		\$596,497	\$622,933
High Land Cost		\$698,950	\$725,386

- (1) Assumes efficiency ratio (net/gross SF) of: 100%
 Plus pro rata (per unit) share of 11,250 square feet of common space.
 (2) Includes developer overhead at 3% of hard costs (including site improvement and building hard costs)
 developer profit at 9% of total development costs, assuming middle-range land cost.

Source: David Paul Rosen & Associates.

Table A-11
PER UNIT PROTOTYPE DEVELOPMENT COSTS BY BEDROOM COUNT
OWNER PROTOTYPE #4
CITY OF SAN JOSE

Prototype Description: Total Number of Units:	Single Family Detached 45 Units	TYPE AND SIZE OF UNIT	
		3 Bedroom 1,700 Net S.F. 1,850 Total S.F. (1)	4 Bedroom 2,100 Net S.F. 2,250 Total S.F. (1)
Hard Construction Costs			
Site Improvements	\$72,600 /DU	\$72,600	\$72,600
Unit/Parking Constr. Costs	\$110.00 /Gr. S.F.	\$203,500	\$247,500
Contingency	\$5.84 /Gr. S.F.	\$10,813	\$13,151
Total Hard Costs		\$286,913	\$333,251
City Building Permit and Impact Fees	\$35,000 /DU	\$35,000	\$35,000
Other Indirect and Soft Costs	\$80,473 /DU	\$80,473	\$80,473
Total Costs (Except Land and Overhead/Profit)		\$402,386	\$448,724
Land Costs			
Low Land Cost	\$193,600 /DU	\$193,600	\$193,600
Middle Land Cost	\$278,300 /DU	\$278,300	\$278,300
High Land Cost	\$429,550 /DU	\$429,550	\$429,550
Dev. Fee/Profit & Overhead (2)	12%	\$76,423	\$82,456
Total Project Costs			
Low Land Cost		\$672,409	\$724,780
Middle Land Cost		\$757,109	\$809,480
High Land Cost		\$908,359	\$960,730

- (1) Assumes efficiency ratio (net/gross SF) of: 100%
Plus pro rata (per unit) share of 6,750 square feet of common space.
- (2) Includes developer overhead at 3% of hard costs (including site improvement and building hard co-
developer profit at 9% of total development costs, assuming middle-range land cost.

Source: David Paul Rosen & Associates.

Table A-12
Rent, Utility Allowance and Affordable Rent Assumptions
San José Inclusionary Housing Analysis

Assumptions

2007 HCD Median Income, Santa Clara County	\$105,500
2007 HCD Very Low Income Limit, Santa Clara County	\$53,050
Affordable Housing Cost As a % of Income	30%

No. of Bedrooms	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Household Size (Health and Safety)	2 Persons	3 Persons	4 Persons	5.0 Persons
Household Size Income Adjust. Factor	80%	90%	100%	108%
Renter Utility Allowance (1)	\$40	\$51	\$63	\$84

Affordable Rents by Income Level

	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
<u>35% of Median</u>				
Annual Income Limit	\$29,708	\$33,422	\$37,135	\$40,106
Affordable Monthly Housing Cost	\$743	\$836	\$928	\$1,003
Less: Monthly Utility Allowance	(\$40)	(\$51)	(\$63)	(\$84)
Affordable Monthly Rent	\$703	\$785	\$865	\$919

<u>50% of Median</u>				
Annual Income Limit	\$42,440	\$47,745	\$53,050	\$57,294
Affordable Monthly Housing Cost	\$1,061	\$1,194	\$1,326	\$1,432
Less: Monthly Utility Allowance	(\$40)	(\$51)	(\$63)	(\$84)
Affordable Monthly Rent	\$1,021	\$1,143	\$1,263	\$1,348

<u>60% of Median</u>				
Annual Income Limit	\$50,928	\$57,294	\$63,660	\$68,753
Affordable Monthly Housing Cost	\$1,273	\$1,432	\$1,592	\$1,719
Less: Monthly Utility Allowance	(\$40)	(\$51)	(\$63)	(\$84)
Affordable Monthly Rent	\$1,233	\$1,381	\$1,529	\$1,635

<u>80% of Median</u>				
Annual Gross Income	\$67,904	\$76,392	\$84,880	\$91,670
Affordable Monthly Housing Cost	\$1,698	\$1,910	\$2,122	\$2,292
Less: Monthly Utility Allowance	(\$40)	(\$51)	(\$63)	(\$84)
Affordable Monthly Rent	\$1,658	\$1,859	\$2,059	\$2,208

Summary of Affordable Rents	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
35% of Median	\$703	\$785	\$865	\$919
50% of Median	\$1,021	\$1,143	\$1,263	\$1,348
60% of Median	\$1,233	\$1,381	\$1,529	\$1,635

(1) Source: Housing Authority of Santa Clara County, effective 10/01/07. Includes natural gas cooking, heating and water heating plus basic electricity for renters.
Source: David Paul Rosen & Associates

**Table A-13
Affordable Mortgage By Income Level
Owner Housing Prototypes
San José Inclusionary Housing Analysis
2008**

ASSUMPTIONS

2007 HUD Median Income, Santa Clara County:	\$105,500			
Affordable Housing Cost As a % of Income		<u>70% AMI</u> 30%	<u>90% of AMI</u> 30%	<u>110% AMI</u> 35%
No. of Bedrooms	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Household Size, Health and Safety Code	2 Persons	3 Persons	4 Persons	5 Persons
Household Size Income Adjust. Factor, Tax Credits	80%	90%	100%	108%
Owner Utility Allowance (1)	\$101	\$116	\$161	\$188
Monthly HOA Fee/Maint. Cost	\$380			
Monthly Property Insurance				
70% AMI	\$50			
90% of AMI	\$75			
110% AMI	\$100			
Property Tax Rate	1.20%			
Mortgage Interest Rate	6.25%			
Term (Years)	30			
Downpayment %	5.00%			

AFFORDABLE HOUSING PAYMENT (PITI)

		1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
<u>70% AMI</u>					
Annual Income Limit		\$59,080	\$66,465	\$73,850	\$79,758
Affordable Monthly Housing Cost		\$1,477	\$1,662	\$1,846	\$1,994
Less: Monthly Utility Allowance (1)		(\$101)	(\$116)	(\$161)	(\$188)
Less: HOA/Maintenance Expense		(\$380)	(\$380)	(\$380)	(\$380)
Less: Property Insurance	\$50	(\$50)	(\$50)	(\$50)	(\$50)
Available for Principal, Interest, Taxes		\$946	\$1,116	\$1,255	\$1,376
Less: Property Taxes (2)	1.20%	\$138	\$163	\$183	\$201
Available for Mortg. Principal and Interest		\$808	\$953	\$1,072	\$1,175
Supportable Mortgage		\$131,210	\$154,789	\$174,069	\$190,851
Plus: Downpayment	5.00%	\$6,906	\$8,147	\$9,162	\$10,045
Supportable Mortgage with Downpayment		\$138,116	\$162,936	\$183,230	\$200,896
<u>90% AMI</u>					
Annual Income Limit		\$75,960	\$85,455	\$94,950	\$102,546
Affordable Monthly Housing Cost		\$1,899	\$2,136	\$2,374	\$2,564
Less: Monthly Utility Allowance (1)		(\$101)	(\$116)	(\$161)	(\$188)
Less: HOA/Maintenance Expense		(\$380)	(\$380)	(\$380)	(\$380)
Less: Property Insurance	\$75	(\$75)	(\$75)	(\$75)	(\$75)
Available for Principal, Interest, Taxes		\$1,343	\$1,565	\$1,758	\$1,921
Less: Property Taxes (2)	1.20%	\$196	\$228	\$257	\$280
Available for Mortg. Principal and Interest		\$1,147	\$1,337	\$1,501	\$1,641
Supportable Mortgage		\$186,274	\$217,066	\$243,835	\$266,443
Plus: Downpayment	5.00%	\$9,804	\$11,425	\$12,833	\$14,023
Supportable Mortgage with Downpayment		\$196,078	\$228,490	\$256,668	\$280,466
<u>110% AMI</u>					
Annual Income Limit		\$92,840	\$104,445	\$116,050	\$125,334
Affordable Monthly Housing Cost		\$2,708	\$3,046	\$3,385	\$3,656
Less: Monthly Utility Allowance (1)		(\$101)	(\$116)	(\$161)	(\$188)
Less: HOA/Maintenance Expense		(\$380)	(\$380)	(\$380)	(\$380)
Less: Property Insurance	\$100	(\$100)	(\$100)	(\$100)	(\$100)
Available for Principal, Interest, Taxes		\$2,127	\$2,450	\$2,744	\$2,988
Less: Property Taxes (2)	1.20%	\$311	\$358	\$401	\$436
Available for Mortg. Principal and Interest		\$1,816	\$2,092	\$2,343	\$2,552
Supportable Mortgage		\$295,015	\$339,815	\$380,593	\$414,436
Plus: Downpayment	5.00%	\$15,527	\$17,885	\$20,031	\$21,812
Supportable Mortgage with Downpayment		\$310,542	\$357,700	\$400,624	\$436,248

(1) Source: Housing Authority of Santa Clara County, effective 10/01/07. Includes natural gas cooking, heating and water heating, basic electricity, trash water and sewer for owners.

Calculated as the average of utility allowances for townhouse, high rise, and detached units.

(2) Calculated based on sales price equal to affordable mortgage plus 5% downpayment.

Source: David Paul Rosen & Associates.

Table A-14
Inclusionary Units by Income Level
Inclusionary Scenario 1: 8% of Units Affordable at 50% of Area Median Income,
12% of Units Affordable at 60% of Area Median Income
Rental Housing Prototype

Prototype		Renter 1 Stacked Flat Apartments
Units by BR Count	Total	157
One Bedroom		71
Two Bedroom		70
Three Bedroom		15
Manager's		1
50% of Median	8.00%	13
One Bedroom		6
Two Bedroom		6
Three Bedroom		1
60% of Median	12.00%	19
One Bedroom		9
Two Bedroom		9
Three Bedroom		1
Total Affordable Units	20.00%	32
One Bedroom		15
Two Bedroom		15
Three Bedroom		2
Market	80.00%	124
One Bedroom		56
Two Bedroom		55
Three Bedroom		13

Source: David Paul Rosen & Associates

Table A-15
Net Operating Income: Affordable Units
Inclusionary Scenario 1: 8% of Units Affordable at 50% of Area Median Income,
12% of Units Affordable at 60% of Area Median Income
Rental Housing Prototype

Prototype	Renter 1
	Stacked Flat Apartments
<u>Annual Gross Rent--Aff. Units</u>	
50% of Median	Monthly Afford. Rent Per Unit
One Bedroom	\$1,021
Two Bedroom	\$1,143
Three Bedroom	\$1,263
60% of Median	
One Bedroom	\$1,233
Two Bedroom	\$1,381
Three Bedroom	\$1,529
<u>Effective Gross Income--Afford. Units</u>	\$471,624
Less: Vacancy Allowance	3.00%
Less: Operating Expenses (1)	\$14,149
Less: Property Taxes/Insurance (2)	\$118,400
NOI Available for Debt Service	\$64,000
	\$275,075
(1) Annual Operating Cost Per Unit	\$3,700
(2) Annual Property Taxes/Insurance Per Unit	\$2,000
Total Operating Costs/Reserves	\$5,700

(1) Per Institute of Real Estate Mgmt (IREM) 2007 median operating expenses in San José.

(2) Per IREM 2007 "high" quartile per unit property tax/insurance expenses in San José.

Source: Institute of Real Estate Management; David Paul Rosen & Associates

Table A-16
Development Costs for Inclusionary Units
Inclusionary Scenario 1: 8% of Units Affordable at 50% of Area Median Income,
12% of Units Affordable at 60% of Area Median Income
Rental Housing Prototype

Prototype	Renter 1 Stacked Flat Apartments
Total Affordable Units	32
One Bedroom	15
Two Bedroom	15
Three Bedroom	2
LOW LAND COST	
Per Unit Development Cost	
One Bedroom	\$312,531
Two Bedroom	\$369,373
Three Bedroom	\$426,215
Total Development Costs, Aff. Units	\$11,080,999
One Bedroom	\$4,687,968
Two Bedroom	\$5,540,600
Three Bedroom	\$852,431
MIDDLE LAND COST	
Per Unit Development Cost	
One Bedroom	\$346,593
Two Bedroom	\$403,435
Three Bedroom	\$460,277
Total Development Costs, Aff. Units	\$12,170,965
One Bedroom	\$5,198,890
Two Bedroom	\$6,051,521
Three Bedroom	\$920,554
HIGH LAND COST	
Per Unit Development Cost	
One Bedroom	\$369,564
Two Bedroom	\$426,406
Three Bedroom	\$483,249
Total Development Costs, Aff. Units	\$12,906,058
One Bedroom	\$5,543,465
Two Bedroom	\$6,396,096
Three Bedroom	\$966,497

Source: David Paul Rosen & Associates

Table A-17
Inclusionary Units by Income Level
Inclusionary Scenario 2: 5% of Units Affordable at 50% of Area Median Income,
10% of Units Affordable at 60% of Area Median Income
Rental Housing Prototype

Prototype		Renter 1 Stacked Flat Apartments
Units by BR Count	Total	157
One Bedroom		71
Two Bedroom		70
Three Bedroom		15
Manager's		1
Units by BR Count and Income Level		
50% of Median	5.00%	9
One Bedroom		4
Two Bedroom		4
Three Bedroom		1
60% of Median	10.00%	16
One Bedroom		7
Two Bedroom		7
Three Bedroom		2
Total Affordable Units	15.00%	25
One Bedroom		11
Two Bedroom		11
Three Bedroom		3
Market	85.00%	131
One Bedroom		60
Two Bedroom		59
Three Bedroom		12

Source: David Paul Rosen & Associates

Table A-18
Net Operating Income: Affordable Units
Inclusionary Scenario 2: 5% of Units Affordable at 50% of Area Median Income,
10% of Units Affordable at 60% of Area Median Income
Rental Housing Prototypes

Prototype	Renter 1
	Stacked Flat Apartments
<u>Annual Gross Rent--Aff. Units</u>	
50% of Median	Monthly Afford. Rent Per Unit
One Bedroom	\$1,021
Two Bedroom	\$1,143
Three Bedroom	\$1,263
60% of Median	
One Bedroom	\$1,233
Two Bedroom	\$1,381
Three Bedroom	\$1,529
<u>Effective Gross Income--Afford. Units</u>	
Less: Vacancy Allowance	3.00% \$11,259
Less: Operating Expenses (1)	\$92,500
Less: Property Taxes/Insurance (2)	\$50,000
NOI Available for Debt Service	<u>\$221,541</u>
(1) Annual Operating Cost Per Unit	
(2) Annual Property Taxes/Insurance Per Unit	\$3,700
Total Annual Cost Per Unit	\$2,000
	\$5,700

(1) Per Institute of Real Estate Mgmt (IREM) 2007 median operating expenses in San José.

(2) Per IREM 2007 "high" quartile per unit property tax/insurance expenses in San José.

Source: Institute of Real Estate Management; David Paul Rosen & Associates

Table A-19
Development Costs for Inclusionary Units
Inclusionary Scenario 2: 5% of Units Affordable at 50% of Area Median Income,
10% of Units Affordable at 60% of Area Median Income
Rental Housing Prototype

Prototype	Renter 1 Stacked Flat Apartments
Total Affordable Units	25
One Bedroom	11
Two Bedroom	11
Three Bedroom	3
LOW LAND COST	
Per Unit Development Cost	
One Bedroom	\$312,531
Two Bedroom	\$369,373
Three Bedroom	\$426,215
Total Development Costs, Aff. Units	\$8,779,596
One Bedroom	\$3,437,843
Two Bedroom	\$4,063,107
Three Bedroom	\$1,278,646
MIDDLE LAND COST	
Per Unit Development Cost	
One Bedroom	\$346,593
Two Bedroom	\$403,435
Three Bedroom	\$460,277
Total Development Costs, Aff. Units	\$9,631,132
One Bedroom	\$3,812,519
Two Bedroom	\$4,437,782
Three Bedroom	\$1,380,831
HIGH LAND COST	
Per Unit Development Cost	
One Bedroom	\$369,564
Two Bedroom	\$426,406
Three Bedroom	\$483,249
Total Development Costs, Aff. Units	\$10,205,423
One Bedroom	\$4,065,207
Two Bedroom	\$4,690,471
Three Bedroom	\$1,449,746

Source: David Paul Rosen & Associates

Table A-20
Inclusionary Units by Income Level
Inclusionary Scenario 3: 5% of Units Affordable at 35% of Area Median Income,
5% of Units Affordable at 50% of Area Median Income
Rental Housing Prototype

Prototype		Renter 1 Stacked Flat Apartments
Units by BR Count	Total	157
One Bedroom		71
Two Bedroom		70
Three Bedroom		15
Manager's		1
Units by BR Count and Income Level		
35% of Median	5.00%	8
One Bedroom		4
Two Bedroom		3
Three Bedroom		1
50% of Median	5.00%	8
One Bedroom		4
Two Bedroom		3
Three Bedroom		1
Total Affordable Units	10.00%	16
One Bedroom		8
Two Bedroom		6
Three Bedroom		2
Market	90.00%	140
One Bedroom		63
Two Bedroom		64
Three Bedroom		13

Source: David Paul Rosen & Associates

Table A-21
Net Operating Income: Affordable Units
Inclusionary Scenario 3: 5% of Units Affordable at 35% of Area Median Income,
5% of Units Affordable at 50% of Area Median Income
Rental Housing Prototypes

Prototype	Renter 1 Stacked Flat Apartments
<u>Annual Gross Rent--Aff. Units</u>	
35% of Median	
One Bedroom	\$703
Two Bedroom	\$785
Three Bedroom	\$865
50% of AMI	
One Bedroom	\$1,021
Two Bedroom	\$1,143
Three Bedroom	\$1,263
<u>Effective Gross Income--Afford. Units</u>	
\$177,696	
Less: Vacancy Allowance	3.00%
\$5,331	
Less: Operating Expenses (1)	\$59,200
Less: Property Taxes/Insurance (2)	\$32,000
NOI Available for Debt Service	
\$81,165	
(1) Annual Operating Cost Per Unit	
\$3,700	
(2) Annual Property Taxes/Insurance Per Unit	
\$2,000	
Total Operating Costs/Reserves	
\$5,700	

(1) Per Institute of Real Estate Mgmt (IREM) 2007 median operating expenses in San José.

(2) Per IREM 2007 "high" quartile per unit property tax/insurance expenses in San José.

Source: Institute of Real Estate Management; David Paul Rosen & Associates

Table A-22
Development Costs for Inclusionary Units
Inclusionary Scenario 3: 5% of Units Affordable at 35% of Area Median Income,
5% of Units Affordable at 50% of Area Median Income
Rental Housing Prototype

Prototype	Renter 1 Stacked Flat Apartments
Total Affordable Units	16
One Bedroom	8
Two Bedroom	6
Three Bedroom	2
LOW LAND COST	
Per Unit Development Cost	
One Bedroom	\$312,531
Two Bedroom	\$369,373
Three Bedroom	\$426,215
Total Development Costs, Aff. Units	\$5,568,921
One Bedroom	\$2,500,250
Two Bedroom	\$2,216,240
Three Bedroom	\$852,431
MIDDLE LAND COST	
Per Unit Development Cost	
One Bedroom	\$346,593
Two Bedroom	\$403,435
Three Bedroom	\$460,277
Total Development Costs, Aff. Units	\$6,113,903
One Bedroom	\$2,772,741
Two Bedroom	\$2,420,609
Three Bedroom	\$920,554
HIGH LAND COST	
Per Unit Development Cost	
One Bedroom	\$369,564
Two Bedroom	\$426,406
Three Bedroom	\$483,249
Total Development Costs, Aff. Units	\$6,481,450
One Bedroom	\$2,956,514
Two Bedroom	\$2,558,438
Three Bedroom	\$966,497

Source: David Paul Rosen & Associates

Table A-23
Inclusionary Units by Income Level
Inclusionary Scenario 1: 20% of Units Affordable at 110% of Area Median Income
Owner Housing Prototypes

Prototype		Owner 1	Owner 2	Owner 3	Owner 4
		Type I High-Rise Condos	Type V Stacked Flat Condos	Type V Townhomes	Single Family Detached
Units by BR Count	Total	200	157	75	45
One Bedroom		80	31	0	0
Two Bedroom		108	95	46	0
Three Bedroom		12	31	29	27
Four Bedroom		0	0	0	18
110% of Median	20.00%	40	31	15	9
One Bedroom		16	6	0	0
Two Bedroom		22	19	9	0
Three Bedroom		2	6	6	5
Four Bedroom		0	0	0	4
Total Affordable Units	20.00%	20%	20%	20%	20%
One Bedroom		16	6	0	0
Two Bedroom		22	19	9	0
Three Bedroom		2	6	6	5
Four Bedroom		0	0	0	4
Total		40	31	15	9
Market		80%	80%	80%	80%
One Bedroom		64	25	0	0
Two Bedroom		86	76	37	0
Three Bedroom		10	25	23	22
Four Bedroom		0	0	0	14
Total		160	126	60	36

Source: David Paul Rosen & Associates.

Table A-24
Total Supportable Debt: Inclusionary Units
Inclusionary Scenario 1: 20% of Units Affordable at 110% of Area Median Income
Owner Housing Prototypes

Prototype		Owner 1	Owner 2	Owner 3	Owner 4
		Type I High-Rise Condos	Type V Stacked Flat Condos	Type V Townhomes	Single Family Detached
Per Unit Mortgage					
110% AMI					
One Bedroom	\$295,015	\$4,720,240	\$1,770,090	\$0	\$0
Two Bedroom	\$339,815	\$7,475,932	\$6,456,487	\$3,058,336	\$0
Three Bedroom	\$380,593	\$761,186	\$2,283,557	\$2,283,557	\$1,902,964
Four Bedroom	\$414,436	\$0	\$0	\$0	\$1,657,743
Total		\$12,957,357	\$10,510,134	\$5,341,893	\$3,560,707
Total Affordable Units					
One Bedroom		\$4,720,240	\$1,770,090	\$0	\$0
Two Bedroom		\$7,475,932	\$6,456,487	\$3,058,336	\$0
Three Bedroom		\$761,186	\$2,283,557	\$2,283,557	\$1,902,964
Four Bedroom		\$0	\$0	\$0	\$1,657,743
Total		\$12,957,357	\$10,510,134	\$5,341,893	\$3,560,707

Source: David Paul Rosen & Associates.

Table A-25
Development Costs for Inclusionary Units
Inclusionary Scenario 1: 20% of Units Affordable at 110% of Area Median Income
Owner Housing Prototypes

Prototype	Owner 1 Type I High-Rise Condos	Owner 2 Type V Stacked Flat Condos	Owner 3 Type V Townhomes	Owner 4 Single Family Detached
Total Affordable Units	40	31	15	9
One Bedroom	16	6	0	0
Two Bedroom	22	19	9	0
Three Bedroom	2	6	6	5
Four Bedroom	0	0	0	4
LOW LAND COST				
Per Unit Development Cost				
One Bedroom	N/A	\$358,584	N/A	N/A
Two Bedroom		\$396,485	\$481,237	N/A
Three Bedroom		\$472,288	\$507,673	\$672,409
Four Bedroom		N/A	N/A	\$724,780
Total Development Costs, Aff. Units				
One Bedroom		\$12,518,443	\$7,377,171	\$6,261,163
Two Bedroom		\$2,151,502	N/A	N/A
Three Bedroom		\$7,533,215	\$4,331,134	N/A
Four Bedroom		\$2,833,726	\$3,046,037	\$3,362,043
		N/A	N/A	\$2,899,120
MIDDLE LAND COST				
Per Unit Development Cost				
One Bedroom	\$605,476	\$392,645	N/A	N/A
Two Bedroom	\$690,986	\$430,546	\$596,497	N/A
Three Bedroom	\$862,007	\$506,349	\$622,933	\$757,109
Four Bedroom	N/A	N/A	N/A	\$809,480
Total Development Costs, Aff. Units				
One Bedroom	\$26,613,331	\$13,574,347	\$9,106,067	\$7,023,463
Two Bedroom	\$9,687,618	\$2,355,871	N/A	N/A
Three Bedroom	\$15,201,699	\$8,180,382	\$5,368,472	N/A
Four Bedroom	\$1,724,013	\$3,038,094	\$3,737,596	\$3,785,543
	N/A	N/A	N/A	\$3,237,920
HIGH LAND COST				
Per Unit Development Cost				
One Bedroom	\$618,544	\$415,617	N/A	N/A
Two Bedroom	\$704,054	\$453,518	\$698,950	N/A
Three Bedroom	\$875,075	\$529,321	\$725,386	\$908,359
Four Bedroom	N/A	N/A	N/A	\$960,730
Total Development Costs, Aff. Units				
One Bedroom	\$27,136,051	\$14,286,469	\$10,642,864	\$8,384,713
Two Bedroom	\$9,896,706	\$2,493,701	N/A	N/A
Three Bedroom	\$15,489,195	\$8,616,844	\$6,290,550	N/A
Four Bedroom	\$1,750,149	\$3,175,924	\$4,352,314	\$4,541,793
	N/A	N/A	N/A	\$3,842,920

Source: David Paul Rosen & Associates.

Table A-26
Inclusionary Units by Income Level
Inclusionary Scenario 2: 5% of Units Affordable at 90% of Area Median Income
and 10% of Units Affordable at 110% of Area Median Income
Owner Housing Prototypes

Prototype		Owner 1	Owner 2	Owner 3	Owner 4
		Type I High-Rise Condos	Type V Stacked Flat Condos	Type V Townhomes	Single Family Detached
Units by BR Count	Total	200	157	75	45
One Bedroom		80	31	0	0
Two Bedroom		108	95	46	0
Three Bedroom		12	31	29	27
Four Bedroom		0	0	0	18
90% of Median	5.00%	10	9	3	2
One Bedroom		4	2	0	0
Two Bedroom		5	5	2	0
Three Bedroom		1	2	1	1
Four Bedroom		0	0	0	1
110% of Median	10.00%	20	15	8	5
One Bedroom		8	3	0	0
Two Bedroom		11	9	5	0
Three Bedroom		1	3	3	3
Four Bedroom		0	0	0	2
Total Affordable Units	15.00%	15%	15%	15%	16%
One Bedroom		12	5	0	0
Two Bedroom		16	14	7	0
Three Bedroom		2	5	4	4
Four Bedroom		0	0	0	3
Total		30	24	11	7
Market		85%	85%	85%	84%
One Bedroom		68	26	0	0
Two Bedroom		92	81	39	0
Three Bedroom		10	26	25	23
Four Bedroom		0	0	0	15
Total		170	133	64	38

Source: David Paul Rosen & Associates.

Table A-27
Total Supportable Debt: Inclusionary Units
Inclusionary Scenario 2: 5% of Units Affordable at 90% of Area Median Income
and 10% of Units Affordable at 110% of Area Median Income
Owner Housing Prototypes

Prototype	Per Unit Mortgage	Owner 1	Owner 2	Owner 3	Owner 4
		Type I High-Rise Condos	Type V Stacked Flat Condos	Type V Townhomes	Single Family Detached
90% AMI					
One Bedroom	\$186,274	\$745,097	\$372,548	\$0	\$0
Two Bedroom	\$217,066	\$1,085,328	\$1,085,328	\$434,131	\$0
Three Bedroom	\$243,835	\$243,835	\$487,669	\$243,835	\$243,835
Four Bedroom	\$266,443	\$0	\$0	\$0	\$266,443
Total		<u>\$2,074,259</u>	<u>\$1,945,545</u>	<u>\$677,966</u>	<u>\$510,277</u>
110% AMI					
One Bedroom	\$295,015	\$2,360,120	\$885,045	\$0	\$0
Two Bedroom	\$339,815	\$3,737,966	\$3,058,336	\$1,699,075	\$0
Three Bedroom	\$380,593	\$380,593	\$1,141,779	\$1,141,779	\$1,141,779
Four Bedroom	\$414,436	\$0	\$0	\$0	\$828,871
Total		<u>\$6,478,679</u>	<u>\$5,085,159</u>	<u>\$2,840,854</u>	<u>\$1,970,650</u>
Total Affordable Units					
One Bedroom		\$3,105,216	\$1,257,593	\$0	\$0
Two Bedroom		\$4,823,294	\$4,143,664	\$2,133,207	\$0
Three Bedroom		\$624,428	\$1,629,448	\$1,385,613	\$1,385,613
Four Bedroom		\$0	\$0	\$0	\$1,095,314
Total		<u>\$8,552,938</u>	<u>\$7,030,705</u>	<u>\$3,518,820</u>	<u>\$2,480,928</u>

Source: David Paul Rosen & Associates.

Table A-28
Development Costs for Inclusionary Units
Inclusionary Scenario 2: 5% of Units Affordable at 90% of Area Median Income
and 10% of Units Affordable at 110% of Area Median Income
Owner Housing Prototypes

Prototype	Owner 1 Type I High-Rise Condos	Owner 2 Type V Stacked Flat Condos	Owner 3 Type V Townhomes	Owner 4 Single Family Detached
Total Affordable Units	30	24	11	7
One Bedroom	12	5	0	0
Two Bedroom	16	14	7	0
Three Bedroom	2	5	4	4
Four Bedroom	0	0	0	3
LOW LAND COST				
Per Unit Development Cost				
One Bedroom	N/A	\$358,584	N/A	N/A
Two Bedroom		\$396,485	\$481,237	N/A
Three Bedroom		\$472,288	\$507,673	\$672,409
Four Bedroom		N/A	N/A	\$724,780
Total Development Costs, Aff. Units		\$9,705,147	\$5,399,351	\$4,863,974
One Bedroom		\$1,792,919	N/A	N/A
Two Bedroom		\$5,550,790	\$3,368,660	N/A
Three Bedroom		\$2,361,438	\$2,030,691	\$2,689,634
Four Bedroom		N/A	N/A	\$2,174,340
MIDDLE LAND COST				
Per Unit Development Cost				
One Bedroom	\$605,476	\$392,645	N/A	N/A
Two Bedroom	\$690,986	\$430,546	\$596,497	N/A
Three Bedroom	\$862,007	\$506,349	\$622,933	\$757,109
Four Bedroom	N/A	N/A	N/A	\$809,480
Total Development Costs, Aff. Units	\$20,045,508	\$10,522,621	\$6,667,208	\$5,456,874
One Bedroom	\$7,265,713	\$1,963,226	N/A	N/A
Two Bedroom	\$11,055,781	\$6,027,650	\$4,175,478	N/A
Three Bedroom	\$1,724,013	\$2,531,745	\$2,491,730	\$3,028,434
Four Bedroom	N/A	N/A	N/A	\$2,428,440
HIGH LAND COST				
Per Unit Development Cost				
One Bedroom	\$618,544	\$415,617	N/A	N/A
Two Bedroom	\$704,054	\$453,518	\$698,950	N/A
Three Bedroom	\$875,075	\$529,321	\$725,386	\$908,359
Four Bedroom	N/A	N/A	N/A	\$960,730
Total Development Costs, Aff. Units	\$20,437,548	\$11,073,941	\$7,794,193	\$6,515,624
One Bedroom	\$7,422,529	\$2,078,084	N/A	N/A
Two Bedroom	\$11,264,869	\$6,349,253	\$4,892,650	N/A
Three Bedroom	\$1,750,149	\$2,646,603	\$2,901,543	\$3,633,434
Four Bedroom	N/A	N/A	N/A	\$2,882,190

Source: David Paul Rosen & Associates.

Table A-29
Inclusionary Units by Income Level
Inclusionary Scenario 3: 5% of Units Affordable at 70% of Area Median Income
and 5% of Units Affordable at 90% of AMI
Owner Housing Prototypes

Prototype		Owner 1 Type I High-Rise Condos	Owner 2 Type V Stacked Flat Condos	Owner 3 Type V Townhomes	Owner 4 Single Family Detached
Units by BR Count	Total	200	157	75	45
One Bedroom		80	31	0	0
Two Bedroom		108	95	46	0
Three Bedroom		12	31	29	27
Four Bedroom		0	0	0	18
70% of Median	5.00%	10	7	4	3
One Bedroom		4	1	0	0
Two Bedroom		5	5	2	0
Three Bedroom		1	1	2	2
Four Bedroom		0	0	0	1
90% of Median	5.00%	10	9	4	2
One Bedroom		4	2	0	0
Two Bedroom		5	5	2	0
Three Bedroom		1	2	2	1
Four Bedroom		0	0	0	1
Total Affordable Units	10.00%	10%	10%	11%	11%
One Bedroom		8	3	0	0
Two Bedroom		10	10	4	0
Three Bedroom		2	3	4	3
Four Bedroom		0	0	0	2
Total		20	16	8	5
Market		90%	90%	89%	89%
One Bedroom		72	28	0	0
Two Bedroom		98	85	42	0
Three Bedroom		10	28	25	24
Four Bedroom		0	0	0	16
Total		180	141	67	40

Source: David Paul Rosen & Associates.

Table A-30
Total Supportable Debt: Inclusionary Units
Inclusionary Scenario 3: 5% of Units Affordable at 70% of Area Median Income
and 5% of Units Affordable at 90% of AMI
Owner Housing Prototypes

Prototype		Owner 1	Owner 2	Owner 3	Owner 4
		Type I High-Rise Condos	Type V Stacked Flat Condos	Type V Townhomes	Single Family Detached
Per Unit Mortgage					
70% AMI					
One Bedroom	\$131,210	\$524,841	\$131,210	\$0	\$0
Two Bedroom	\$154,789	\$773,946	\$773,946	\$309,578	\$0
Three Bedroom	\$174,069	\$174,069	\$174,069	\$348,137	\$348,137
Four Bedroom	\$190,851	\$0	\$0	\$0	\$190,851
Total		\$1,472,856	\$1,079,225	\$657,716	\$538,988
90% AMI					
One Bedroom	\$186,274	\$745,097	\$372,548	\$0	\$0
Two Bedroom	\$217,066	\$1,085,328	\$1,085,328	\$434,131	\$0
Three Bedroom	\$243,835	\$243,835	\$487,669	\$487,669	\$243,835
Four Bedroom	\$266,443	\$0	\$0	\$0	\$266,443
Total		\$2,074,259	\$1,945,545	\$921,800	\$510,277
Total Affordable Units					
One Bedroom		\$1,269,938	\$503,759	\$0	\$0
Two Bedroom		\$1,859,274	\$1,859,274	\$743,710	\$0
Three Bedroom		\$417,903	\$661,738	\$835,806	\$591,972
Four Bedroom		\$0	\$0	\$0	\$457,294
Total		\$3,547,115	\$3,024,770	\$1,579,516	\$1,049,266

Source: David Paul Rosen & Associates.

Table A-31
Development Costs for Inclusionary Units
Inclusionary Scenario 3: 5% of Units Affordable at 70% of Area Median Income
and 5% of Units Affordable at 90% of AMI
Owner Housing Prototypes

Prototype	Owner 1 Type I High-Rise Condos	Owner 2 Type V Stacked Flat Condos	Owner 3 Type V Townhomes	Owner 4 Single Family Detached
Total Affordable Units	20	16	8	5
One Bedroom	8	3	0	0
Two Bedroom	10	10	4	0
Three Bedroom	2	3	4	3
Four Bedroom	0	0	0	2
LOW LAND COST				
Per Unit Development Cost				
One Bedroom	N/A	\$358,584	N/A	N/A
Two Bedroom		\$396,485	\$481,237	N/A
Three Bedroom		\$472,288	\$507,673	\$672,409
Four Bedroom		N/A	N/A	\$724,780
Total Development Costs, Aff. Units		\$6,457,464	\$3,955,640	\$3,466,786
One Bedroom		\$1,075,751	N/A	N/A
Two Bedroom		\$3,964,850	\$1,924,948	N/A
Three Bedroom		\$1,416,863	\$2,030,691	\$2,017,226
Four Bedroom		N/A	N/A	\$1,449,560
MIDDLE LAND COST				
Per Unit Development Cost				
One Bedroom	\$605,476	\$392,645	N/A	N/A
Two Bedroom	\$690,986	\$430,546	\$596,497	N/A
Three Bedroom	\$862,007	\$506,349	\$622,933	\$757,109
Four Bedroom	N/A	N/A	N/A	\$809,480
Total Development Costs, Aff. Units	\$13,477,686	\$7,002,447	\$4,877,718	\$3,890,286
One Bedroom	\$4,843,809	\$1,177,935	N/A	N/A
Two Bedroom	\$6,909,863	\$4,305,464	\$2,385,987	N/A
Three Bedroom	\$1,724,013	\$1,519,047	\$2,491,730	\$2,271,326
Four Bedroom	N/A	N/A	N/A	\$1,618,960
HIGH LAND COST				
Per Unit Development Cost				
One Bedroom	\$618,544	\$415,617	N/A	N/A
Two Bedroom	\$704,054	\$453,518	\$698,950	N/A
Three Bedroom	\$875,075	\$529,321	\$725,386	\$908,359
Four Bedroom	N/A	N/A	N/A	\$960,730
Total Development Costs, Aff. Units	\$13,739,046	\$7,369,993	\$5,697,343	\$4,646,536
One Bedroom	\$4,948,353	\$1,246,850	N/A	N/A
Two Bedroom	\$7,040,543	\$4,535,181	\$2,795,800	N/A
Three Bedroom	\$1,750,149	\$1,587,962	\$2,901,543	\$2,725,076
Four Bedroom	N/A	N/A	N/A	\$1,921,460

Source: David Paul Rosen & Associates.

Table A-32
Affordability Gap on Inclusionary Units
Rental Housing Prototype
San José Inclusionary Housing Analysis
Low Land Cost

Prototype	Renter 1 Stacked Flat Apartments
Total Units	157
Inclusionary Units, Alternative 1:	32
50% of Median 8.0%	13
60% of Median 12.0%	19
Net Operating Income, Affordable Units (1)	\$275,075
Supportable Mortgage, Affordable Units (2)	\$2,499,215
Development Costs, Affordable Units (3)	\$11,080,999
Total Affordability Gap, Includ. Units	\$8,581,785
Average Afford. Gap per Unit (All Units)	\$54,661
Inclusionary Units, Alternative 2:	25
50% of Median 5.0%	9
60% of Median 10.0%	16
Net Operating Income, Affordable Units (1)	\$221,541
Supportable Mortgage, Affordable Units (2)	\$2,012,825
Development Costs, Affordable Units (3)	\$8,779,596
Total Affordability Gap, Includ. Units	\$6,766,771
Average Afford. Gap per Unit (All Units)	\$43,100
Inclusionary Units, Alternative 3:	16
35% of Median 5.0%	8
50% of Median 5.0%	8
Net Operating Income, Affordable Units (1)	\$81,165
Supportable Mortgage, Affordable Units (2)	\$737,431
Development Costs, Affordable Units (3)	\$5,568,921
Total Affordability Gap, Includ. Units	\$4,831,490
Average Afford. Gap per Unit (All Units)	\$30,774

- (1) Based on income limits and affordable housing cost expense from Table 12; 2007 HUD utility allowances from the Housing Authority of Santa Clara County including natural gas cooking, heating and water heating, and basic electricity; annual operating cost of \$3,700 per unit; property taxes at \$2,000 per unit; 3% vacancy rate.
- (2) Assumes 8.0% interest rate, 30-year term and 1.25 debt coverage ratio.
- (3) Assumes low land cost.

Source: David Paul Rosen & Associates

Table A-33
Affordability Gap on Inclusionary Units
Low Land Cost Assumption
Owner Housing Prototypes
San José Inclusionary Housing Analysis

Prototype		Owner 1 Type I High-Rise Condos	Owner 2 Type V Stacked Flat Condos	Owner 3 Type V Townhomes	Owner 4 Single Family Detached
Total Units		200	157	75	45
Total Inclusionary Units, Scenario 1:		N/A	31	15	9
70% of Median	0.0%		0	0	0
90% of Median	0.0%		0	0	0
110% of Median	20.0%		31	15	9
Supportable Mortgages, Afford. Units (1)			\$10,510,134	\$5,341,893	\$3,560,707
Plus: Downpayments @:	5.0%		\$553,165	\$281,152	\$187,406
Total Sales Income, Afford. Units			\$11,063,299	\$5,623,045	\$3,748,113
Development Costs, Affordable Units - Low Land Cost			\$12,518,443	\$7,377,171	\$6,261,163
Total Affordability Gap, Includ. Units			\$1,455,145	\$1,754,126	\$2,513,050
Average Afford. Cost (Net Income) per Unit, All Units			\$9,268	\$23,388	\$55,846
Inclusionary Units, Scenario 2:		N/A	24	11	7
70% of Median	0.0%		0	0	0
90% of Median	5.0%		9	3	2
110% of Median	10.0%		15	8	5
Supportable Mortgages, Afford. Units (1)			\$7,030,705	\$3,518,820	\$2,480,928
Plus: Downpayments @:	5.0%		\$370,037	\$185,201	\$130,575
Total Sales Income, Afford. Units			\$7,400,742	\$3,704,021	\$2,611,503
Development Costs, Affordable Units - Low Land Cost			\$9,705,147	\$5,399,351	\$4,863,974
Total Affordability Gap, Includ. Units			\$2,304,405	\$1,695,330	\$2,252,472
Average Afford. Cost (Net Income) per Unit, All Units			\$14,678	\$22,604	\$50,055
Inclusionary Units, Scenario 3:		N/A	16	8	5
70% of Median	5.0%		7	4	3
90% of Median	5.0%		9	4	2
110% of Median	0.0%		0	0	0
Supportable Mortgages, Afford. Units (1)			\$3,024,770	\$1,579,516	\$1,049,266
Plus: Downpayments @:	5.0%		\$159,198	\$83,132	\$55,225
Total Sales Income, Afford. Units			\$3,183,969	\$1,662,648	\$1,104,490
Development Costs, Affordable Units - Low Land Cost			\$6,457,464	\$3,955,640	\$3,466,786
Total Affordability Gap, Includ. Units			\$3,273,495	\$2,292,991	\$2,362,296
Average Afford. Cost (Net Income) per Unit, All Units			\$20,850	\$30,573	\$52,495

(1) Based on income limits and affordable housing cost expense from Table 8; mortgage interest rate of 6.25 percent and 30-year term; 2007 HUD utility allowances from the Housing Authority of Santa Clara County including natural gas cooking, heating and water heating, basic electricity, trash, water and sewer; HOA/maintenance expense of \$380/month; property insurance expense of \$50/month; property taxes at 1.20 percent of affordable mortgage; and a 5% downpayment.

Source: David Paul Rosen & Associates.

Table A-34
Affordability Gap on Inclusionary Units
Rental Housing Prototype
San José Inclusionary Housing Analysis
Middle Land Cost

Prototype	Renter 1 Stacked Flat Apartments
Total Units	157
Inclusionary Units, Alternative 1:	
50% of Median 8.0%	32
60% of Median 12.0%	13
	19
Net Operating Income, Affordable Units (1)	\$275,075
Supportable Mortgage, Affordable Units (2)	\$2,499,215
Development Costs, Affordable Units (3)	\$12,170,965
Total Affordability Gap, Includ. Units	\$9,671,750
Average Afford. Gap per Unit (All Units)	\$61,604
Inclusionary Units, Alternative 2:	
50% of Median 5.0%	25
60% of Median 10.0%	9
	16
Net Operating Income, Affordable Units (1)	\$221,541
Supportable Mortgage, Affordable Units (2)	\$2,012,825
Development Costs, Affordable Units (3)	\$9,631,132
Total Affordability Gap, Includ. Units	\$7,618,307
Average Afford. Gap per Unit (All Units)	\$48,524
Inclusionary Units, Alternative 3:	
35% of Median 5.0%	16
50% of Median 5.0%	8
	8
Net Operating Income, Affordable Units (1)	\$81,165
Supportable Mortgage, Affordable Units (2)	\$737,431
Development Costs, Affordable Units (3)	\$6,113,903
Total Affordability Gap, Includ. Units	\$5,376,472
Average Afford. Gap per Unit (All Units)	\$34,245

- (1) Based on income limits and affordable housing cost expense from Table 12; 2007 HUD utility allowances from the Housing Authority of Santa Clara County including natural gas cooking, heating and water heating, and basic electricity; annual operating cost of \$3,700 per unit; property taxes at \$2,000 per unit; 3% vacancy rate.
- (2) Assumes 8.0% interest rate, 30-year term and 1.25 debt coverage ratio.
- (3) Assumes middle land cost.

Source: David Paul Rosen & Associates

**Table A-35
Affordability Gap on Inclusionary Units
Middle Land Cost Assumption
Owner Housing Prototypes
San José Inclusionary Housing Analysis**

Prototype		Owner 1 Type I High-Rise Condos	Owner 2 Type V Stacked Flat Condos	Owner 3 Type V Townhomes	Owner 4 Single Family Detached
Total Units		200	157	75	45
Total Inclusionary Units, Scenario 1:		40	31	15	9
70% of Median	0.0%	0	0	0	0
90% of Median	0.0%	0	0	0	0
110% of Median	20.0%	40	31	15	9
Supportable Mortgages, Afford. Units (1)		\$12,957,357	\$10,510,134	\$5,341,893	\$3,560,707
Plus: Downpayments @:	5.0%	\$681,966	\$553,165	\$281,152	\$187,406
Total Sales Income, Afford. Units		\$13,639,323	\$11,063,299	\$5,623,045	\$3,748,113
Development Costs, Affordable Units - Middle Land Cost		\$26,613,331	\$13,574,347	\$9,106,067	\$7,023,463
Total Affordability Gap, Includ. Units		\$12,974,007	\$2,511,049	\$3,483,022	\$3,275,350
Average Afford. Cost (Net Income) per Unit, All Units		\$64,870	\$15,994	\$46,440	\$72,786
Inclusionary Units, Scenario 2:		30	24	11	7
70% of Median	0.0%	0	0	0	0
90% of Median	5.0%	10	9	3	2
110% of Median	10.0%	20	15	8	5
Supportable Mortgages, Afford. Units (1)		\$8,552,938	\$7,030,705	\$3,518,820	\$2,480,928
Plus: Downpayments @:	5.0%	\$450,155	\$370,037	\$185,201	\$130,575
Total Sales Income, Afford. Units		\$9,003,092	\$7,400,742	\$3,704,021	\$2,611,503
Development Costs, Affordable Units - Middle Land Cost		\$20,045,508	\$10,522,621	\$6,667,208	\$5,456,874
Total Affordability Gap, Includ. Units		\$11,042,416	\$3,121,879	\$2,963,187	\$2,845,372
Average Afford. Cost (Net Income) per Unit, All Units		\$55,212	\$19,885	\$39,509	\$63,230
Inclusionary Units, Scenario 3:		20	16	8	5
70% of Median	5.0%	10	7	4	3
90% of Median	5.0%	10	9	4	2
110% of Median	0.0%	0	0	0	0
Supportable Mortgages, Afford. Units (1)		\$3,547,115	\$3,024,770	\$1,579,516	\$1,049,266
Plus: Downpayments @:	5.0%	\$186,690	\$159,198	\$83,132	\$55,225
Total Sales Income, Afford. Units		\$3,733,805	\$3,183,969	\$1,662,648	\$1,104,490
Development Costs, Affordable Units - Middle Land Cost		\$13,477,686	\$7,002,447	\$4,877,718	\$3,890,286
Total Affordability Gap, Includ. Units		\$9,743,881	\$3,818,478	\$3,215,069	\$2,785,796
Average Afford. Cost (Net Income) per Unit, All Units		\$48,719	\$24,322	\$42,868	\$61,907

(1) Based on income limits and affordable housing cost expense from Table 8; mortgage interest rate of 6.25 percent and 30-year term; 2007 HUD utility allowances from the Housing Authority of Santa Clara County including natural gas cooking, heating and water heating, basic electricity, trash, water and sewer; HOA/maintenance expense of \$380/month; property insurance expense of \$50/month; and property taxes at 1.20 percent of affordable mortgage.

Source: David Paul Rosen & Associates.

Table A-36
Affordability Gap on Inclusionary Units
Rental Housing Prototype
San José Inclusionary Housing Analysis
High Land Cost

Prototype	Renter 1 Stacked Flat Apartments
Total Units	157
Inclusionary Units, Alternative 1:	
50% of Median 8.0%	32
60% of Median 12.0%	13
	19
Net Operating Income, Affordable Units (1)	\$275,075
Supportable Mortgage, Affordable Units (2)	\$2,499,215
Development Costs, Affordable Units (3)	\$12,906,058
Total Affordability Gap, Includ. Units	\$10,406,843
Average Afford. Gap per Unit (All Units)	\$66,286
Inclusionary Units, Alternative 2:	
50% of Median 5.0%	25
60% of Median 10.0%	9
	16
Net Operating Income, Affordable Units (1)	\$221,541
Supportable Mortgage, Affordable Units (2)	\$2,012,825
Development Costs, Affordable Units (3)	\$10,205,423
Total Affordability Gap, Includ. Units	\$8,192,598
Average Afford. Gap per Unit (All Units)	\$52,182
Inclusionary Units, Alternative 3:	
35% of Median 5.0%	16
50% of Median 5.0%	8
	8
Net Operating Income, Affordable Units (1)	\$81,165
Supportable Mortgage, Affordable Units (2)	\$737,431
Development Costs, Affordable Units (3)	\$6,481,450
Total Affordability Gap, Includ. Units	\$5,744,019
Average Afford. Gap per Unit (All Units)	\$36,586

- (1) Based on income limits and affordable housing cost expense from Table 12; 2007 HUD utility allowances from the Housing Authority of Santa Clara County including natural gas cooking, heating and water heating, and basic electricity; annual operating cost of \$3,700 per unit; property taxes at \$2,000 per unit; 3% vacancy rate.
- (2) Assumes 8.0% interest rate, 30-year term and 1.25 debt coverage ratio.
- (3) Assumes high land cost.

Source: David Paul Rosen & Associates

Table A-37
Affordability Gap on Inclusionary Units
High Land Cost Assumption
Owner Housing Prototypes
San José Inclusionary Housing Analysis

Prototype		Owner 1 Type I High-Rise Condos	Owner 2 Type V Stacked Flat Condos	Owner 3 Type V Townhomes	Owner 4 Single Family Detached
Total Units		200	157	75	45
Total Inclusionary Units, Scenario 1:		40	31	15	9
70% of Median	0.0%	0	0	0	0
90% of Median	0.0%	0	0	0	0
110% of Median	20.0%	40	31	15	9
Supportable Mortgages, Afford. Units (1)		\$12,957,357	\$10,510,134	\$5,341,893	\$3,560,707
Plus: Downpayments @:	5.0%	\$681,966	\$553,165	\$281,152	\$187,406
Total Sales Income, Afford. Units		\$13,639,323	\$11,063,299	\$5,623,045	\$3,748,113
Development Costs, Affordable Units - High Land Cost		\$27,136,051	\$14,286,469	\$10,642,864	\$8,384,713
Total Affordability Gap, Includ. Units		\$13,496,727	\$3,223,170	\$5,019,819	\$4,636,600
Average Afford. Cost (Net Income) per Unit, All Units		\$67,484	\$20,530	\$66,931	\$103,036
Inclusionary Units, Scenario 2:		30	24	11	7
70% of Median	0.0%	0	0	0	0
90% of Median	5.0%	10	9	3	2
110% of Median	10.0%	20	15	8	5
Supportable Mortgages, Afford. Units (1)		\$8,552,938	\$7,030,705	\$3,518,820	\$2,480,928
Plus: Downpayments @:	5.0%	\$450,155	\$370,037	\$185,201	\$130,575
Total Sales Income, Afford. Units		\$9,003,092	\$7,400,742	\$3,704,021	\$2,611,503
Development Costs, Affordable Units - High Land Cost		\$20,437,548	\$11,073,941	\$7,794,193	\$6,515,624
Total Affordability Gap, Includ. Units		\$11,434,456	\$3,673,199	\$4,090,172	\$3,904,122
Average Afford. Cost (Net Income) per Unit, All Units		\$57,172	\$23,396	\$54,536	\$86,758
Inclusionary Units, Scenario 3:		20	16	8	5
70% of Median	5.0%	10	7	4	3
90% of Median	5.0%	10	9	4	2
110% of Median	0.0%	0	0	0	0
Supportable Mortgages, Afford. Units (1)		\$3,547,115	\$3,024,770	\$1,579,516	\$1,049,266
Plus: Downpayments @:	5.0%	\$186,690	\$159,198	\$83,132	\$55,225
Total Sales Income, Afford. Units		\$3,733,805	\$3,183,969	\$1,662,648	\$1,104,490
Development Costs, Affordable Units - High Land Cost		\$13,739,046	\$7,369,993	\$5,697,343	\$4,646,536
Total Affordability Gap, Includ. Units		\$10,005,241	\$4,186,025	\$4,034,694	\$3,542,046
Average Afford. Cost (Net Income) per Unit, All Units		\$50,026	\$26,663	\$53,796	\$78,712

(1) Based on income limits and affordable housing cost expense from Table 8; mortgage interest rate of 6.25 percent and 30-year term; 2007 HUD utility allowances from the Housing Authority of Santa Clara County including natural gas cooking, heating and water heating, basic electricity, trash, water and sewer; HOA/maintenance expense of \$380/month; property insurance expense of \$50/month; and property taxes at 1.20 percent of affordable mortgage.

Source: David Paul Rosen & Associates.