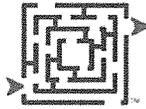


# **ATTACHMENT 4**

**FINANCIAL ANALYSIS BY KEYSER MARSTON ASSOCIATES**



**KEYSER MARSTON ASSOCIATES™**  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

**MEMORANDUM**

ADVISORS IN:  
Real Estate  
Redevelopment  
Affordable Housing  
Economic Development

SAN FRANCISCO  
A. Jerry Keyser  
Timothy C. Kelly  
Kate Earle Funk  
Debbie M. Kern  
Reed T. Kawahara  
David Doezema

LOS ANGELES  
Kathleen H. Head  
James A. Rabe  
Gregory D. Soo-Hoo  
Kevin E. Engstrom  
Julie L. Romey

SAN DIEGO  
Paul C. Marra

**To:** Ryan Gohlich, City Planner/Assistant Director Community Development  
City of Beverly Hills

**From:** Kathleen Head

**Date:** September 7, 2016

**Subject:** 250 North Crescent Drive: Density Bonus Analysis

At your request, Keyser Marston Associates, Inc. (KMA) prepared a financial evaluation of the development proposal submitted by BH Premier Investments, LP. (Applicant) for the property located at 250 North Crescent Drive (Site). The Applicant is proposing to construct an eight unit condominium project (Proposed Project) under the auspices of the City of Beverly Hills (City) Density Bonus Ordinance. This Ordinance was enacted to comply with the requirements imposed by California Government Code Sections 65915 - 65918 (Section 65915).

**BACKGROUND**

**Density Bonus Requirements**

The Site's zoning designation allows for the development of four residential units plus a bonus 600-square-foot efficiency unit, in a building with up to three stories and 33 feet in height. However, State Density Bonus standards require that whenever there is a conflict between the densities set by the Zoning Code and the General Plan, the General Plan densities shall prevail. In this case, the Zoning Code allows for the construction of up to five units (including the bonus efficiency unit), while the General Plan allows for the construction of up to seven units if affordable units are included in the development scope.

The Applicant is proposing to use the density bonus provided by California Government Code Section 65915 (Section 65915) to increase the number of units in the project. As proposed, the Applicant will provide one very-low income unit, which equates to 14.3% of the seven units allowed by the Site's General Plan designation.

Section 65915 (f) (2) provides a sliding scale increase in a project's allowable density based on the percentage of very-low income units proposed to be included in the development. In this case, the provision of one very-low income unit entitles the Applicant to a 35% density bonus, which equates to 10 units.<sup>1</sup> However, the Applicant is only requesting an increase to eight units, which comports with the Section 65915 requirements.

### **Development Standards Relief**

Section 65915 (e) (1) prohibits the City from imposing any development standard that makes it physically impossible to construct the project with the density bonus, and concessions or incentives provided by Section 65915. If a project cannot be physically accommodated, applicants can submit a proposal to the City for a waiver or reduction of development standards. Section 65915 (e) (2) states that development standards relief measures do not reduce the number of concessions or incentives that must be provided to a density bonus project.

In this case, the Applicant is requesting a waiver to allow for the project to be built at four stories and 45 feet in height. It is the Applicant's contention that eight units cannot be constructed within the three-story height limit imposed by the Site's existing zoning.

### **Concessions or Incentives**

Under the requirements imposed by Section 65915 (d) (2) (B), the project is entitled to receive two concessions or incentives. The Applicant has submitted a request for the following concessions:

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<sup>1</sup> A 35% bonus equates to 9.45 units. Section 65915 (f) (5) calls for fractional units to be rounded up to the next whole number.

1. **Reduced Modulation:** The Site's zoning requires 525 square feet of façade modulation. The Applicant is requesting to reduce the modulation by 259 square feet, resulting in 266 square feet of modulation.
2. **Reduced Side Setback:** The Site's zoning requires the sum of the side setbacks to equal at least 19 feet, and each setback must be at least eight feet. The Applicant is requesting to reduce each setback to eight feet, for an aggregate total of 16 feet.

Under Section 65915 (d) (1), the City is required to grant the Applicant's request for a specific concession or incentive unless the City makes a written finding, based on substantial evidence, of any of the following:

- A. The concession or incentive is not required in order to provide for affordable housing costs, as defined in California Health and Safety Code (H&SC) Section 50052.5.
- B. The concession or incentive would have a specific adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low- and moderate-income households.
- C. The concession or incentive would be contrary to state or federal law.

Even if the City makes a written finding that the provision of a specific concession or incentive being requested falls within one of the three criteria described in the preceding section, density bonus law still requires the City to provide the requisite number of concessions or incentives. Moreover, pursuant to Section 65915 (k), these concessions or incentives must result in identifiable, financially sufficient, and actual cost reductions.

### **Parking Standards**

The Applicant is requesting to apply the parking standards defined in Section 65915 (p) (1) (A-C). Under this provision, the maximum parking requirements that the City can

impose on the project are one space for each studio and one-bedroom unit, and two spaces for each two-bedroom unit. No guest parking requirements can be imposed. For the Proposed Project this results in a maximum parking requirement of 15 spaces, and the Applicant is proposing to apply this standard to the project.

## **DEVELOPMENT ALTERNATIVES**

The purpose of the KMA analysis is to analyze the Proposed Project's financial characteristics to determine whether a finding can be made pursuant to Section 65915 (d) (1) (A) that the requested concessions and incentives are not required in order to provide for affordable housing costs. To assist in this evaluation, the City engaged John Kaliski Architects (Kaliski) to analyze development scenarios that can be physically accommodated on the Site.

Based on the Applicant's proposal and the Kaliski analysis, the City identified the following development alternatives for inclusion in the KMA analysis:

### **Base Zoning Alternative**

The City's General Plan allows for the Site to be developed with seven units if affordable housing units are included in the development. If affordable units are not included, the development scope is limited to four units plus a bonus 600 square foot efficiency unit. Under the Base Zoning Alternative, it is assumed that all the units in the project are sold at market rates, which results in the following development scope:

1. Four two-bedroom units plus one efficiency unit;
2. Gross building area of 11,040 square feet;
3. A maximum building height of 33 feet in three stories; and
4. The requirement to build 13 parking spaces.<sup>2</sup>

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<sup>2</sup> Based on the Site size and configuration, the Kaliski analysis included 14 parking spaces in the development scope for the Base Case and the "Alternatives Created by the City".

**Alternatives Created by Kaliski**

At the City’s request, Kaliski created three development alternatives that include the eight units being requested by the Applicant, and the parking standards provided by Section 65915 (p) (1) (A-C). However, these alternatives do not include the development standards relief being requested by the Applicant. As a result, the building height is set at 33 feet in three stories in all three alternatives.

The key characteristics of the three Kaliski alternatives are as follows:

	No Concessions <sup>3</sup>	Façade Modulation <sup>4</sup>	Side Setback & Façade Modulation <sup>5</sup>
Unit Mix:			
Efficiency Units	4	4	
Studios			3
One Bedroom			1
Two Bedrooms	4	4	4
Total Number of Units	8	8	8
Gross Building Area (Sq Ft)	10,976	10,976	11,421
# of Parking Spaces	14	14	14

**Alternatives Based on the Applicant’s Proposal**

KMA also evaluated three alternative development scopes that include the development standards relief being requested by the Applicant. The foundation of this analysis is the Proposed Project as portrayed in the Kaliski analysis. The estimates of the saleable area and the gross building area for the other two alternatives are based on proportional extrapolations from the Kaliski analysis.

<sup>3</sup> “Alternative 3” in the Kaliski exhibits.

<sup>4</sup> “Alternative 2” in the Kaliski exhibits.

<sup>5</sup> “Alternative 1” in the Kaliski exhibits.

In each alternative the project height is set at 45 feet in four stories, and the parking standards are based on the Section 65915 (p) (1) (A-C) standards. The key characteristics of the three alternatives can be described as follows:

	No Concessions	Façade Modulation	Side Setback & Façade Modulation <sup>6</sup>
Unit Mix:			
One Bedroom	1	1	1
Two Bedrooms	7	7	7
Total Number of Units	8	8	8
Gross Building Area (Sq Ft)	14,890	15,248	15,492
# of Parking Spaces	15	15	15

Based on the analyses of the seven identified development scopes, KMA estimated the financial benefits created by the density bonus, development standards relief and/or the concessions being requested by the Applicant. These financial benefits are then compared to the estimated cost to provide one very-low income rental unit. The result is a determination of whether the development standards relief and the specific concessions being requested by the Applicant are required to offset the cost of providing the very-low income rental unit.

**EXECUTIVE SUMMARY**

The assumptions and conclusions of the KMA financial analysis are presented in the Summary Table that follows this memorandum. The Attachments to this analysis are:

- Attachment I: Base Case Pro Forma Analysis
- Attachment II: Kaliski Development Alternatives:  
Pro Forma Analyses

<sup>6</sup> "Proposal" in the Kaliski exhibits.

Attachment III: Applicant Development Alternatives:  
 Pro Forma Analyses  
 Attachment IV: Affordability Gap Analysis

The Kaliski Development Alternatives are all based on the assumption that the Applicant’s request for relief from the three-story building height restriction is not granted. This results in project alternatives with the building height capped at 33 feet in three stories. The results of the analyses are summarized in the following table:

Kaliski Development Alternatives			
	No Concessions	Façade Modulation	Side Setback & Façade Modulation
Cost of Providing One Very-Low Income Rental Unit <sup>7</sup>	\$500,300	\$500,300	\$500,300
Value of the Density Bonus, and Concessions:	(\$6,700)	\$121,300	\$137,300
Net Surplus / (Cost)	(\$507,000)	(\$379,000)	(\$363,000)

As shown in the preceding table, when the building height is capped at 33 feet in three stories, the value of the density bonus and the concessions are insufficient to cover the cost of providing one very-low income unit. This demonstrates that even though there may be project designs that physically accommodate eight units in three stories, these project designs do not fulfill the financial tests imposed by the density bonus law.

The Applicant Development Alternatives are all based on four-story projects with the height capped at 45 feet. The KMA analyses of the specific concessions being requested by the Applicant are summarized in the following table:

<sup>7</sup> In each Alternative the very-low income rental unit is an efficiency/studio unit.

Applicant Development Alternatives			
	No Concessions	Façade Modulation	Side Setback & Façade Modulation
Cost of Providing One Very-Low Income Rental Unit <sup>8</sup>	\$759,200	\$759,200	\$759,200
Value of the Density Bonus, Waiver and/or Concessions:	\$1,029,200	\$1,129,200	\$1,145,200
Net Surplus / (Cost)	\$270,000	\$370,000	\$386,000

The results of the KMA analysis of the Applicant Development Alternatives indicate that the combination of the height waiver coupled with the density bonus is sufficient to cover the cost of providing one very-low income unit. Nonetheless, under the requirements imposed by Section 65915 (k) (3), the City must provide two concessions to the project that result in identifiable and actual cost reductions.

**ANALYSIS**

Sections 65915 (d) (1) and 65915 (e) (1) require the City to make a written finding, based on substantial evidence, that the specific concessions and development standards relief being requested by the Applicant are not required to achieve the affordable housing costs for the very-low income unit included in the Proposed Project. To make this determination, KMA analyzed the following alternatives:

Base Case: 4 units plus a bonus efficiency unit:	Maximum number of units allowed by the City’s Zoning Code requirements.
Kaliski Development Alternatives:	No development standards relief. Height is capped at 33 feet in three stories.  No concessions are provided.  Façade modulation reduced to 266 square feet  Side setback reduced to an 16 foot aggregate total

<sup>8</sup> In each Alternative the very-low income rental unit is a one-bedroom unit.

Applicant Development Alternatives:	Development standards relief is provided. Height is set at 45 feet in four stories.  No concessions are provided.  Façade modulation reduced to 266 square feet  Side setback reduced to a 16 foot aggregate total
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KMA prepared pro forma analyses for each of the identified alternatives. The assumptions, analysis and conclusions derived from the KMA financial analyses are described in the following sections of this memorandum.

### **Financial Analysis Assumptions**

KMA prepared a pro forma analysis for each development alternative. The following outlines the assumptions utilized in the analyses.

### ***Development Cost Estimates***

#### Property Acquisition Costs

Information provided by Zillow and Redfin indicate that the Site was purchased in December 2013 for \$1.65 million. This equates to \$218 per square foot of land area.

#### Direct Costs

The direct costs are estimated as follows:

1. The on-site improvement costs are estimated at \$20 per square foot of land area.
2. The parking costs are estimated as follows:
  - a. The direct cost for the one at-grade space is estimated at \$2,500; and
  - b. The direct cost for the subterranean spaces is estimated at \$30,000 per space.
3. The direct building costs are estimated as follows:

- a. The direct cost for the efficiency and studio units is estimated at \$200 per square foot of gross building area (GBA); and
  - b. The direct cost for the one- and two-bedroom units is estimated at \$150 per square foot of GBA.
4. The direct costs include a 20% allowance for contractor costs, profit and contingencies.

#### Indirect Costs

The indirect costs are estimated as follows:

1. The architecture, engineering and consulting costs are estimated at 10% of direct costs.
2. The public permits and fees costs are estimated at \$35,000 per unit.
3. The taxes, insurance, legal and accounting costs are estimated at 3% of direct costs.
4. The marketing costs are estimated at \$10,000 per unit.
5. The Developer Fee is set at 3% of the gross sales revenue.
6. An indirect cost contingency allowance equal to 5% of other indirect costs is provided.

#### Financing Costs

The financing costs are estimated as follows:

1. The interest costs incurred on the construction loan are based on the following:
  - a. A 60% loan-to-cost ratio;
  - b. A 7% interest rate;
  - c. A 12 month construction period; and

- d. A four-month absorption period for the five-unit Base Case, and a five month absorption period for the other six development alternatives.
2. The loan fees are estimated at 2.0 points.

***Net Revenue Estimates***

The following outlines the revenue assumptions applied in the financial analyses of the development alternatives:

1. The market rate sales prices are projected based on the following assumptions:<sup>9</sup>
  - a. The prices for the efficiency and studio units are projected at \$767 per square foot of saleable area.
  - b. The price for the one-bedroom unit is projected at \$772 per square foot of saleable area.
  - c. The price for the two-bedroom units is projected at \$762 per square foot of saleable area.
2. The values supported by the very-low income rental units are calculated in Attachment IV. The resulting values are:
  - a. \$7,020 for efficiency units; and
  - b. \$13,980 for one-bedroom units.
3. The projected sales revenues for the market rate units are offset by the following costs of sale:
  - a. Sales commissions equal to 3% of gross sales revenue;
  - b. Closing costs equal to 2% of gross sales revenue; and
  - c. Home buyer warranties costs at .5% of gross sales revenue.

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<sup>9</sup> The projections are based on a KMA survey of recent condominium resales in the vicinity of the Site. The prices include a new construction premium.

### **Financial Analyses Components**

The purpose of the KMA pro forma analyses is to evaluate the impacts created by the increase in density, the requested development standards relief and the specific concessions being requested by the Applicant. The pro forma analyses are presented in Attachments I – III and are organized as follows:

1. Table 1 provides development cost estimates for each alternative.
2. Table 2 provides estimates of the net revenues anticipated to be generated by each alternative.
3. Table 3 presents the analysis of the incremental financial impact created by the density bonus and/or concessions being evaluated.

### **Financial Analyses Results**

The results of the financial analyses are presented in the Pro Forma Summaries Table and the Attachments, which follow this memorandum. The financial analysis results are split into an analysis of the development standards relief being requested by the Applicant, and an analysis of the specific concessions being requested by the Applicant.

#### ***Development Standards Relief Analysis***

The financial analysis of the development standards relief being requested by the Applicant is based on the development alternatives presented in the Kaliski analysis. These alternatives are all based on the assumption that the project height is limited to 33 feet in three stories, and that the very-low income unit is an efficiency unit. The results of these analyses are summarized in the following table:

Kaliski Development Alternatives			
	No Concessions	Façade Modulation	Side Setback & Façade Modulation
Cost of Providing One Very-Low Income Rental Unit	\$500,300	\$500,300	\$500,300
Value of the Density Bonus, and Concessions:	(\$6,700)	\$121,300	\$137,300
Net Surplus / (Cost)	(\$507,000)	(\$379,000)	(\$363,000)

Based on the affordability gap calculations provided in Attachment IV, the cost to provide a very-low income rental efficiency unit is estimated at \$500,300. As shown in the preceding table, if the requested development standards relief is not provided, the value of the density bonus and the concessions are insufficient to cover the cost of providing one very-low income rental unit. Therefore, it is the KMA conclusion that the requested development standards relief is required to allow an eight-unit project to be developed on the Site.

***Concessions Analysis***

The analysis of the concessions being requested by the Applicant are all based on four-story projects with the height capped at 45 feet. In these alternatives it is assumed that the very-low income unit is provided in a one-bedroom unit. The KMA analyses of the specific concessions being requested by the Applicant are summarized in the following table:

Applicant Development Alternatives			
	No Concessions	Façade Modulation	Side Setback & Façade Modulation
Cost of Providing One Very-Low Income Rental Unit	\$759,200	\$759,200	\$759,200
Value of the Density Bonus, Waiver and/or Concessions:	\$1,029,200	\$1,129,200	\$1,145,200
Net Surplus / (Cost)	\$270,000	\$370,000	\$386,000

As shown in Attachment IV, the estimated cost to provide a very-low income one-bedroom rental unit is \$759,200. Based on the results of the KMA financial analysis, a four-story project with the density bonus requested by the Applicant can cover the cost of providing this very-low income unit even if no concessions are provided. However, to fulfill the requirements imposed by Section 65915 (d) (2) and 65915 (k) (3), the City must provide two concessions to the project that result in meaningful cost reductions. Thus, the City must either grant the concessions being requested by the Applicant, or identify two alternative concessions that fulfill the Section 65915 (k) (3) requirements related to cost reductions.

## CONCLUSIONS/RECOMMENDATIONS

The conclusions derived from the KMA financial analyses can be summarized as follows:

1. To comply with the requirements imposed by Section 65915 (e) (1), the City should grant the Applicant's request for development standards relief. This results in a four-story project with a maximum height of 45 feet.
2. To comply with the requirements imposed by Section 65915 (d) (2), the City must provide two concessions to the project. Based on the results of the preceding analysis, the City is not required to provide the specific concessions being requested by the Applicant. However, in accordance with Section 65915 (k) (3), the City must provide two concessions that result in identifiable cost reductions.

It should be noted that Section 65915 (d) (3) and Section 65915 (e) (1) provide applicants with the right to pursue legal action if the City denies a requested density bonus, concession or incentive, and/or development standards relief. If the court finds against the City, the City will be required to pay the applicant's reasonable attorney's fees and the costs associated with the lawsuit.

SUMMARY TABLE

250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA

	KALISKI DEVELOPMENT ALTERNATIVES				APPLICANT DEVELOPMENT ALTERNATIVES		
	BASE CASE	NO CONCESSIONS	FAÇADE MODULATION	SIDE SETBACK & FAÇADE MODULATION	NO CONCESSIONS	FAÇADE MODULATION	PROPOSED PROJECT
	1 EFFICIENCY & 4 TWO-BDRM UNITS	4 EFFICIENCIES & 4 TWO-BDRM UNITS	4 EFFICIENCIES & 4 TWO-BDRM UNITS	3 STUDIOS; 1 ONE- BDRM &; 4 TWO- BDRM UNITS	1 ONE-BDRM & 7 TWO-BDRM UNITS	1 ONE-BDRM & 7 TWO-BDRM UNITS	1 ONE-BDRM & 7 TWO-BDRM UNITS
<b>I. Project Description</b>							
<b>A. Unit Mix</b>							
Efficiency/Studio Units	1	4	4	3	0	0	0
One-Bedroom Units	0	0	0	1	1	1	1
Two-Bedroom Units	4	4	4	4	7	7	7
<b>Total Units</b>	<b>5</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>B. Number of Parking Spaces</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>II. Development Costs</b>							
<b>A. Property Assemblage Costs</b>	\$1,650,000	\$1,650,000	\$1,650,000	\$1,650,000	\$1,650,000	\$1,650,000	\$1,650,000
<b>B. Direct Costs</b>	\$2,689,000	\$2,836,000	\$2,838,000	\$2,872,000	\$3,370,000	\$3,433,000	\$3,478,000
Per Sf GBA	\$244	\$258	\$259	\$251	\$226	\$225	\$225
<b>C. Indirect + Financing Costs</b>	\$1,049,000	\$1,246,000	\$1,246,000	\$1,254,000	\$1,385,000	\$1,403,000	\$1,413,000
As a % of Direct Costs	39%	44%	44%	44%	41%	41%	41%
<b>Total Development Costs</b>	<b>\$5,388,000</b>	<b>\$5,732,000</b>	<b>\$5,734,000</b>	<b>\$5,776,000</b>	<b>\$6,405,000</b>	<b>\$6,486,000</b>	<b>\$6,541,000</b>
Per Sf GBA	\$488	\$522	\$522	\$506	\$430	\$425	\$422
<b>III. Net Revenue</b>	<b>\$5,766,400</b>	<b>\$5,627,600</b>	<b>\$5,757,800</b>	<b>\$5,819,200</b>	<b>\$7,125,000</b>	<b>\$7,311,600</b>	<b>\$7,386,300</b>
<b>IV. Cost of Providing One Very-Low Income Rental Unit</b>		\$500,300	\$500,300	\$500,300	\$759,200	\$759,200	\$759,200
<b>V. Value of Density Bonus, Waiver and/or Concessions</b>		(\$6,700)	\$121,300	\$137,300	\$1,029,200	\$1,129,200	\$1,145,200
<b>VI. Net Surplus / (Cost)</b>		(\$507,000)	(\$379,000)	(\$363,000)	\$270,000	\$370,000	\$386,000

**ATTACHMENT I  
PRO FORMA ANALYSIS  
BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

ATTACHMENT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

I.	<b>Property Acquisition Costs</b>	<sup>1</sup>	7,556 Sf of Land	\$218 /Sf		\$1,650,000
II.	<b>Direct Costs</b>	<sup>2</sup>				
	On-Sites / Landscaping		7,556 Sf of Land	\$20 /Sf		\$151,000
	Parking					
	Surface Spaces		1 Space	\$2,500 /Space		3,000
	Subterranean Spaces		13 Spaces	\$30,000 /Space		390,000
	Building Costs		11,040 Sf of GBA	\$154 /Sf of GBA		1,697,000
	Contractor/DC Contingency Allow		20% Other Direct Costs			448,000
	<b>Total Direct Costs</b>		11,040 Sf of GBA	\$244 /Sf of GBA		\$2,689,000
III.	<b>Indirect Costs</b>					
	Architecture, Eng & Consulting		10.0% Direct Costs			\$269,000
	Public Permits & Fees	<sup>3</sup>	5 Units	\$35,000 /Unit		175,000
	Taxes, Ins. Legal & Accounting		3.0% Direct Costs			81,000
	Marketing		5 Units	\$10,000 /Unit		50,000
	Developer Fee		3.0% Gross Sales Revenue			183,000
	Soft Cost Contingency Allowance		5.0% Other Indirect Costs			38,000
	<b>Total Indirect Costs</b>					\$796,000
IV.	<b>Financing Costs</b>					
	Interest During Construction	<sup>4</sup>				\$191,000
	Loan Origination Fees		60.0% Loan to Cost	2.0 Points		62,000
	<b>Total Financing Costs</b>					\$253,000
V.	<b>Total Construction Cost</b>		5 Units	\$748,000 /Unit		\$3,738,000
	<b>Total Development Cost</b>		5 Units	\$1,078,000 /Unit		\$5,388,000

<sup>1</sup> Based on information provided by Zillow and Redfin. The sale date is set as December 24, 2013.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Based on estimates prepared for other projects within the City

<sup>4</sup> A 7.0% interest cost for debt; a 12 month construction period; a 4 month absorption period; 30% of the units are presold and close during first month after completion; and 2.0 points for loan origination fees.

ATTACHMENT I - TABLE 2

PROJECTED NET REVENUE  
 BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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I. Gross Sales Revenue

<b>A. Market Rate Units</b>		1		
Efficiency/Studio Units	1 Unit @		\$460,000 /Unit	\$460,000
One-Bedroom Units	0 Units @		\$0 /Unit	0
Two-Bedroom Units	4 Units @		\$1,410,500 /Unit	5,642,000
<b>B. Very-Low Income Units</b>				
Efficiency/Studio Units	0 Units @		\$15,400 /Unit	0
One-Bedroom Units	0 Units @		\$27,100 /Unit	0
<b>Total Gross Sales Revenue</b>				\$6,102,000

II. Cost of Sales

Commissions	3.0% Gross Sales Revenue	\$183,100
Closing	2.0% Gross Sales Revenue	122,000
Warranty	0.5% Gross Sales Revenue	30,500
<b>Total Cost of Sales</b>		(\$335,600)

<b>III.</b>	<b>Net Revenue</b>	<b>\$5,766,400</b>
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<sup>1</sup> Based in part on sales comparable data researched by KMA. The projected market rate sales prices include a premium for new construction. The weighted average price equates to \$763 per square foot of saleable area.

ATTACHMENT I - TABLE 3

PROJECTED PROFIT

BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS

250 NORTH CRESCENT DRIVE

DENSITY BONUS ANALYSIS

BEVERLY HILLS, CALIFORNIA

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I.	Net Revenue	See ATTACHMENT I - TABLE 2	\$5,766,400
II.	Total Development Cost	See ATTACHMENT I - TABLE 1	<u>\$5,388,000</u>
III.	Developer Profit	7.0% Total Development Cost	<u>\$378,400</u>

**ATTACHMENT II  
PRO FORMA ANALYSIS  
KALISKI DEVELOPMENT ALTERNATIVES  
VERY-LOW INCOME RENTAL UNIT  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

**ATTACHMENT II - EXHIBIT A  
PRO FORMA ANALYSIS  
KALISKI DEVELOPMENT ALTERNATIVES  
VERY-LOW INCOME RENTAL UNIT  
NO CONCESSIONS: 4 EFFICIENCIES & 4 TWO-BDRM UNITS  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

ATTACHMENT II - EXHIBIT A - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 KALISKI DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 NO CONCESSIONS: 4 EFFICIENCIES & 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

I.	Property Acquisition Costs	1	7,556 Sf of Land	\$218 /Sf	\$1,650,000
II.	<b>Direct Costs</b>	2			
	On-Sites / Landscaping		7,556 Sf of Land	\$20 /Sf	\$151,000
	Parking				
	Surface Spaces		1 Space	\$2,500 /Space	3,000
	Subterranean Spaces		13 Spaces	\$30,000 /Space	390,000
	Building Costs		10,976 Sf of GBA	\$166 /Sf of GBA	1,819,000
	Contractor/DC Contingency Allow		20% Other Direct Costs		473,000
	<b>Total Direct Costs</b>		10,976 Sf of GBA	\$258 /Sf of GBA	\$2,836,000
III.	<b>Indirect Costs</b>				
	Architecture, Eng & Consulting		10.0% Direct Costs		\$284,000
	Public Permits & Fees	3	8 Units	\$35,000 /Unit	280,000
	Taxes, Ins. Legal & Accounting		3.0% Direct Costs		85,000
	Marketing		8 Units	\$10,000 /Unit	80,000
	Developer Fee		3.0% Gross Sales Revenue		179,000
	Soft Cost Contingency Allowance		5.0% Other Indirect Costs		45,000
	<b>Total Indirect Costs</b>				\$953,000
IV.	<b>Financing Costs</b>				
	Interest During Construction	4			\$228,000
	Loan Origination Fees		60.0% Loan to Cost	2.0 Points	65,000
	<b>Total Financing Costs</b>				\$293,000
V.	<b>Total Construction Cost</b>		8 Units	\$510,000 /Unit	\$4,082,000
	<b>Total Development Cost</b>		8 Units	\$717,000 /Unit	\$5,732,000

<sup>1</sup> Based on information provided by Zillow and Redfin. The sale date is set as December 24, 2013.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Based on estimates prepared for other projects within the City

<sup>4</sup> A 7.0% interest cost for debt; a 12 month construction period; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 2.0 points for loan origination fees.

ATTACHMENT II - EXHIBIT A - TABLE 2

PROJECTED NET REVENUE  
 KALISKI DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 NO CONCESSIONS: 4 EFFICIENCIES & 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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I. Gross Sales Revenue

<b>A. Market Rate Units</b>		1		
Efficiency/Studio Units	3 Units @		\$510,200 /Unit	\$1,530,600
One-Bedroom Units	0 Units @		\$0 /Unit	0
Two-Bedroom Units	4 Units @		\$1,104,400 /Unit	4,417,600
<b>B. Very-Low Income Units</b>		2		
Efficiency/Studio Units	1 Unit @		\$7,000 /Unit	7,000
One-Bedroom Units	0 Units @		\$14,000 /Unit	0
<b>Total Gross Sales Revenue</b>				\$5,955,200

II. Cost of Sales

Commissions	3.0% Gross Sales Revenue	\$178,700
Closing	2.0% Gross Sales Revenue	119,100
Warranty	0.5% Gross Sales Revenue	29,800
<b>Total Cost of Sales</b>		(\$327,600)

<b>III.</b>	<b>Net Revenue</b>	<b>\$5,627,600</b>
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<sup>1</sup> Based in part on sales comparable data researched by KMA. The projected market rate sales prices include a premium for new construction. The weighted average price equates to \$764 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT IV - EXHIBIT B - TABLE 2 for AFFORDABILITY GAP CALCULATIONS.

ATTACHMENT II - EXHIBIT A - TABLE 3

ESTIMATED FINANCIAL GAP  
 KALISKI DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 NO CONCESSIONS: 4 EFFICIENCIES & 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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I.	<b>Funds Available for Development Costs</b>		
	Net Revenue	See ATTACHMENT II - EXHIBIT A - TABLE 2	\$5,628,000
	(Less) Threshold Developer Profit <sup>1</sup>	7.0% Total Development Cost	(403,000)
	<b>Total Funds Available for Development Costs</b>		<b>\$5,225,000</b>
II.	<b>Total Development Cost</b>	See ATTACHMENT II - EXHIBIT A - TABLE 1	<b>\$5,732,000</b>
III.	<b>Net Surplus/(Cost)</b>		<b>(\$507,000)</b>

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS.

**ATTACHMENT II - EXHIBIT B  
PRO FORMA ANALYSIS  
KALISKI DEVELOPMENT ALTERNATIVES  
VERY-LOW INCOME RENTAL UNIT  
FAÇADE MODULATION: 4 EFFICIENCIES & 4 TWO-BDRM UNITS  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

ATTACHMENT II - EXHIBIT B - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 KALISKI DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 FAÇADE MODULATION: 4 EFFICIENCIES & 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

I.	Property Acquisition Costs	1	7,556 Sf of Land	\$218 /Sf	\$1,650,000
II.	<b>Direct Costs</b>	2			
	On-Sites / Landscaping		7,556 Sf of Land	\$20 /Sf	\$151,000
	Parking				
	Surface Spaces		1 Space	\$2,500 /Space	3,000
	Subterranean Spaces		13 Spaces	\$30,000 /Space	390,000
	Building Costs		10,976 Sf of GBA	\$166 /Sf of GBA	1,821,000
	Contractor/DC Contingency Allow		20% Other Direct Costs		473,000
	<b>Total Direct Costs</b>		10,976 Sf of GBA	\$259 /Sf of GBA	\$2,838,000
III.	<b>Indirect Costs</b>				
	Architecture, Eng & Consulting		10.0% Direct Costs		\$284,000
	Public Permits & Fees	3	8 Units	\$35,000 /Unit	280,000
	Taxes, Ins. Legal & Accounting		3.0% Direct Costs		85,000
	Marketing		8 Units	\$10,000 /Unit	80,000
	Developer Fee		3.0% Gross Sales Revenue		183,000
	Soft Cost Contingency Allowance		5.0% Other Indirect Costs		46,000
	<b>Total Indirect Costs</b>				\$958,000
IV.	<b>Financing Costs</b>				
	Interest During Construction	4			\$223,000
	Loan Origination Fees		60.0% Loan to Cost	2.0 Points	65,000
	<b>Total Financing Costs</b>				\$288,000
V.	<b>Total Construction Cost</b>		8 Units	\$511,000 /Unit	\$4,084,000
	<b>Total Development Cost</b>		8 Units	\$717,000 /Unit	\$5,734,000

<sup>1</sup> Based on information provided by Zillow and Redfin. The sale date is set as December 24, 2013.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Based on estimates prepared for other projects within the City

<sup>4</sup> A 7.0% interest cost for debt; a 12 month construction period; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 2.0 points for loan origination fees.

ATTACHMENT II - EXHIBIT B - TABLE 2

PROJECTED NET REVENUE  
 KALISKI DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 FAÇADE MODULATION: 4 EFFICIENCIES & 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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I. Gross Sales Revenue

<b>A. Market Rate Units</b>		1		
Efficiency/Studio Units	3 Units @		\$527,600 /Unit	\$1,582,800
One-Bedroom Units	0 Units @		\$0 /Unit	0
Two-Bedroom Units	4 Units @		\$1,125,800 /Unit	4,503,200
<b>B. Very-Low Income Units</b>		2		
Efficiency/Studio Units	1 Unit @		\$7,000 /Unit	7,000
One-Bedroom Units	0 Units @		\$14,000 /Unit	0
<b>Total Gross Sales Revenue</b>				\$6,093,000

II. Cost of Sales

Commissions	3.0% Gross Sales Revenue	\$182,800
Closing	2.0% Gross Sales Revenue	121,900
Warranty	0.5% Gross Sales Revenue	30,500
<b>Total Cost of Sales</b>		(\$335,200)

<b>III.</b>	<b>Net Revenue</b>	<b>\$5,757,800</b>
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<sup>1</sup> Based in part on sales comparable data researched by KMA. The projected market rate sales prices include a premium for new construction. The weighted average price equates to \$764 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT IV - EXHIBIT B - TABLE 2 for AFFORDABILITY GAP CALCULATIONS.

ATTACHMENT II - EXHIBIT B - TABLE 3

ESTIMATED FINANCIAL GAP  
 KALISKI DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 FAÇADE MODULATION: 4 EFFICIENCIES & 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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I.	<u>Funds Available for Development Costs</u>		
	Net Revenue	See ATTACHMENT II - EXHIBIT B - TABLE 2	\$5,758,000
	(Less) Threshold Developer Profit	<sup>1</sup> 7.0% Total Development Cost	(403,000)
	<b>Total Funds Available for Development Costs</b>		<b>\$5,355,000</b>
II.	<b>Total Development Cost</b>	See ATTACHMENT II - EXHIBIT B - TABLE 1	<b>\$5,734,000</b>
III.	<b>Net Surplus/(Cost)</b>		<b>(\$379,000)</b>

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS.

**ATTACHMENT II - EXHIBIT C  
PRO FORMA ANALYSIS  
KALISKI DEVELOPMENT ALTERNATIVES  
VERY-LOW INCOME RENTAL UNIT  
SIDE SETBACK & FAÇADE MODULATION: 3 STUDIOS; 1 ONE-BDRM &; 4 TWO-BDRM UNITS  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

ATTACHMENT II - EXHIBIT C - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 KALISKI DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 SIDE SETBACK & FAÇADE MODULATION: 3 STUDIOS; 1 ONE-BDRM &; 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

I.	Property Acquisition Costs	<sup>1</sup>	7,556 Sf of Land	\$218 /Sf		\$1,650,000
II.	<b>Direct Costs</b>	<sup>2</sup>				
	On-Sites / Landscaping		7,556 Sf of Land	\$20 /Sf		\$151,000
	Parking					
	Surface Spaces		1 Space	\$2,500 /Space		3,000
	Subterranean Spaces		13 Spaces	\$30,000 /Space		390,000
	Building Costs		11,421 Sf of GBA	\$162 /Sf of GBA		1,849,000
	Contractor/DC Contingency Allow		20% Other Direct Costs			479,000
	<b>Total Direct Costs</b>		11,421 Sf of GBA	\$251 /Sf of GBA		\$2,872,000
III.	<b>Indirect Costs</b>					
	Architecture, Eng & Consulting		10.0% Direct Costs			\$287,000
	Public Permits & Fees	<sup>3</sup>	8 Units	\$35,000 /Unit		280,000
	Taxes, Ins. Legal & Accounting		3.0% Direct Costs			86,000
	Marketing		8 Units	\$10,000 /Unit		80,000
	Developer Fee		3.0% Gross Sales Revenue			185,000
	Soft Cost Contingency Allowance		5.0% Other Indirect Costs			46,000
	<b>Total Indirect Costs</b>					\$964,000
IV.	<b>Financing Costs</b>					
	Interest During Construction	<sup>4</sup>				\$224,000
	Loan Origination Fees		60.0% Loan to Cost	2.0 Points		66,000
	<b>Total Financing Costs</b>					\$290,000
V.	<b>Total Construction Cost</b>		8 Units	\$516,000 /Unit		\$4,126,000
	<b>Total Development Cost</b>		8 Units	\$722,000 /Unit		\$5,776,000

<sup>1</sup> Based on information provided by Zillow and Redfin. The sale date is set as December 24, 2013.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Based on estimates prepared for other projects within the City

<sup>4</sup> A 7.0% interest cost for debt; a 12 month construction period; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 2.0 points for loan origination fees.

ATTACHMENT II - EXHIBIT C - TABLE 2

PROJECTED NET REVENUE  
 KALISKI DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 SIDE SETBACK & FAÇADE MODULATION: 3 STUDIOS; 1 ONE-BDRM &; 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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<b>I. <u>Gross Sales Revenue</u></b>				
<b>A. Market Rate Units</b> <span style="float: right;">1</span>				
Efficiency/Studio Units	2 Units @	\$531,300 /Unit		\$1,062,600
One-Bedroom Units	1 Unit @	\$819,500 /Unit		819,500
Two-Bedroom Units	4 Units @	\$1,067,200 /Unit		4,268,800
<b>B. Very-Low Income Units</b> <span style="float: right;">2</span>				
Efficiency/Studio Units	1 Unit @	\$7,000 /Unit		7,000
One-Bedroom Units	0 Units @	\$14,000 /Unit		0
<b>Total Gross Sales Revenue</b>				\$6,157,900
<b>II. <u>Cost of Sales</u></b>				
Commissions	3.0% Gross Sales Revenue			\$184,700
Closing	2.0% Gross Sales Revenue			123,200
Warranty	0.5% Gross Sales Revenue			30,800
<b>Total Cost of Sales</b>				(\$338,700)
<b>III. <u>Net Revenue</u></b>				\$5,819,200

<sup>1</sup> Based in part on sales comparable data researched by KMA. The projected market rate sales prices include a premium for new construction. The weighted average price equates to \$764 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT IV - EXHIBIT B - TABLE 2 for AFFORDABILITY GAP CALCULATIONS.

ATTACHMENT II - EXHIBIT C - TABLE 3

ESTIMATED FINANCIAL GAP  
 KALISKI DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 SIDE SETBACK & FAÇADE MODULATION: 3 STUDIOS; 1 ONE-BDRM &; 4 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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I.	<b>Funds Available for Development Costs</b>		
	Net Revenue	See ATTACHMENT II - EXHIBIT C - TABLE 2	\$5,819,000
	(Less) Threshold Developer Profit <sup>1</sup>	7.0% Total Development Cost	(406,000)
	<b>Total Funds Available for Development Costs</b>		\$5,413,000
II.	<b>Total Development Cost</b>	See ATTACHMENT II - EXHIBIT C - TABLE 1	\$5,776,000
III.	<b>Net Surplus/(Cost)</b>		(\$363,000)

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS.

**ATTACHMENT III  
PRO FORMA ANALYSIS  
APPLICANT DEVELOPMENT ALTERNATIVES  
VERY-LOW INCOME RENTAL UNIT  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

**ATTACHMENT III - EXHIBIT A  
PRO FORMA ANALYSIS  
APPLICANT DEVELOPMENT ALTERNATIVES  
VERY-LOW INCOME RENTAL UNIT  
NO CONCESSIONS: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

ATTACHMENT III - EXHIBIT A - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 APPLICANT DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 NO CONCESSIONS: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

I.	Property Acquisition Costs	<sup>1</sup>	7,556 Sf of Land	\$218 /Sf		\$1,650,000
II.	<u>Direct Costs</u>	<sup>2</sup>				
	On-Sites / Landscaping		7,556 Sf of Land	\$20 /Sf		\$151,000
	Parking					
	Surface Spaces		1 Space	\$2,500 /Space		3,000
	Subterranean Spaces		14 Spaces	\$30,000 /Space		420,000
	Building Costs		14,890 Sf of GBA	\$150 /Sf of GBA		2,234,000
	Contractor/DC Contingency Allow		20% Other Direct Costs			562,000
	<b>Total Direct Costs</b>		14,890 Sf of GBA	\$226 /Sf of GBA		\$3,370,000
III.	<u>Indirect Costs</u>					
	Architecture, Eng & Consulting		10.0% Direct Costs			\$337,000
	Public Permits & Fees	<sup>3</sup>	8 Units	\$35,000 /Unit		280,000
	Taxes, Ins. Legal & Accounting		3.0% Direct Costs			101,000
	Marketing		8 Units	\$10,000 /Unit		80,000
	Developer Fee		3.0% Gross Sales Revenue			226,000
	Soft Cost Contingency Allowance		5.0% Other Indirect Costs			51,000
	<b>Total Indirect Costs</b>					\$1,075,000
IV.	<u>Financing Costs</u>					
	Interest During Construction	<sup>4</sup>				\$237,000
	Loan Origination Fees		60.0% Loan to Cost	2.0 Points		73,000
	<b>Total Financing Costs</b>					\$310,000
V.	<b>Total Construction Cost</b>		8 Units	\$594,000 /Unit		\$4,755,000
	<b>Total Development Cost</b>		8 Units	\$801,000 /Unit		\$6,405,000

<sup>1</sup> Based on information provided by Zillow and Redfin. The sale date is set as December 24, 2013.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Based on estimates prepared for other projects within the City

<sup>4</sup> A 7.0% interest cost for debt; a 12 month construction period; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 2.0 points for loan origination fees.

ATTACHMENT III - EXHIBIT A - TABLE 2

PROJECTED NET REVENUE  
 APPLICANT DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 NO CONCESSIONS: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

<b>I. <u>Gross Sales Revenue</u></b>				
<b>A. Market Rate Units</b> <span style="float: right;">1</span>				
Efficiency/Studio Units	0 Units @	\$0 /Unit		\$0
One-Bedroom Units	0 Units @	\$773,200 /Unit		0
Two-Bedroom Units	7 Units @	\$1,075,100 /Unit		7,525,700
<b>B. Very-Low Income Units</b> <span style="float: right;">2</span>				
Efficiency/Studio Units	0 Units @	\$7,000 /Unit		0
One-Bedroom Units	1 Unit @	\$14,000 /Unit		14,000
<b>Total Gross Sales Revenue</b>				\$7,539,700
<b>II. <u>Cost of Sales</u></b>				
Commissions	3.0%	Gross Sales Revenue		\$226,200
Closing	2.0%	Gross Sales Revenue		150,800
Warranty	0.5%	Gross Sales Revenue		37,700
<b>Total Cost of Sales</b>				(\$414,700)
<b>III. <u>Net Revenue</u></b>				\$7,125,000

<sup>1</sup> Based in part on sales comparable data researched by KMA. The projected market rate sales prices include a premium for new construction. The weighted average price equates to \$762 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT IV - EXHIBIT B - TABLE 2 for AFFORDABILITY GAP CALCULATIONS.

ATTACHMENT III - EXHIBIT A - TABLE 3

ESTIMATED FINANCIAL GAP  
 APPLICANT DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 NO CONCESSIONS: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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I.	<b>Funds Available for Development Costs</b>		
	Net Revenue	See ATTACHMENT III - EXHIBIT A - TABLE 2	\$7,125,000
	(Less) Threshold Developer Profit <sup>1</sup>	7.0% Total Development Cost	(450,000)
	<b>Total Funds Available for Development Costs</b>		<b>\$6,675,000</b>
II.	<b>Total Development Cost</b>	See ATTACHMENT III - EXHIBIT A - TABLE 1	<b>\$6,405,000</b>
III.	<b>Net Surplus/(Cost)</b>		<b>\$270,000</b>

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS.

**ATTACHMENT III - EXHIBIT B  
PRO FORMA ANALYSIS  
APPLICANT DEVELOPMENT ALTERNATIVES  
VERY-LOW INCOME RENTAL UNIT  
FAÇADE MODULATION: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

ATTACHMENT III - EXHIBIT B - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 APPLICANT DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 FAÇADE MODULATION: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

I.	<b>Property Acquisition Costs</b>	<sup>1</sup>	7,556 Sf of Land	\$218 /Sf		\$1,650,000
II.	<b>Direct Costs</b>	<sup>2</sup>				
	On-Sites / Landscaping		7,556 Sf of Land	\$20 /Sf		\$151,000
	Parking					
	Surface Spaces		1 Space	\$2,500 /Space		3,000
	Subterranean Spaces		14 Spaces	\$30,000 /Space		420,000
	Building Costs		15,248 Sf of GBA	\$150 /Sf of GBA		2,287,000
	Contractor/DC Contingency Allow		20% Other Direct Costs			572,000
	<b>Total Direct Costs</b>		15,248 Sf of GBA	\$225 /Sf of GBA		\$3,433,000
III.	<b>Indirect Costs</b>					
	Architecture, Eng & Consulting		10.0% Direct Costs			\$343,000
	Public Permits & Fees	<sup>3</sup>	8 Units	\$35,000 /Unit		280,000
	Taxes, Ins. Legal & Accounting		3.0% Direct Costs			103,000
	Marketing		8 Units	\$10,000 /Unit		80,000
	Developer Fee		3.0% Gross Sales Revenue			232,000
	Soft Cost Contingency Allowance		5.0% Other Indirect Costs			52,000
	<b>Total Indirect Costs</b>					\$1,090,000
IV.	<b>Financing Costs</b>					
	Interest During Construction	<sup>4</sup>				\$239,000
	Loan Origination Fees		60.0% Loan to Cost	2.0 Points		74,000
	<b>Total Financing Costs</b>					\$313,000
V.	<b>Total Construction Cost</b>		8 Units	\$605,000 /Unit		\$4,836,000
	<b>Total Development Cost</b>		8 Units	\$811,000 /Unit		\$6,486,000

<sup>1</sup> Based on information provided by Zillow and Redfin. The sale date is set as December 24, 2013.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Based on estimates prepared for other projects within the City

<sup>4</sup> A 7.0% interest cost for debt; a 12 month construction period; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 2.0 points for loan origination fees.

ATTACHMENT III - EXHIBIT B - TABLE 2

PROJECTED NET REVENUE  
 APPLICANT DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 FAÇADE MODULATION: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

<b>I. <u>Gross Sales Revenue</u></b>				
<b>A. Market Rate Units</b> <span style="float: right;">1</span>				
Efficiency/Studio Units	0 Units @	\$0 /Unit		\$0
One-Bedroom Units	0 Units @	\$773,200 /Unit		0
Two-Bedroom Units	7 Units @	\$1,103,300 /Unit		7,723,100
<b>B. Very-Low Income Units</b> <span style="float: right;">2</span>				
Efficiency/Studio Units	0 Units @	\$7,000 /Unit		0
One-Bedroom Units	1 Unit @	\$14,000 /Unit		14,000
<b>Total Gross Sales Revenue</b>				\$7,737,100
<b>II. <u>Cost of Sales</u></b>				
Commissions	3.0% Gross Sales Revenue			\$232,100
Closing	2.0% Gross Sales Revenue			154,700
Warranty	0.5% Gross Sales Revenue			38,700
<b>Total Cost of Sales</b>				(\$425,500)
<b>III. <u>Net Revenue</u></b>				\$7,311,600

<sup>1</sup> Based in part on sales comparable data researched by KMA. The projected market rate sales prices include a premium for new construction. The weighted average price equates to \$762 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT IV - EXHIBIT B - TABLE 2 for AFFORDABILITY GAP CALCULATIONS.

ATTACHMENT III - EXHIBIT B - TABLE 3

ESTIMATED FINANCIAL GAP  
 APPLICANT DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 FAÇADE MODULATION: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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<b>I. <u>Funds Available for Development Costs</u></b>			
Net Revenue	See ATTACHMENT III - EXHIBIT B - TABLE 2	\$7,312,000	
(Less) Threshold Developer Profit	<sup>1</sup> 7.0% Total Development Cost	(456,000)	
<b>Total Funds Available for Development Costs</b>			<b>\$6,856,000</b>
<b>II. Total Development Cost</b>	See ATTACHMENT III - EXHIBIT B - TABLE 1		<b>\$6,486,000</b>
<b>III. Net Surplus/(Cost)</b>			<b>\$370,000</b>

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS.

**ATTACHMENT III - EXHIBIT C  
PRO FORMA ANALYSIS  
APPLICANT DEVELOPMENT ALTERNATIVES  
VERY-LOW INCOME RENTAL UNIT  
PROPOSED PROJECT: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

ATTACHMENT III - EXHIBIT C - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 APPLICANT DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 PROPOSED PROJECT: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

I.	<b>Property Acquisition Costs</b>	<sup>1</sup>	7,556 Sf of Land	\$218 /Sf	\$1,650,000
II.	<b>Direct Costs</b>	<sup>2</sup>			
	On-Sites / Landscaping		7,556 Sf of Land	\$20 /Sf	\$151,000
	Parking				
	Surface Spaces		1 Space	\$2,500 /Space	3,000
	Subterranean Spaces		14 Spaces	\$30,000 /Space	420,000
	Building Costs		15,492 Sf of GBA	\$150 /Sf of GBA	2,324,000
	Contractor/DC Contingency Allow		20% Other Direct Costs		580,000
	<b>Total Direct Costs</b>		15,492 Sf of GBA	\$225 /Sf of GBA	\$3,478,000
III.	<b>Indirect Costs</b>				
	Architecture, Eng & Consulting		10.0% Direct Costs		\$348,000
	Public Permits & Fees	<sup>3</sup>	8 Units	\$35,000 /Unit	280,000
	Taxes, Ins. Legal & Accounting		3.0% Direct Costs		104,000
	Marketing		8 Units	\$10,000 /Unit	80,000
	Developer Fee		3.0% Gross Sales Revenue		234,000
	Soft Cost Contingency Allowance		5.0% Other Indirect Costs		52,000
	<b>Total Indirect Costs</b>				\$1,098,000
IV.	<b>Financing Costs</b>				
	Interest During Construction	<sup>4</sup>			\$240,000
	Loan Origination Fees		60.0% Loan to Cost	2.0 Points	75,000
	<b>Total Financing Costs</b>				\$315,000
V.	<b>Total Construction Cost</b>		8 Units	\$611,000 /Unit	\$4,891,000
	<b>Total Development Cost</b>		8 Units	\$818,000 /Unit	\$6,541,000

<sup>1</sup> Based on information provided by Zillow and Redfin. The sale date is set as December 24, 2013.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Based on estimates prepared for other projects within the City

<sup>4</sup> A 7.0% interest cost for debt; a 12 month construction period; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 2.0 points for loan origination fees.

ATTACHMENT III - EXHIBIT C - TABLE 2

PROJECTED NET REVENUE  
 APPLICANT DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 PROPOSED PROJECT: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

<b>I. <u>Gross Sales Revenue</u></b>				
<b>A. Market Rate Units</b> <span style="float: right;">1</span>				
Efficiency/Studio Units	0 Units @	\$0 /Unit		\$0
One-Bedroom Units	0 Units @	\$773,200 /Unit		0
Two-Bedroom Units	7 Units @	\$1,114,600 /Unit		7,802,200
<b>B. Very-Low Income Units</b> <span style="float: right;">2</span>				
Efficiency/Studio Units	0 Units @	\$7,000 /Unit		0
One-Bedroom Units	1 Unit @	\$14,000 /Unit		14,000
<b>Total Gross Sales Revenue</b>				\$7,816,200
<b>II. <u>Cost of Sales</u></b>				
Commissions	3.0% Gross Sales Revenue			\$234,500
Closing	2.0% Gross Sales Revenue			156,300
Warranty	0.5% Gross Sales Revenue			39,100
<b>Total Cost of Sales</b>				(\$429,900)
<b>III. <u>Net Revenue</u></b>				<b>\$7,386,300</b>

<sup>1</sup> Based in part on sales comparable data researched by KMA. The projected market rate sales prices include a premium for new construction. The weighted average price equates to \$762 per square foot of saleable area.

<sup>2</sup> See ATTACHMENT IV - EXHIBIT B - TABLE 2 for AFFORDABILITY GAP CALCULATIONS.

ATTACHMENT III - EXHIBIT C - TABLE 3

ESTIMATED FINANCIAL GAP  
 APPLICANT DEVELOPMENT ALTERNATIVES  
 VERY-LOW INCOME RENTAL UNIT  
 PROPOSED PROJECT: 1 ONE-BDRM & 7 TWO-BDRM UNITS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

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<b>I. <u>Funds Available for Development Costs</u></b>			
Net Revenue	See ATTACHMENT III - EXHIBIT C - TABLE 2	\$7,386,000	
(Less) Threshold Developer Profit	<sup>1</sup> 7.0% Total Development Cost	(459,000)	
<b>Total Funds Available for Development Costs</b>			<b>\$6,927,000</b>
<b>II. Total Development Cost</b>	See ATTACHMENT III - EXHIBIT C - TABLE 1		<b>\$6,541,000</b>
<b>III. Net Surplus/(Cost)</b>			<b>\$386,000</b>

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the BASE CASE: 1 EFFICIENCY & 4 TWO-BDRM UNITS.

**ATTACHMENT IV  
AFFORDABILITY GAP ANALYSIS  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

ATTACHMENT IV - EXHIBIT A - TABLE 1

CONDOMINIUM SALES DATA  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

Address	Sale Date	Year Built	# of Bdrms	Square Feet	Sales Price	Price/Sf
Studio/Efficiency Units						
999 North Doheny Dr #307	06/24/16	1963	0	613	\$450,000	\$734
838 North Doheny Dr #101	03/07/16	1961	0	523	\$470,000	\$899
999 North Doheny Dr #305	03/17/16	1963	0	633	\$489,000	\$773
999 North Doheny Dr #1002	04/19/16	1963	0	679	\$500,000	\$736
999 North Doheny Dr #608	07/01/16	1963	0	633	\$535,000	\$845
999 North Doheny Dr #605	05/18/16	1963	0	633	\$542,500	\$857
Average Price					\$497,800	\$807
Median Price					\$494,500	\$809

Address	Sale Date	Year Built	# of Bdrms	Square Feet	Sales Price	Price/Sf
One-Bedroom Units						
117 S Doheny Dr Apt 315	06/01/16	1972	1	759	\$442,500	\$583
1115 South Elm Dr #206	02/11/16	1972	1	811	\$455,000	\$561
1115 South Elm Dr #207	05/31/16	1972	1	811	\$457,501	\$564
2160 Century Park East #601	04/12/16	1966	1	832	\$460,000	\$553
1115 South Elm Dr Ph 9	04/22/16	1972	1	768	\$460,000	\$599
1115 S Elm Dr Apt 609	04/22/16	1972	1	768	\$460,000	\$599
1115 S Elm Dr #519	07/20/16	1972	1	768	\$465,000	\$605
2160 Century Park East #401	07/08/16	1966	1	832	\$470,000	\$565
340 North Oakhurst Dr #103	04/20/16	1930	1	627	\$481,000	\$767
100 South Doheny Dr #521	03/24/16	1971	1	719	\$500,000	\$695
100 S Doheny Dr #421	06/10/16	1971	1	719	\$500,000	\$695
2160 Century Park East #1210	05/11/16	1966	1	805	\$520,000	\$646
2160 Century Park East #1610	06/17/16	1966	1	805	\$540,000	\$671
131 North Gale Dr Unit 1B	03/24/16	1962	1	964	\$550,000	\$571
906 North Doheny Dr #507	02/16/16	1973	1	719	\$575,000	\$800
2170 Century Park East #104	06/30/16	1966	1	897	\$585,000	\$652
165 North Swall Dr #305	06/24/16	1965	1	984	\$599,000	\$609
838 North Doheny Dr #904	06/20/16	1961	1	748	\$650,000	\$869
999 North Doheny Dr #904	03/08/16	1963	1	750	\$667,500	\$890
434 South Canon Dr #403	04/15/16	1964	1	1,216	\$715,000	\$588
838 North Doheny Dr #303	03/25/16	1961	1	1,237	\$785,000	\$635
818 N Doheny Dr Apt 604	05/23/16	1963	1	1,193	\$800,000	\$671
838 N Doheny Dr Apt 307	03/01/16	1961	1	1,105	\$800,000	\$724
999 N Doheny Dr Apt 1212	02/19/16	1963	1	974	\$825,000	\$847
838 North Doheny Dr #705	07/25/16	1961	1	1,218	\$995,000	\$817
Average Price					\$590,300	\$671
Median Price					\$540,000	\$646

ATTACHMENT IV - EXHIBIT A - TABLE 1

CONDOMINIUM SALES DATA  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

Address		Sale Date	Year Built	# of Bdrms	Square Feet	Sales Price	Price/Sf
Two-Bedroom Units							
869 South Wooster St #102	Los Angeles	02/24/16	1988	2	732	\$449,000	\$613
869 S Wooster St #101	Los Angeles	03/04/16	1988	2	787	\$500,000	\$635
2160 Century Park East Unit 208-N	Los Angeles	07/26/16	1966	2	1,080	\$523,000	\$484
117 South Doheny Dr #303	Los Angeles	06/06/16	1972	2	1,052	\$575,000	\$547
2170 Century E Unit 411-S	Los Angeles	04/08/16	1966	2	1,097	\$610,000	\$556
165 N Swall Dr #105	Beverly Hills	03/04/16	1965	2	991	\$669,000	\$675
165 S Swall Dr #105	Beverly Hills	03/04/16	1965	2	991	\$669,000	\$675
2170 Century Park East #905	Los Angeles	04/01/16	1966	2	1,018	\$672,500	\$661
434 South Canon Dr #405	Beverly Hills	05/12/16	1964	2	1,115	\$686,000	\$615
8963 Burton Way #201	Los Angeles	05/13/16	1969	2	1,303	\$690,000	\$530
2170 Century Park East #306	Los Angeles	07/25/16	1966	2	1,416	\$700,000	\$494
248 S Doheny Dr #1	Beverly Hills	03/31/16	1961	2	1,074	\$710,000	\$661
828 South Bedford St #203	Los Angeles	02/23/16	1981	2	1,591	\$719,000	\$452
2170 Century Park East #709	Los Angeles	02/12/16	1966	2	1,066	\$730,000	\$685
1135 Rexford Dr #102	Los Angeles	06/24/16	2005	2	1,510	\$735,260	\$487
820 S Bedford St Apt 405	Los Angeles	06/15/16	2006	2	1,247	\$736,000	\$590
248 South Doheny Dr #3	Beverly Hills	02/29/16	1961	2	1,074	\$737,700	\$687
825 South Shenandoah St #303	Los Angeles	06/28/16	1989	2	1,404	\$740,000	\$527
1223 Roxbury Dr Apt 103	Los Angeles	02/10/16	1974	2	1,549	\$740,000	\$478
424 North Palm Dr #301	Beverly Hills	03/04/16	1974	2	1,471	\$750,000	\$510
906 North Doheny Dr #415	West Hollywood	06/21/16	1973	2	1,153	\$759,000	\$658
818 N Doheny Dr Apt 208	West Hollywood	07/19/16	1963	2	1,507	\$770,000	\$511
402 South Elm Dr	Beverly Hills	05/02/16		2	1,328	\$779,000	\$587
429 North Oakhurst Dr #305	Beverly Hills	06/10/16	1974	2	1,471	\$799,000	\$543
235 South Gale Dr #102	Beverly Hills	02/22/16	1989	2	1,440	\$800,000	\$556
9015 Cynthia St #4	West Hollywood	06/23/16	1963	2	1,158	\$820,000	\$708
221 South Gale Dr #304	Beverly Hills	06/08/16	1974	2	1,227	\$825,000	\$672
125 N Gale Dr Apt 307	Beverly Hills	04/22/16	1982	2	1,762	\$825,000	\$468
321 North Oakhurst Dr #704	Beverly Hills	04/27/16	1974	2	1,819	\$826,500	\$454
1220 Roxbury Dr #104	Los Angeles	05/19/16	1980	2	1,659	\$830,000	\$500
325 Arnaz Dr #204	Los Angeles	04/08/16	2005	2	1,327	\$830,000	\$625
441 North Oakhurst #203	Beverly Hills	06/11/16		2	1,783	\$835,000	\$468
1167 Roxbury Dr #108	Los Angeles	02/05/16	1974	2	1,649	\$849,900	\$515
9000 Cynthia St Apt 300	West Hollywood	07/15/16	1974	2	1,453	\$860,500	\$592
363-1/2 South Doheny Dr	Beverly Hills	02/26/16	1958	2	1,215	\$862,500	\$710
234 South Gale Dr #106	Beverly Hills	05/20/16	1989	2	1,632	\$870,000	\$533
200 N Swall Dr Unit 302	Beverly Hills	06/30/16	1986	2	1,477	\$880,000	\$596
325 Arnaz Dr Ph 3	Los Angeles	05/31/16	2005	2	1,417	\$905,000	\$639
962 N Doheny Dr #101	West Hollywood	05/27/16	1990	2	1,386	\$915,000	\$660
960 North Doheny Dr #102	West Hollywood	03/24/16	1990	2	1,406	\$925,000	\$658
962 N Doheny Dr #102	West Hollywood	03/24/16	1990	2	1,406	\$925,000	\$658
818 North Doheny Dr #507	West Hollywood	06/30/16	1963	2	1,500	\$935,000	\$623
1112 South Bedford Drive Dr #201	Los Angeles	03/18/16	1981	2	1,840	\$942,000	\$512
2160 Century Park E Apt 1806	Los Angeles	07/15/16	1966	2	1,416	\$950,000	\$671
930 North Wetherly Dr Dr #102	West Hollywood	04/06/16	1979	2	1,620	\$975,000	\$602
9319 Burton Way Apt A	Beverly Hills	02/26/16	1974	2	2,145	\$999,000	\$466
200 N Swall Dr Unit 312	Beverly Hills	07/08/16	1986	2	1,462	\$1,050,000	\$718

ATTACHMENT IV - EXHIBIT A - TABLE 1

**CONDOMINIUM SALES DATA  
250 NORTH CRESCENT DRIVE  
DENSITY BONUS ANALYSIS  
BEVERLY HILLS, CALIFORNIA**

Address		Sale Date	Year Built	# of Bdrms	Square Feet	Sales Price	Price/Sf
141 South Linden Dr #104	Beverly Hills	07/22/16	1974	2	1,858	\$1,050,000	\$565
2170 Century Park East Unit 17125	Los Angeles	04/04/16	1966	2	1,372	\$1,050,000	\$765
324 North Palm Dr #401	Beverly Hills	05/31/16	1980	2	1,701	\$1,070,000	\$629
327 North Palm Dr #102	Beverly Hills	03/04/16	1969	2	1,912	\$1,075,000	\$562
200 North Swall Dr Ph 7	Beverly Hills	06/01/16	1986	2	1,439	\$1,095,000	\$761
838 North Doheny Dr #806	West Hollywood	04/25/16	1961	2	1,554	\$1,100,000	\$708
235 South Reeves Dr Ph 403	Beverly Hills	07/29/16	1985	2	1,551	\$1,150,000	\$741
200 N Swall Dr #454	Beverly Hills	04/26/16	1986	2	1,463	\$1,150,000	\$786
318 North Maple Dr #306	Beverly Hills	04/27/16	1974	2	1,989	\$1,185,000	\$596
143 North Arnaz Dr #204	Beverly Hills	07/22/16	2004	2	1,876	\$1,185,000	\$632
1318 Roxbury Dr #212	Los Angeles	05/26/16	2008	2	1,859	\$1,186,000	\$638
9249 Burton Way #204	Beverly Hills	05/26/16	1988	2	1,452	\$1,190,000	\$820
320 North Maple Dr #507	Beverly Hills	05/02/16	1974	2	2,006	\$1,200,000	\$598
818 North Doheny Dr #408	West Hollywood	03/01/16	1963	2	1,627	\$1,200,000	\$738
930 North Doheny Dr #412	West Hollywood	02/29/16	1990	2	1,659	\$1,225,000	\$738
200 N Swall Dr Ph 53	Beverly Hills	02/12/16	1985	2	1,683	\$1,235,000	\$734
330 S Reeves #101	Beverly Hills	05/05/16	1984	2	2,127	\$1,240,000	\$583
100 South Doheny Dr Ph 9	Los Angeles	04/05/16	1971	2	1,601	\$1,245,000	\$778
100 S Doheny Dr #110	Los Angeles	04/05/16	1971	2	1,601	\$1,245,000	\$778
272 South Lasky Dr #105	Beverly Hills	06/24/16	1975	2	2,319	\$1,250,000	\$539
145 S Canon Dr Unit 201	Beverly Hills	03/28/16	1982	2	1,900	\$1,275,000	\$671
135 S McCarty Dr #404	Beverly Hills	06/10/16	1982	2	2,376	\$1,290,000	\$543
200 N Swall Dr #355	Beverly Hills	03/29/16	1986	2	1,618	\$1,290,000	\$797
137 S Spalding Dr Unit 406	Beverly Hills	06/30/16	2002	2	1,543	\$1,300,000	\$843
2179 Century HI	Los Angeles	05/03/16	1980	2	2,524	\$1,315,000	\$521
140 South Oakhurst Dr #203	Beverly Hills	07/08/16	2009	2	1,767	\$1,318,888	\$746
818 North Doheny Dr #1007	West Hollywood	05/10/16	1963	2	1,451	\$1,368,000	\$943
200 North Swall Dr Ph 6	Beverly Hills	07/29/16	1986	2	1,751	\$1,375,000	\$785
2318 Century HI #86	Los Angeles	05/12/16	1980	2	3,234	\$1,390,000	\$430
818 North Doheny Dr #1008	West Hollywood	05/13/16	1963	2	1,507	\$1,432,580	\$951
143 North Arnaz Dr #105	Beverly Hills	06/16/16	2004	2	2,255	\$1,500,000	\$665
10110 Empyrean Way #301	Los Angeles	04/15/16	1979	2	2,011	\$1,500,000	\$746
121 South Canon Dr #201	Beverly Hills	07/14/16	1996	2	2,091	\$1,530,000	\$732
211 South Spalding Dr Unit N203	Beverly Hills	03/29/16	1975	2	2,320	\$1,550,000	\$668
211 South Spalding Dr Unit N401	Beverly Hills	03/24/16	1975	2	2,365	\$1,600,000	\$677
300 North Swall Dr #252	Beverly Hills	06/27/16	1981	2	2,759	\$1,725,000	\$625
10116 Empyrean Way #302	Los Angeles	04/12/16	1979	2	1,955	\$1,742,500	\$891
211 South Spalding Dr Unit N202	Beverly Hills	03/15/16	1975	2	2,111	\$1,750,000	\$829
460 North Palm Dr #102	Beverly Hills	07/19/16	2015	2	2,180	\$1,800,000	\$826
818 North Doheny Dr #1402	West Hollywood	07/07/16	1963	2	1,783	\$1,810,000	\$1,015
460 North Palm Dr #104	Beverly Hills	04/06/16	2015	2	1,985	\$1,950,000	\$982
451 N Doheny Dr #305	Beverly Hills	05/12/16	2009	2	1,999	\$2,000,000	\$1,001
447 North Doheny Dr #305	Beverly Hills	05/12/16	2009	2	2,060	\$2,000,000	\$971
10104 Empyrean Way Apt 204	Los Angeles	06/30/16	1979	2	2,346	\$2,100,000	\$895
10108 Empyrean Way #304	Los Angeles	05/03/16	1979	2	2,908	\$3,100,000	\$1,066
Average Price						\$1,100,200	\$663
Median Price						\$1,024,500	\$658

ATTACHMENT IV - EXHIBIT B - TABLE 2

AFFORDABILITY GAP CALCULATIONS - RENTAL UNITS  
 VERY-LOW INCOME HOUSEHOLDS - 2016 INCOME STANDARDS  
 250 NORTH CRESCENT DRIVE  
 DENSITY BONUS ANALYSIS  
 BEVERLY HILLS, CALIFORNIA

	Zero Bdrms	One Bdrm
<b>I. <u>Gross Rent</u></b>		
Household Income @ 50% Median	\$22,680	\$25,930
Maximum Monthly Rent @ 30% of Household Income	\$570	\$650
Gross Annual Rent Income Per Affordable Unit	<sup>1</sup> \$6,840	\$7,800
<b>II. <u>Ongoing Expenses</u></b>		
Annual Utilities	<sup>2</sup> \$996	\$1,212
HOA Fees (Maintenance & Insurance)	4,800	4,800
Management @ 5% Gross Rent Income	342	390
Property Taxes @ 1.10% of Restricted Value	351	699
<b>Total Ongoing Expenses</b>	\$6,489	\$7,101
<b>III. Net Operating Income</b>	\$351	\$699
<b>IV. Capitalization Rate</b>	5%	5%
<b>V. Value Per Affordable Unit</b>	\$7,020	\$13,980
<b>VI. Projected Market Rate Price</b>	\$507,300	\$773,200
<b>VII. <u>Affordability Gap Per Unit</u></b>	\$500,280	\$759,220

<sup>1</sup> Assumes that the landlord pays all utilities costs.

<sup>2</sup> Utilities costs are based on based on HACOLA allowances effective as of July 1, 2016. Assumes gas heating, cooking, water heating; basic electric; air conditioning; water; and trash.