



KEYSER MARSTON ASSOCIATES

**INCLUSIONARY HOUSING:
FINANCIAL EVALUATION**

Prepared for:

City of Newport Beach

Prepared by:

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|-------------|---|
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| Exhibit VI | 20% Low Income Scenario |

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| | |
|-------------|---|
| Exhibit I | Market Rate Scenario |
| Exhibit II | Base Recommended Requirement: 8% Low Income Units |
| Exhibit III | 5% Low Income Scenario |
| Exhibit IV | 10% Low Income Scenario |
| Exhibit V | 15% Low Income Scenario |
| Exhibit VI | 20% Low Income Scenario |

Appendix F: Pro Forma Analyses – Newport Center Prototype

| | |
|-------------|---|
| Exhibit I | Market Rate Scenario |
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I. EXECUTIVE SUMMARY

A. Background

Keyser Marston Associates, Inc. (KMA) was engaged by the City of Newport Beach (City) to assist in evaluating the potential for reinstating a citywide Inclusionary Housing program. By way of background, the KMA Los Angeles office has assisted 41 cities and counties with their Inclusionary Housing programs over the past 25+ years. KMA's analyses reflect a real world perspective based on the firm's core experience in real estate development economics, real estate transactions, and developer negotiations services.

KMA was engaged to prepare an Inclusionary Housing: Financial Evaluation (Financial Evaluation) to identify the supportable Inclusionary Housing program requirements. The primary function of the Financial Evaluation is to identify Inclusionary Housing requirements that balance the interests of property owners and developers against the City's need for affordable housing. The KMA evaluation methodology has been continually evolving over the past 25 years. Each study is tailored to reflect the specific characteristics of the jurisdiction being evaluated.

B. Public Policy Objectives

Inclusionary Housing programs are subject to both statutory parameters imposed by the State Legislature and the rulings in the court cases that have challenged Inclusionary Housing programs over the past 20+ years. These statutes and court rulings are described in Section II of this Financial Evaluation. It is important to understand the constraints and opportunities that are created by these statutes and court rulings.

C. Inclusionary Housing Program Design

In 2015, the California Supreme Court ruled in *California Building Industry Association v. City of San Jose*, 61 Cal 4th 435 (*San Jose*) that Inclusionary Housing programs should be viewed as use restrictions that are a valid exercise of a jurisdiction's zoning powers. However, the *San Jose* ruling also imposed the following limitations on the requirements that jurisdictions can impose:

1. Inclusionary Housing requirements cannot be confiscatory; and
2. Inclusionary Housing requirements cannot deprive a property owner of a fair and reasonable return on their investment.

The court did not provide criteria under which jurisdictions can evaluate these limitations. As a result, each jurisdiction is left to create an evaluation methodology that balances the interests of property owners, developers and the jurisdiction’s need for affordable housing. It is KMA’s practice to take a conservative approach in establishing price controls in order to comport with the court’s ruling.

The first step in designing an Inclusionary Housing program is to identify the factors that will be considered in defining the program’s goals. A common measurement is the unmet need for affordable housing. In this Financial Evaluation the findings presented in the City’s certified Sixth Cycle Housing Element (Housing Element) have been used for this purpose.

D. Policy Issues for Consideration

The following policy decisions need to be made as part of the Inclusionary Housing program adoption process:

1. The minimum project size that will trigger the Inclusionary Housing requirements.
2. The target income and affordability standards to be applied.
3. The allowable options for fulfilling the Inclusionary Housing requirements. Typical options include:
 - a. Providing the “Inclusionary Units” within the market rate project that triggered the requirement.
 - b. Production of the Inclusionary Units in an off-site location.
 - c. A payment to the City in lieu of producing required Inclusionary Units.
 - d. Dedication of land to the City for the subsequent development of the required Inclusionary Units.
 - e. The acquisition and rehabilitation of existing apartment units.

E. Financial Analyses

In analyzing the potential for adopting an Inclusionary Housing program, the Financial Evaluation considers the following:

1. An Inclusionary Housing Ordinance establishes affordable housing obligations that will be imposed on residential development:
 - a. The difference between the achievable market rate sales price or rent and the allowable sales price or rent is estimated for each Inclusionary Unit. This difference is called the “Affordability Gap”.
 - b. Pro forma analyses are used to estimate the Affordability Gaps generated at varying income and affordability levels.
2. Zoning code amendments are being enacted in defined areas within Newport Beach. The Financial Evaluation analyzes the impact the amended standards could potentially have on mitigating the impacts created by the imposition of Inclusionary Housing obligations.
3. Location specific prototypes were created in focus areas throughout Newport Beach. This approach was applied to evaluate the conditions in areas with a disparate mix of physical and economic characteristics. The focus areas are presented in the following table.

| Focus Areas Studied | |
|---|--|
| Inclusionary Housing: Financial Evaluation | |
| Ownership Housing Development | Apartment Development |
| Coyote Canyon Area | Airport Area |
| Dover Shores & Westcliff Area | Coyote Canyon Area |
| West Newport Mesa & Banning Ranch Area ¹ | West Newport Mesa & Banning Ranch Area |
| Newport Center Area | Newport Center Area |

The pro forma analyses of prototype projects that were created using the following resources:

1. The Housing Element;
2. The rezoning activities that are anticipated to be completed in 2025;
3. Development plans that were submitted to the City’s Planning Division; and

¹ The West Newport Mesa and Banning Ranch Areas were combined in this Financial Evaluation due to the areas’ proximity to one another and the limited amount of residential development activity to evaluate.

4. The residential projects identified in KMA's market surveys.

The results of the pro forma analyses are evaluated to identify requirements that balance the interests of the property owner, the developer, and the City's unmet need for affordable housing. It has been KMA's experience that the following series of events occurs following the enactment of an Inclusionary Housing program:

1. Profits are reduced for developers that have already purchased land.
2. Developers that have not purchased land attempt to bargain for a lower land price.
3. Some property owners are reluctant to accept the fact that their land value has decreased, and they defer selling the property until prices increase.

It is KMA's assumption that if the City chooses to reinstate an Inclusionary Housing program the requirements will not be imposed on projects that have already entered into the City approval process. This should provide relief to developers that purchased property prior to the reinstatement of an Inclusionary Housing program. In recognition of this assumption, KMA has placed the most weight on the following impacts:

1. The reduction in property acquisition cost that would need to be achieved to offset the impact created by the proposed income and affordability requirements; and
2. The increase in market rate sales prices/rents that would be needed to offset the proposed requirements.

F. Findings

SUPPORTABLE INCLUSIONARY HOUSING REQUIREMENTS

Based on the results of the Financial Evaluation KMA concluded that the following Inclusionary Housing requirements can be supported:

| Supportable Inclusionary Housing Requirements Ownership Housing Development | |
|--|--------------------|
| Coyote Canyon | 8% Moderate Income |
| Dover Shores & Westcliff | 8% Moderate Income |
| West Newport Mesa & Banning Ranch | 8% Moderate Income |
| Newport Center | 6% Moderate Income |

| Supportable Inclusionary Housing Requirements Apartment Development | |
|--|--|
| Airport Area | 8% Low Income or 15% Very Low Income ² |
| Coyote Canyon | 7% Low Income |
| West Newport Mesa & Banning Ranch | 8% Low Income |
| Newport Center | 7% Low Income or 15% Very Low Income |

SUPPORTABLE IN-LIEU FEES

An in-lieu fee option is typically offered as part of an Inclusionary Housing program. In the Financial Evaluation, KMA pegged the in-lieu fee payment amount to the Affordability Gaps identified in the pro forma analyses that were used to evaluate the supportable Inclusionary Housing obligations.

The following tables identify the supportable in-lieu fees using the following three measurements:

1. The in-lieu fee associated with the Affordability Gap for the units that would have been restricted if the Inclusionary Units were provided on site within a market rate project.
2. The in-lieu fee apportioned across all of the units in a 100% market rate development.

² Alternatives that include both low income and a very low income alternatives demonstrated support for the use of the California Government Code Section 65915 et seq. (Section 65915) density bonus on a cost efficient basis.

- The in-lieu fee allocated across the total saleable or leasable area of a 100% market rate development.

KMA illustrates the three calculation methodologies for contextual purposes. However, it is KMA’s recommendation that the in-lieu fee be assessed against the total saleable or leasable area in a 100% market rate development. Using this methodology the in-lieu fee amount will be lower for developments with small units and higher for developments with large units. This corresponds more closely to the Affordability Gaps than an in-lieu fee measured against the number of units in the development.

The resulting in lieu fee amounts are estimated as follows:

| In-Lieu Fees Associated with the Supportable Inclusionary Housing Requirements Ownership Housing Development | | | |
|---|-----------------------------|-------------------------|--|
| Subarea | Per Inclusionary Unit | Per Market Rate Unit | Per Square Foot of Saleable Area |
| Coyote Canyon | \$1,038,700 | \$80,790 | \$50.50 |
| Dover Shores & Westcliff | \$1,576,300 | \$105,090 | \$48.70 |
| West Newport & Banning Ranch | \$1,264,600 | \$94,850 | \$44.20 |
| Newport Center | \$4,494,000 | \$284,490 | \$109.20 |

| In-Lieu Fees Associated with the Supportable Inclusionary Housing Requirements Apartment Development | | | |
|---|-----------------------------|-------------------------|--|
| Subarea | Per Inclusionary Unit | Per Market Rate Unit | Per Square Foot of Saleable Area |
| Airport Area | \$516,400 | \$39,390 | \$40.80 |
| Coyote Canyon | \$467,400 | \$34,280 | \$32.60 |
| West Newport & Banning Ranch | \$406,800 | \$32,540 | \$35.90 |
| Newport Center | \$778,900 | \$51,930 | \$60.50 |

II. INCLUSIONARY HOUSING PROGRAM CHARACTERISTICS

A. Survey of Existing Inclusionary Housing Programs

Nearly 200 jurisdictions in California currently include an Inclusionary Housing program as a component in their overall affordable housing strategy. While the unifying foundation of these programs is the objective to attract affordable housing development, the characteristics of these programs vary widely from jurisdiction-to-jurisdiction.

To assist the City in evaluating options for creating an Inclusionary Housing program it is useful to identify the elements that are typically included in programs being implemented in California jurisdictions. To that end, KMA compiled information on 105 Inclusionary Housing programs being implemented throughout California. The survey is presented in Attachment 1.

The survey results can be summarized as follows:

1. In California, the majority of Inclusionary Housing programs include a threshold project size below which projects are not subject to the Inclusionary Housing requirements. Common thresholds found in the survey fall between three and 10 units, with a five unit median threshold and a seven unit average threshold.
2. The income and affordability standards imposed by Inclusionary Housing programs vary widely throughout California. The majority of programs have established standards in the range of 10% to 20% of the units in projects that will be subject to the requirements. However, the following policy variations are commonly found:
 - a. The threshold standards are varied as a reflection of the depth of the affordability being required.
 - b. Inclusionary Housing requirements have a disproportionate impact on smaller projects, because there are fewer market rate units available to spread the impact created by the income and affordability standards. As shown in the survey, a sliding scale requirement is sometimes used to mitigate these impacts.
 - c. The length of the covenant period imposed on Inclusionary Units varies from jurisdiction-to-jurisdiction. California Health and Safety Code (H&SC) Section 33413 applies covenant periods of 55 years for apartment units and 45 years for ownership housing units. These standards are commonly used, but both shorter

and longer covenant periods are imposed throughout the Inclusionary Housing programs in California.

Inclusionary Housing programs focus on the production of affordable housing units by imposing specific affordable housing requirements on new development. However, an option for projects to pay a fee in lieu of producing affordable units effectively allows resources to be transferred to developers that have experience in constructing affordable housing projects. This is advantageous for the following reasons:

1. Affordable housing developers have specific expertise in the development and operation of affordable housing projects.
2. Dedicated affordable housing projects have access to state and federal funding sources that are not available to market rate projects. These funding sources provide a more cost-efficient way to achieve deeper affordability than can be supported by an Inclusionary Housing requirement. A representative sample of programs that are targeted to dedicated affordable housing projects are:
 - a. Funds allocated to the City by HCD under the Permanent Local Housing Allocation (PLHA) for Senate Bill 2 (Chapter 364, Statutes of 2017);
 - b. County funding sources and the Section 8 rental assistance program;
 - c. State funding sources such as the Infill Infrastructure Grant (IIG), the Multifamily Housing Program (MHP), the Middle Income Program (MIP), and the Affordable Housing and Sustainable Communities (AHSC) Program; and
 - d. Federal and state Low-Income Housing Tax Credits (Tax Credits) offered under Internal Revenue Code Section 42.

B. Structuring Issues

In structuring an Inclusionary Housing program it is important to understand that the courts and the State Legislature have placed the following key limitations on the requirements that can be imposed Inclusionary Housing programs.

SAN JOSE CASE

In the *San Jose* case, the California Supreme Court ruled that Inclusionary Housing programs should be viewed as use restrictions that are a valid exercise of a jurisdiction's zoning powers.

Specifically, the Court found that Inclusionary Housing requirements are a planning tool rather than an exaction. This is interpreted to mean that an in-lieu fee payment option that is included in an Inclusionary Housing program, which includes an affordable housing production requirement, is not subject to the AB 1600 nexus requirements imposed by California Government Code §66000 et seq.

While Inclusionary Housing programs are not subject to the Mitigation Fee Act, these programs must comply with the following criteria:

1. The requirements cannot be confiscatory; and
2. The requirements cannot deprive a property owner of a fair and reasonable return on their investment.

Since the court did not provide criteria under which jurisdictions can evaluate these limitations, each jurisdiction is left to create an evaluation methodology. The objective is to balance the interests of property owners, developers and the jurisdiction's need for affordable housing. It is KMA's practice to take a conservative approach in identifying requirements that comport with the court's ruling.

STATE LEGISLATION

Assembly Bill 1505

Assembly Bill (AB) 1505 amended Section 65850 of the California Government Code and added Section 65850.01. This legislation provides jurisdictions with the ability to adopt programs that impose Inclusionary Housing requirements on apartment developments.

Section 65850.01 does not place a cap on the percentage of units that can be subject to income and affordability restrictions. However, Section 65850.01(a) gives the California Housing and Community Development Department (HCD) the authority to review the restrictions imposed by an Inclusionary Housing program on apartment developments if the program requires more than 15% of the units to be restricted to households earning less than 80% of the area median income (AMI), and if one of the following conditions applies:

1. The jurisdiction has failed to meet at least 75% of its Regional Housing Needs Assessment (RHNA) allocation for above moderate income units. This test is measured on a pro-rated basis over the planning period, which is set at a minimum of five years; or

2. HCD finds that the jurisdiction has not submitted their Housing Element report for at least two consecutive years.

The City has fulfilled the requirements imposed by both of the standards identified above. As such, HCD does not have authority under Section 65850.01(a) to review the Inclusionary Housing requirements the City proposes to impose on apartment development. However, in a technical guidance memorandum dated October 21, 2019, HCD reaffirmed its authority to review Inclusionary Housing ordinances as part of its review of a jurisdiction's Housing Element.

California Government Code Section 65583(a)

Section 65583(a) requires the City to analyze potential and actual constraints being placed on the development of housing. Specifically, HCD has the discretion to require the City to demonstrate that the Inclusionary Housing requirements do not create a constraint to housing development. Within that context, it is important to recognize that the requirements imposed by an Inclusionary Housing program can only be expected to fulfill a small portion of the unmet need for affordable housing in Newport Beach.

California Government Code Section 65850 (g)

Section 65850 (g) requires jurisdictions to provide alternative means of fulfilling the affordable housing requirements imposed on apartment projects by an Inclusionary Housing program. Options that can be provided to developers include, but are not limited to:

1. Off-site construction of Inclusionary Units;
2. Payment of a fee in-lieu of producing Inclusionary Units;
3. Land donation; and
4. The acquisition and rehabilitation of existing units.

STATE DENSITY BONUS AND INCLUSIONARY HOUSING REQUIREMENTS

A tool that is commonly used to reduce the financial impact associated with the imposition of Inclusionary Housing requirements is the Section 65915 density bonus. Section 65915 requires jurisdictions to provide density bonuses based on a sliding scale ranging from 5% to 100% depending on the magnitude of the income and affordability restrictions being imposed.

Section 65915 requires the City to adopt an ordinance that specifies how it will comply with the State mandated density bonus requirements. The City's adopted ordinance is included in Newport Beach Municipal Code Chapter 20.32, and it was last amended in 2022. It should be noted that Section 65915 is regularly amended by the State Legislature. Over time, the requirements imposed by Section 65915 will automatically prevail over any inconsistencies between State law and Chapter 20.32.

In July 2013 the First District Court of Appeal held that jurisdictions must agree to count the affordable units used to fulfill the Section 65915 density bonus requirements towards the Inclusionary Housing requirements that will be imposed on a project.³ Based on that ruling, a developer must be allowed to use the same affordable units to fulfill both the Inclusionary Housing requirements and the Section 65915 requirements. However, in order to exercise this option, the developer must apply the more stringent of the two programs' requirements.

The Section 65915 density bonus can act to materially reduce the financial impacts created by Inclusionary Housing requirements. For that reason, the City should recognize that if Inclusionary Housing requirements are imposed it is highly likely that many developers will request Section 65915 density bonuses. It is also important to understand that the City is required to grant a developer's request for the statutorily established density bonus along with the requisite number of concessions and incentives, as well as any necessary development standards reductions or waivers.⁴

³ *Latinos Unidos del Valle de Napa y Solano v. County of Napa*, 217 Cal. App. 4th 1160 (*Napa*).

⁴ Section 65915 (d) (1) identifies three conditions under which requested incentives or concessions can be denied. However, this does not relieve the City of the obligation to grant the number of incentives or concessions that the project is entitled to under Section 65915 (d) (2).

III. METHODOLOGY

The purpose of this Financial Evaluation is to evaluate the financial feasibility of imposing Inclusionary Housing requirements on residential development in Newport Beach. The financial feasibility analysis is comprised of the following steps:

A. Parameters

As the first step in the evaluation process it is necessary to identify the parameters that will be applied in the analysis. One measurement is the RHNA, which is used as a tool in the Housing Element process. The Sixth Cycle RHNA Allocation Plan covers the period between 2021 and 2029, and the Newport Beach allocations are detailed in the following table:

| Sixth Cycle RHNA Allocation Projections October 2021 through October 2029 | | |
|--|------------------|------------|
| Income Category | Total Obligation | % of Total |
| Very Low | 1,456 | 30% |
| Low | 930 | 19% |
| Moderate | 1,050 | 22% |
| Above Moderate | 1,409 | 29% |
| Totals | 4,845 | 100% |

Notable factors to be considered are:

1. The largest identified unmet need for affordable housing falls in the very low and low income categories, and
2. The Housing Element indicates that planned growth, and projects in the approval process, will provide a sufficient number of above moderate income units to fulfill the Sixth Cycle RHNA allocation.

These factors indicate that the City needs to focus on attracting development that serves households at the lower income levels. However, in creating an Inclusionary Housing program it is also important to evaluate the impact the restrictions will have on the developers of market rate housing projects to ensure that onerous requirements are not imposed.

Another key parameter in the evaluation is that a mix of physical and economic characteristics are exhibited within different areas within Newport Beach. To reflect this, the Financial Evaluation studied the following focus areas that are identified in the Housing Element:

| Focus Areas Studied | |
|---|--|
| Inclusionary Housing: Financial Evaluation | |
| Ownership Housing Development | Apartment Development |
| Coyote Canyon Area | Airport Area |
| Dover Shores & Westcliff Area | Coyote Canyon Area |
| West Newport Mesa & Banning Ranch Area ⁵ | West Newport Mesa & Banning Ranch Area |
| Newport Center Area | Newport Center Area |

B. Program Foundation

The courts have held that affordable housing is a “public benefit,” and that locally imposed Inclusionary Housing programs are a legitimate means of providing this public benefit. The courts have tempered this with the requirement that the Inclusionary Housing obligations cannot be confiscatory, and they cannot deprive a property owner of a fair and reasonable return on their investment.

To date, the courts have not provided guidance for determining how these limitations should be measured. As a result it is necessary for each jurisdiction to create a methodology for evaluating the financial impacts associated with proposed Inclusionary Housing requirements. It is KMA’s practice to take a conservative approach in establishing price controls that comport with the *San Jose* court’s ruling.

The KMA approach is based on pro forma analyses of prototype projects that reflect the development types exhibited within the jurisdiction. The KMA methodology has been continually evolving over time, and each financial evaluation is tailored to reflect the specific characteristics of the jurisdiction in which KMA is performing the evaluation.

⁵ The West Newport Mesa and Banning Ranch Areas were combined in this Financial Evaluation due to the areas’ proximity to one another and the limited amount of residential development activity to evaluate.

DEVELOPMENT PROTOTYPES

The pro forma analyses that KMA has prepared are based on prototype residential developments. To assist in creating the development prototypes, KMA reviewed the following:

1. The Housing Element;
2. The rezoning activities that are anticipated to be completed in 2025;
3. Development plans that were submitted to the City's Planning Division; and
4. The residential projects identified in KMA's market surveys.

It is important to understand that the prototypes used in the Financial Evaluation do not represent actual projects. Instead, the prototypes represent composites of projects that have recently been developed or proposed in Newport Beach and the results of KMA market surveys. In some instances the development scope will be at a density that is actually less than the maximum density allowed by the City's zoning code or that is identified in the Housing Element. This reflects site characteristics and development types being exhibited.

PRO FORMA ANALYSIS EVALUATION TESTS

It has been KMA's experience that the following series of events occurs following the enactment of an Inclusionary Housing program:

1. Profits are reduced for developers that have already purchased land.
2. Developers that have not purchased land attempt to bargain for a lower land price.
3. Some property owners are reluctant to accept the fact that their land value has decreased, and they defer selling the property until prices increase.

Each of these three factors is relevant in the assessment of the impact created by the imposition of Inclusionary Housing obligations. However, it is KMA's assumption that if the City chooses to reinstate an Inclusionary Housing program the requirements will not be imposed on projects that have already entered into the City approval process. This should provide relief to developers that purchased property prior to the reinstatement of an Inclusionary Housing program.

In recognition of this assumption, KMA has placed the most weight on the following impacts:

1. The reduction in property acquisition cost that would need to be achieved to offset the impact created by the proposed income and affordability requirements; and
2. The increase in market rate sales prices and rents that would be needed to offset the proposed requirements.

The preceding tests are used to balance the impacts that the enactment of an Inclusionary Housing program has on developers and property owners. Specifically, the goals are:

1. To minimize the reduction in supportable land values so that there will not be a disincentive for property owners to sell their properties; and
2. To impose requirements of a magnitude that can be offset by near-term increases in achievable market rate sales prices and rents.

It is important to understand that every proposed project embodies unique characteristics. It is therefore KMA’s opinion that a conservative approach should be used in establishing the Inclusionary Housing requirements. To that end, the benchmarks KMA used in evaluating potential requirements are:

| Benchmark Evaluation Standards Inclusionary Housing Evaluation | |
|--|-----|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 25% |
| The increase in market rate sales prices and rents that would be needed to offset the proposed requirements. | 6% |

KMA evaluates the results of these tests in order to develop a comprehensive perspective on the financial impacts created by Inclusionary Housing requirements. These analyses collaboratively inform the KMA conclusions as to the Inclusionary Housing requirements that can be supported.

C. Financial Evaluation Structure

The analysis structure applied by KMA can be described as follows:

1. KMA prepared financial analyses to assist in creating recommended Inclusionary Housing requirements that balance the interests of property owners and developers against the public benefit created by the production of affordable housing units.

2. In general terms, the financial impact associated with fulfilling Inclusionary Housing requirements within market rate projects is equal to the Affordability Gaps between the achievable market rate sales prices or rents and the allowable sales prices or rents for the Inclusionary Units.
3. The KMA financial analyses identify the range of Inclusionary Housing production requirements that can be supported.

D. Financial Evaluation Organization

The following sections of this Financial Evaluation describe the assumptions, analysis and findings related to ownership housing and apartment developments. The analyses are supported by the following Attachments and Appendices:

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| Appendix C | Pro Forma Analyses: Airport Prototypes |
| Appendix D | Pro Forma Analyses: Coyote Canyon Prototype |
| Appendix E | Pro Forma Analyses: West Newport Mesa & Banning Ranch Prototype |
| Appendix F | Pro Forma Analyses: Newport Center Prototypes |

Attachment 5: In-Lieu Fee Analyses

| | |
|------------|-------------------------------|
| Appendix A | Ownership Housing Development |
| Appendix B | Apartment Development |

IV. OWNERSHIP HOUSING ANALYSES

A. Creation of Prototype Projects

The Housing Element states that Newport Beach has median home values that are 2.7 times higher than the median home value in Orange County as a whole, and the highest home values exhibited by the surrounding cities. Recognizing the premium home prices, and to assist in creating reasonable Inclusionary Housing requirements, the following standards were applied to the ownership housing development prototypes used in this Financial Evaluation:

1. The prototypes are comprised solely of attached ownership housing projects; and
2. The affordability standards are set at the moderate income level.

Prototypes were evaluated for ownership housing development in the following areas: ⁶

1. Coyote Canyon Area;
2. Dover Shores and Westcliff Area;
3. West Newport Mesa and Banning Ranch Area; and
4. Newport Center Area.

B. Pro Forma Analyses

To assist in establishing the Inclusionary Housing production requirements that can be supported, KMA prepared the following pro forma analyses for the prototype ownership housing projects in each focus area:

1. A prototype in which 100% of the units are sold at unrestricted market rate prices; and
2. A prototype that includes a moderate income component.

The 100% market rate unit ownership housing development scenarios provide baselines against which to measure the impacts associated with the imposition of affordable housing requirements. The pro forma analyses for the 100% market rate unit scenarios are organized as follows:

⁶ The Airport area were excluded from this analysis because it is not anticipated that a significant amount of ownership housing development will occur in this area.

| Pro Forma Analysis – Market Rate Scenario Ownership Housing Development Prototypes | |
|---|-----------------------------|
| Table 1: | Estimated Development Costs |
| Table 2: | Projected Net Sales Revenue |
| Table 3: | Projected Developer Profit |

The estimated developer profit for each of the 100% market rate scenarios is used as the benchmark profit for the purpose of estimating the impacts created by the imposition of Inclusionary Housing obligations. The resulting financial gaps represent the impact created by the requirements being evaluated. The pro forma analyses for the moderate income scenarios are organized as follows:

| Pro Forma Analysis – Moderate Income Inclusionary Housing Component Ownership Housing Development Prototypes | |
|--|------------------------------|
| Table 1: | Estimated Development Costs |
| Table 2: | Projected Net Sales Revenue |
| Table 3: | Inclusionary Housing Impacts |

KMA measured the financial impacts created by the imposition of Inclusionary Housing requirements using the tools described previously in this Financial Evaluation. These tools were used to identify the moderate income requirement that could be feasibly imposed on ownership housing developments.

COYOTE CANYON PROTOTYPE OWNERSHIP HOUSING DEVELOPMENT ANALYSIS

The pro forma analyses for the Coyote Canyon prototype ownership housing development are provided in Attachment 3: Appendix C. A map of the Coyote Canyon area, and a summary of the development scope are presented on the following page.



| Development Scope Summary | | | |
|---|--------------------------|---------------------|----|
| Coyote Canyon Prototype Ownership Housing Development | | | |
| Site Area (Acres) | 5.0 | <u>Unit Mix</u> | |
| Total Number of Units | 90 | Two-Bedroom Units | 45 |
| Density (Units Per Acre) | 18 | Three-Bedroom Units | 45 |
| Parking | Two car attached garages | | |

Estimated Development Costs:

Coyote Canyon Prototype Ownership Housing Development

The total development cost for the Coyote Canyon prototype ownership housing development is estimated at \$111.1 million. This equates to \$1,235,000 per unit, or \$772 per square foot of gross saleable area (GSA).

Projected Market Rate Sales Prices:

Coyote Canyon Prototype Ownership Housing Development

To assist in projecting the achievable market rate sales prices, KMA compiled sales data for homes in the general vicinity of Coyote Canyon. The search for projects to use as value indicators was constrained by the fact that the area was formerly occupied by a landfill, and just recently became available for development.

As shown in Attachment 3: Appendix A – Exhibit I, the home sales used in this analysis are all drawn from within the adjacent canyon areas in the City of Irvine. It is also important to note that the homes included in the survey were developed during the period between 2003 and 2005.

The market rate sales prices that were applied in the Coyote Canyon ownership housing development prototype analysis are presented in the following table:

| Projected Market Rate Sales Prices Coyote Canyon Prototype Ownership Housing Development | |
|--|-------------|
| Two-Bedroom Units | \$1,319,700 |
| Three-Bedroom Units | \$1,663,900 |
| Average Price Per Square Foot of Saleable Area | \$932 |

Affordable Sales Price Calculations:

Coyote Canyon Prototype Ownership Housing Development

Based on the Affordable Sales Price calculation methodology described in Attachment 2: Appendix A, and the calculations presented in Attachment 3: Appendix B – Exhibit I, the Affordable Sales Prices for the Coyote Canyon prototype ownership housing development are:

| Affordable Sales Price Estimates Coyote Canyon Prototype Ownership Housing Development | |
|--|-----------|
| Two-Bedroom Units | \$433,200 |
| Three-Bedroom Units | \$473,000 |

Findings:

Coyote Canyon Prototype Ownership Housing Development

The results of the KMA analyses of the Coyote Canyon prototype ownership housing development can be summarized as follows:

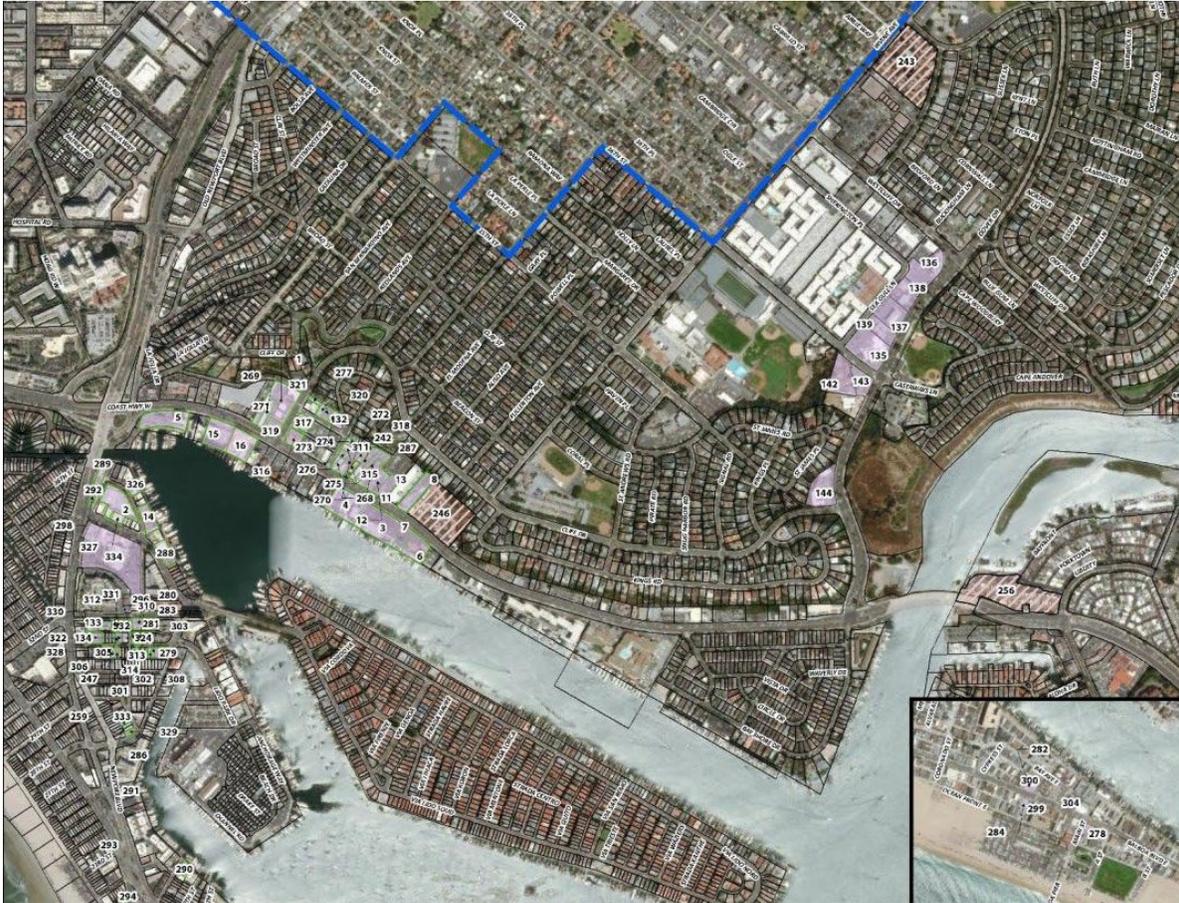
1. The developer profit for the market rate scenario is estimated at 14.2%.
2. An 8% moderate income requirement can be supported.

The financial impacts estimated in the KMA analyses are summarized in the following table:

| 8% Moderate Income Inclusionary Housing Requirement Coyote Canyon Prototype Inclusionary Housing Evaluation | |
|--|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 16% |
| The increase in market rate sales prices that would be needed to offset the proposed requirements. | 5.4% |

DOVER SHORES & WESTCLIFF PROTOTYPE OWNERSHIP HOUSING DEVELOPMENT ANALYSIS

The pro forma analyses for the Dover Shores & Westcliff prototype ownership housing development are provided in Attachment 3: Appendix D. A map of the area and a development scope follow:



| Development Scope Summary | | | |
|--|--------------------------|---------------------|----|
| Dover Shores & Westcliff Prototype Ownership Development | | | |
| Site Area (Acres) | 1.5 | <u>Unit Mix</u> | |
| Total Number of Units | 30 | Three-Bedroom Units | 18 |
| Density (Units Per Acre) | 20 | Four-Bedroom Units | 12 |
| Parking | Two car attached garages | | |

Estimated Development Costs:

Dover Shores & Westcliff Prototype Ownership Housing Development

The development costs for the Dover Shores & Westcliff prototype ownership housing development are estimated at \$52.54 million. This equates to \$1.75 million per unit, or \$811 per square foot of GSA.

Projected Market Rate Sales Prices:

Dover Shores & Westcliff Prototype Ownership Housing Development

Two single family attached ownership housing developments were developed within the past four years in the Dover Shores & Westcliff area. The sales prices for these homes served as the primary resource for projecting the achievable market rate sales prices in this area.

The market survey is presented in Attachment 3: Appendix A – Exhibit II. Based on the survey results, the market rate sales prices used in the analysis are presented in the following table:

| Projected Market Rate Sales Prices Dover Shores & Westcliff Prototype Ownership Housing Development | |
|---|-------------|
| Three-Bedroom Units | \$1,926,500 |
| Four-Bedroom Units | \$2,261,000 |
| Average Price Per Square Foot of Saleable Area | \$954 |

Affordable Sales Price Calculations:

Dover Shores & Westcliff Prototype Ownership Housing Development

Based on the Affordable Sales Price calculation methodology described in Attachment 2: Appendix A, and the calculations presented in Attachment 3: Appendix B – Exhibit II, the Affordable Sales Prices for the Dover Shores & Westcliff prototype ownership housing development are:

| Affordable Sales Price Estimates Dover Shores & Westcliff Prototype Ownership Housing Development | |
|---|-----------|
| Three-Bedroom Units | \$473,000 |
| Four-Bedroom Units | \$500,400 |

Findings:

Dover Shores & Westcliff Prototype Ownership Housing Development

The results of the KMA analyses of the Dover Shores & Westcliff prototype ownership housing development can be summarized as follows:

1. The developer profit for the market rate scenario is estimated at 11.2%.
2. An 8% moderate income requirement can be supported.

The financial impacts estimated in the KMA analyses are summarized in the following table:

| 8% Moderate Income Inclusionary Housing Requirement Dover Shores & Westcliff Prototype Ownership Housing Development | |
|--|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 14% |
| The increase in market rate sales prices that would be needed to offset the proposed requirements. | 5.3% |

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE OWNERSHIP HOUSING DEVELOPMENT ANALYSIS

The pro forma analyses for the West Newport Mesa & Banning Ranch prototype ownership housing development are provided in Attachment 3: Appendix E. Maps of the two areas are presented on the following page.

The development scope for the West Newport Mesa & Banning Ranch prototype ownership housing project is summarized in the following table:

| Development Scope Summary | | | |
|---|--------------------------|---------------------|----|
| West Newport Mesa & Banning Ranch Prototype Ownership Housing Development | | | |
| Site Area (Acres) | 6.0 | <u>Unit Mix</u> | |
| Total Number of Units | 120 | Two-Bedroom Units | 24 |
| Density (Units Per Acre) | 20 | Three-Bedroom Units | 54 |
| | | Four-Bedroom Units | 42 |
| Parking | Two car attached garages | | |

Estimated Development Costs:

West Newport Mesa & Banning Ranch Prototype Ownership Housing Development

The development costs for the West Newport Mesa & Banning Ranch prototype ownership housing development are estimated at \$175.5 million. This equates to \$1,463,000 per unit, or \$682 per square foot of GSA.

Projected Market Rate Sales Prices:

West Newport Mesa & Banning Ranch Prototype Ownership Housing Development

The majority of the homes in the survey are located in in the western section of Costa Mesa, which borders the West Newport Mesa & Banning Ranch area. These projects provide the best representation of new home values that is currently available for projects in the vicinity. The survey is presented in Attachment 3: Appendix A – Exhibit III, and the sales prices applied in the analysis are presented in the following table.

| Projected Market Rate Sales Prices West Newport Mesa & Banning Ranch Prototype Ownership Housing Development | |
|--|-------------|
| Two-Bedroom Units | \$1,188,600 |
| Three-Bedroom Units | \$1,554,800 |
| Four-Bedroom Units | \$2,290,900 |
| Average Price Per Square Foot of Saleable Area | \$811 |

Banning Ranch encompasses over 400 acres of vacant land. There has been an ongoing effort by the Banning Ranch Conservancy to maintain the area in its current state. However, housing may ultimately be allowed to be developed in this area. Nonetheless, the City did not include any Banning Ranch properties in the count of new homes being used to demonstrate potential fulfillment of RHNA goals.

West Newport Mesa & Banning Ranch Prototype Ownership Housing Development

Based on the Affordable Sales Price calculation methodology described in Attachment 2: Appendix A, and the calculations presented in Attachment 3: Appendix B – Exhibit III, the Affordable Sales Prices for the West Newport Mesa & Banning Ranch prototype ownership housing development are:

| Affordable Sales Price Estimates West Newport Mesa & Banning Ranch Prototype Ownership Housing Development | |
|--|-----------|
| Two-Bedroom Units | \$433,200 |
| Three-Bedroom Units | \$473,000 |
| Four-Bedroom Units | \$500,400 |

Findings:

West Newport Mesa & Banning Ranch Prototype Ownership Housing Development

The results of the KMA analyses of the West Newport Mesa & Banning Ranch prototype ownership housing development can be summarized as follows:

1. The developer profit for the market rate scenario is estimated at 12.3%.
2. An 8% moderate income requirement can be supported.

The financial impacts estimated in the KMA analyses are summarized in the following table:

| 8% Moderate Income Inclusionary Housing Requirement West Newport Mesa & Banning Ranch Prototype Ownership Housing Development | |
|---|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 18% |
| The increase in market rate sales prices and rents that would be needed to offset the proposed requirements. | 5.5% |

NEWPORT CENTER PROTOTYPE OWNERSHIP HOUSING DEVELOPMENT ANALYSIS

The pro forma analyses for the Newport Center prototype ownership housing development are provided in Attachment 3: Appendix F. A map of the area and a development scope follow:



| Development Scope Summary | | | |
|--|--------------------------|---------------------|----|
| Newport Center Prototype Ownership Housing Development | | | |
| Site Area (Acres) | 4.3 | <u>Unit Mix</u> | |
| Total Number of Units | 79 | Two-Bedroom Units | 63 |
| Density (Units Per Acre) | 20 | Three-Bedroom Units | 16 |
| Parking | Two car attached garages | | |

Estimated Development Costs:

Newport Center Prototype Ownership Housing Development

The development costs for the Newport Center prototype ownership housing development are estimated at \$303.2 million. This equates to \$3.84 million per unit, or \$1,474 per square foot of GSA.

Projected Market Rate Sales Prices:

Newport Center Prototype Ownership Housing Development

The market survey is comprised on two- and three-bedroom condominiums that were constructed in the Newport Center area between 2014 and 2015. The market survey is presented in Attachment 3: Appendix A – Exhibit IV. Based on the survey results, the market rate sales prices used in the analysis are presented in the following table:

| Projected Market Rate Sales Prices | |
|--|-------------|
| Newport Center Prototype | |
| Ownership Housing Development | |
| Two-Bedroom Units | \$4,717,800 |
| Three-Bedroom Units | \$4,733,700 |
| Average Price Per Square Foot of Saleable Area | \$1,813 |

Affordable Sales Price Calculations:

Newport Center Prototype Ownership Housing Development

Based on the Affordable Sales Price calculation methodology described in Attachment 2: Appendix A, and the calculations presented in Attachment 3: Appendix B – Exhibit IV, the Affordable Sales Prices for the Newport Center prototype ownership housing development are:

| Affordable Sales Price Estimates Newport Center Prototype Ownership Housing Development | |
|---|-----------|
| Two-Bedroom Units | \$219,500 |
| Three-Bedroom Units | \$252,300 |

Findings:

Newport Center Prototype Ownership Housing Development

The results of the KMA analyses of the Newport Center prototype ownership housing development can be summarized as follows:

1. The developer profit for the market rate scenario is estimated at 16.3%.
2. A 6% moderate income requirement can be supported.

The financial impacts estimated in the KMA analyses are summarized in the following table:

| 6% Moderate Income Inclusionary Housing Requirement Newport Center Prototype Ownership Housing Development | |
|--|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 20% |
| The increase in market rate sales prices that would be needed to offset the proposed requirements. | 5.6% |

C. Summary: Ownership Housing Development Analyses

The preceding section of this Financial Evaluation used pro forma analyses of prototype ownership housing development projects to assist in identifying the Inclusionary Housing production requirements that can currently be supported. The focus areas that were evaluated are:

1. Coyote Canyon Area;
2. Dover Shores & Westcliff Area;
3. West Newport Mesa & Banning Ranch Area; and
4. Newport Center Area.

Based on the results of the ownership housing development analyses KMA concluded that an 8% moderate income requirement can be supported in three of the focus areas that were evaluated. This conclusion is based on the following findings related to these three focus areas:

1. The needed reduction in property acquisition costs ranges from 14% to 18%. This is significantly lower than the 25% benchmark that was applied in this analysis.
2. The increase in market rate prices needed to offset impact the Inclusionary Housing requirement ranges from 5.3% to 5.5%. This range is within the 6% benchmark used in this analysis.

The Newport Center prototype ownership development embodies significantly different characteristics than are found in the prototypes located in the other focus areas. The homes are larger and the developments are more highly amenitized. The resulting market rate sales prices and occupancy costs are significantly higher than the condominium developments located in the other focus areas. When these factors are considered conjunctively, a 6% moderate income Inclusionary Housing requirement is supported by the Newport Center prototype ownership development.

For reference purposes, the City also requested that KMA prepare pro forma analyses for moderate income Inclusionary Housing production requirements ranging from 5% to 20%. These analyses illustrate the range of financial impacts projected to be generated under the varying Inclusionary Housing production requirements. The results of these analyses are summarized in the following table.

**SUMMARY: ALTERNATIVE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
MODERATE INCOME STANDARDS
OWNERSHIP HOUSING DEVELOPMENT PROTOTYPES**

| | Coyote Canyon Prototype | Dover Shores & Westcliff Prototype | West Newport Mesa & Banning Ranch Prototype | Newport Center Prototype |
|---|-------------------------------|--|---|--------------------------------|
| I. <u>Project Description</u> | | | | |
| A. Site Area (Acres) | 5.0 | 1.5 | 6.0 | 4.3 |
| B. Density (Units/Acre) | 18 | 20 | 20 | 19 |
| C. Total Units | 90 | 30 | 120 | 79 |
| II. Developer Profit - Market Rate Scenario ¹ | 14.2% | 11.2% | 12.3% | 16.3% |
| III. Supportable Moderate Income Requirement | 8% | 8% | 8% | 6% |
| IV. <u>Alternative Inclusionary Housing Requirements</u> | | | | |
| A. <u>Property Acquisition Cost Reduction</u> | | | | |
| Supportable Moderate Income Requirement | 16.0% | 14.0% | 18.0% | 20.0% |
| 5% Moderate Income Requirement | 11.0% | 6.0% | 12.0% | 15.0% |
| 10% Moderate Income Requirement | 20.0% | 20.0% | 23.0% | 33.0% |
| 15% Moderate Income Requirement | 32.0% | 35.0% | 35.0% | 51.0% |
| 20% Moderate Income Requirement | 41.0% | 42.0% | 47.0% | 69.0% |
| B. <u>% Price Increase to Offset Impact</u> | | | | |
| Supportable Moderate Income Requirement | 5.4% | 5.3% | 5.5% | 5.6% |
| 5% Moderate Income Requirement | 3.7% | 2.3% | 3.6% | 4.2% |
| 10% Moderate Income Requirement | 7.2% | 8.0% | 7.5% | 9.7% |
| 15% Moderate Income Requirement | 12.1% | 14.7% | 11.9% | 15.7% |
| 20% Moderate Income Requirement | 16.5% | 18.2% | 17.1% | 22.7% |

¹ As a % of Total Development Cost.

5% MODERATE INCOME INCLUSIONARY HOUSING REQUIREMENT

The analysis of a 5% moderate income Inclusionary Housing requirement generates impacts that are significantly lower than the benchmarks applied in the KMA evaluation. Thus, it is a clear that a 5% moderate income Inclusionary Housing requirement for ownership housing development projects can be supported.

10% MODERATE INCOME INCLUSIONARY HOUSING REQUIREMENT

With the exception of the Newport Center prototype ownership development, the imposition of a 10% moderate income requirement meets the 25% benchmark KMA set for the property acquisition cost reduction test. However, the percentage increase in market rate prices needed to offset the impact created by a 10% requirement are materially higher for each of the prototypes than the 6% benchmark applied in the KMA evaluation.

15% AND 20% MODERATE INCOME INCLUSIONARY HOUSING REQUIREMENTS

The imposition of 15% and 20% moderate income Inclusionary Housing requirements exceeds both the benchmarks being applied by significant amounts. In fact, under the 20% moderate income Inclusionary Housing requirement, the impact created by the income and affordability standards effectively eliminates any developer profit.

D. Recommended Inclusionary Housing Requirement

As discussed previously, KMA takes a conservative approach in setting benchmark impact standards for evaluating the impact created by income and affordability controls. Based on our financial analyses, it is KMA's recommendation that a 6% moderate income Inclusionary Housing requirement be imposed in the Newport Center area, and that an 8% moderate income Inclusionary Housing requirement be imposed throughout the rest of Newport Beach.

V. APARTMENT DEVELOPMENT ANALYSIS

A. Basic Requirements

With the passage of AB 1505, jurisdictions were once again allowed to impose Inclusionary Housing requirements on apartment development projects. However, in its October 21, 2019 technical memorandum HCD asserted the following:

1. HCD's authority to review Inclusionary Housing ordinances as part of the Housing Element review process; and
2. That a 15% standard, at an income threshold no more stringent than 80% of AMI, would not trigger an HCD review of a jurisdiction's Inclusionary Housing program.

Based on these factors, the apartment development analysis assumes that the Inclusionary Housing requirements will be set at the low income level.

B. Creation of Prototype Projects

The apartment development prototypes used in this analysis were created based on the results of the KMA market surveys, and a review of projects that have recently been proposed or constructed in Newport Beach. The KMA market surveys were also used to estimate the achievable market rate rents for the prototype units. Prototypes were evaluated for apartment development in the following areas:⁷

1. Airport Area;
2. Coyote Canyon Area;
3. West Newport Mesa and Banning Ranch Area; and
4. Newport Center Area.

⁷ The Dover Shores & Westcliff Area was excluded from this portion of the analysis, because the characteristics of the potential development sites are not conducive to large scale development.

C. Pro Forma Analyses

MARKET RATE SCENARIO

The 100% market rate unit apartment development prototypes provide baselines against which to measure the impacts associated with the imposition of affordable housing requirements. The pro forma analyses for the 100% market rate unit scenarios are organized as follows:

| Pro Forma Analysis - 100% Market Rate Scenario | |
|--|---|
| Apartment Development Prototypes | |
| Table 1: | Estimated Development Costs |
| Table 2: | Estimated Stabilized Net Operating Income |
| Table 3: | Estimated Developer Return |

The stabilized return on investment generated by the 100% market rate scenarios is used as the benchmark return for the purpose of estimating the impacts created by the imposition of Inclusionary Housing obligations. Using the measurement tools that were described in the ownership housing development section of this report, KMA estimated the financial impacts created by the imposition of low income Inclusionary Housing requirements on apartment development.

AFFORDABLE HOUSING SCENARIOS

To assist in establishing the Inclusionary Housing production requirements that can be supported, KMA created prototype development scopes that comport with each development site's base zoning requirements and that include a low income component. KMA also created Section 65915 density bonus prototypes to assist in determining whether the benefits created by the density increases outweigh the impacts created by deeper affordability requirements.

The Section 65915 (f) (2) density bonus affordability standards are applied in this analysis. This Section provides a 50% density bonus to projects in which at least 15% of the units allowed under the property's base zoning standards are set aside for very low income households.⁸ Under the

⁸ Section 65915 (f) (1) allows a project to receive a 50% density bonus if 24% of the base zoning units are set aside for low income households. However, absent a requirement imposed by another source, the 15% very low income standard generates less financial impact than a 24% low income standard.

Napa ruling, the City must allow very low income units to be counted towards the fulfillment of requirements that are set at higher income categories.

The pro forma analyses for the affordable housing scenarios are organized as follows:

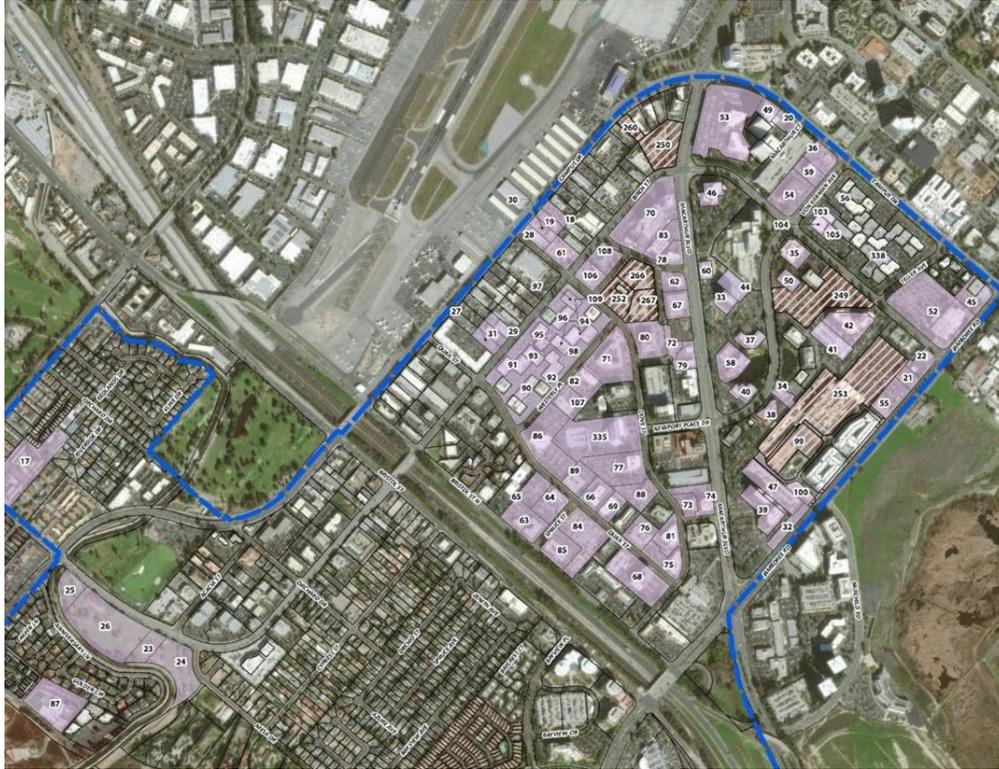
| Pro Forma Analysis - Inclusionary Housing Component Apartment Development Prototypes | |
|--|---|
| Table 1: | Estimated Development Costs |
| Table 2: | Estimated Stabilized Net Operating Income |
| Table 3: | Inclusionary Housing Impacts |

The Affordable Rent calculation methodology is described in Attachment 2: Appendix B. Using the H&SC Section 50053 rent calculation methodology, the affordable rents will not vary from area to area. The affordable rent calculations are detailed in Attachment 4: Appendix B, and are presented in the following table:

| Affordable Rents Apartment Development Prototypes | | |
|--|------------|--------------------|
| Number of Bedrooms | Low Income | Very Low Income |
| 0 | \$1,257 | \$1,031 |
| 1 | \$1,432 | \$1,174 |
| 2 | \$1,581 | \$1,290 |
| 3 | \$1,732 | \$1,410 |

AIRPORT AREA PROTOTYPE APARTMENT DEVELOPMENT ANALYSIS

The pro forma analyses for the Airport Area prototype apartment development are provided in Attachment 4: Appendix C. A map of the Airport area follows:



The development scope for the Airport Area prototype apartment development is summarized in the following table:

| Development Scope Summary | | | |
|--|------|-----------------------|-----|
| Airport Area Prototype Apartment Development | | | |
| Site Area (Acres) | 2.35 | <u>Unit Mix</u> | |
| Density (Units Per Acre) | 50 | Studio Units | 12 |
| <u>Parking</u> | | One-Bedroom Units | 53 |
| Above Ground Spaces | 110 | Two-Bedroom Units | 47 |
| Subterranean Spaces | 207 | Three-Bedroom Units | 6 |
| Total Spaces | 317 | Total Number of Units | 118 |

*Estimated Development Costs:
Airport Area Prototype Apartment Development*

The development costs for the Airport Area prototype apartment development are estimated at \$90.2 million. This equates to \$764,000 per unit, or \$791 per square foot of gross leasable area (GLA).

*Projected Market Rate Rents:
Airport Area Apartment Development*

The market survey includes projects in the vicinity of John Wayne Airport in the cities of Newport Beach, Irvine and Costa Mesa. The survey is presented in Attachment 4: Appendix A – Exhibit I. The resulting rents that were applied in the prototype analysis are summarized in the following table:

| Projected Market Rate Rents Airport Area Prototype Apartment Development | |
|--|---------|
| Studio Units | \$2,621 |
| One-Bedroom Units | \$3,379 |
| Two-Bedroom Units | \$4,798 |
| Three-Bedroom Units | \$5,339 |
| Average Monthly Rent Per Square Foot of Leasable Area | \$4.11 |

*Findings:
Airport Area Apartment Prototype Development*

The KMA pro forma analysis of the Airport Area prototype apartment development generated a 4.4% estimated stabilized return on investment. This serves as the benchmark by which the two affordability scenarios were measured.

The analysis of a low income scenario that is developed in accordance with the property’s base zoning requirements supported an 8% Inclusionary Housing requirement. The financial impacts associated with this scenario are presented in the following table:

8% Low Income Inclusionary Housing Requirement
 Airport Area Prototype Apartment Development

| | |
|--|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 23% |
| The increase in market rate rents that would be needed to offset the proposed requirements. | 5.2% |

The pro forma analysis of the Section 65915 density bonus prototype indicates that the 50% density bonus and statutorily provided concessions or incentives offset the impacts created by the requirement to set aside 15% of the base zoning units for very low income households. Thus, it is KMA’s conclusion that a 15% very low income requirement can be supported by projects that can make use of the density bonus on an efficient basis.

COYOTE CANYON PROTOTYPE APARTMENT DEVELOPMENT ANALYSIS

The pro forma analyses for the Coyote Canyon prototype apartment development are provided in Attachment 4: Appendix D. A map of the Coyote Canyon area follows, and a summary of the development scope is presented on the following page.



| Development Scope Summary | | | |
|---|-----|-----------------------|-----|
| Coyote Canyon Prototype Apartment Development | | | |
| Site Area (Acres) | 2.5 | <u>Unit Mix</u> | |
| Density (Units Per Acre) | 60 | One-Bedroom Units | 52 |
| <u>Parking</u> | | Two-Bedroom Units | 83 |
| At Grade Spaces | 75 | Three-Bedroom Units | 15 |
| Above Ground Spaces | 300 | | |
| Total Spaces | 375 | Total Number of Units | 150 |

Estimated Development Costs:

Coyote Canyon Prototype Apartment Development

The development costs for the Coyote Canyon prototype apartment development are estimated at \$108.1 million. This equates to \$721,000 per unit, or \$685 per square foot of GLA.

Projected Market Rate Rents:

Coyote Canyon Prototype Apartment Development

To assist in projecting the achievable market rate apartment rents, KMA compiled rent data for apartment projects located in Newport Beach and Irvine in the general vicinity of Coyote Canyon. These projects were all developed between 1991 and 2003.

The market survey is presented in Attachment 4: Appendix A – Exhibit II. The resulting rents that were applied in the prototype analysis are summarized in the following table:

| Projected Market Rate Rents | |
|---|---------|
| Coyote Canyon Prototype Apartment Development | |
| One-Bedroom Units | \$3,258 |
| Two-Bedroom Units | \$3,999 |
| Three-Bedroom Units | \$5,081 |
| Average Monthly Rent Per Square Foot of Leasable Area | \$3.66 |

Findings:

Coyote Canyon Prototype Apartment Development

The KMA pro forma analysis of the Coyote Canyon prototype apartment development generated a 4.5% estimated stabilized return on investment. This serves as the benchmark by which the two affordability scenarios were measured.

The analysis of a low income scenario that is developed in accordance with the property’s base zoning requirements supported a 7% Inclusionary Housing requirement. The financial impacts associated with this scenario are presented in the following table:

| 7% Low Income Inclusionary Housing Requirement Coyote Canyon Prototype Apartment Development | |
|--|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 26% |
| The increase in market rate rents that would be needed to offset the proposed requirements. | 4.7% |

The pro forma analysis results indicate that the stabilized return on investment generated by the 50% Section 65915 density bonus scenario is significantly lower than the estimated return for the 100% market rate scenario. This is explained by the fact that the rezoning to an allowable density of 60 units per acre maximizes the overall value of the development. Thus, it is KMA’s conclusion the supportable Inclusionary Housing requirement is limited to a 7% low income obligation.

WEST NEWPORT MESA & BANNING RANCH APARTMENT DEVELOPMENT ANALYSIS

The pro forma analyses for the West Newport Mesa & Banning Ranch prototype apartment development are provided in Attachment 4: Appendix E. Maps of the two areas are presented on the following page.

A summary of the development scope is presented in the following table:

| Development Scope Summary | | | |
|---|-----|-----------------------|-----|
| West Newport Mesa & Banning Ranch Prototype Apartment Development | | | |
| Site Area (Acres) | 2.5 | <u>Unit Mix</u> | |
| Density (Units Per Acre) | 50 | Studio Units | 6 |
| <u>Parking</u> | | One-Bedroom Units | 69 |
| At Grade Spaces | 63 | Two-Bedroom Units | 50 |
| Above Ground Spaces | 156 | | |
| Total Spaces | 219 | Total Number of Units | 125 |

Estimated Development Costs:

West Newport Mesa & Banning Ranch Prototype Apartment Development

The development costs for the West Newport Mesa & Banning Ranch prototype apartment development are estimated at \$83.5 million. This equates to \$668,000 per unit, or \$737 per square foot of GLA.

Projected Market Rate Rents:

West Newport Mesa & Banning Ranch Prototype Apartment Development

KMA’s did not discover any new apartment development in the West Newport Mesa area, and as discussed previously, there is currently no development in the Banning Ranch area. KMA ultimately surveyed recently constructed apartment projects in Costa Mesa to serve as a surrogate for the West Newport Mesa & Banning Ranch area.

The market survey is presented in Attachment 4: Appendix A – Exhibit III. The resulting rents that were applied in the prototype analysis are summarized in the following table:

| Projected Market Rate Rents West Newport Mesa & Banning Ranch Prototype Apartment Development | |
|---|---------|
| Studio Units | \$2,269 |
| One-Bedroom Units | \$3,159 |
| Two-Bedroom Units | \$3,682 |
| Average Monthly Rent Per Square Foot of Leasable Area | \$3.67 |

Findings:

West Newport Mesa & Banning Ranch Prototype Apartment Development

The KMA pro forma analysis of the West Newport Mesa & Banning Ranch prototype apartment development generated a 4.1% estimated stabilized return on investment. This serves as the benchmark by which the two affordability scenarios were measured.

The analysis of a low income scenario that is developed in accordance with the property’s base zoning requirements supported an 8% Inclusionary Housing requirement. The financial impacts associated with this scenario are presented in the following table:

| 8% Low Income Inclusionary Housing Requirement West Newport Mesa & Banning Ranch Prototype | |
|--|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 18% |
| The increase in market rate rents that would be needed to offset the proposed requirements. | 5.1% |

The pro forma analysis results indicate that the stabilized return on investment generated by the 50% Section 65915 density bonus scenario is significantly lower than the estimated return for the 100% market rate scenario. This is explained by the fact that the rezoning that increased the allowable density to 50 units per acre maximizes the overall value of the development. Thus, it is KMA’s conclusion the supportable Inclusionary Housing requirement is limited to an 8% low income obligation.

NEWPORT CENTER PROTOTYPE APARTMENT DEVELOPMENT ANALYSIS

The pro forma analyses for the Newport Center prototype apartment development are provided in Attachment 4: Appendix F. A map of the area and a summary of the development scope, follow.



| Development Scope Summary | | | |
|--|------------|------------------------------|------------|
| Newport Center Prototype Apartment Development | | | |
| Site Area (Acres) | 2.7 | <u>Unit Mix</u> | |
| Density (Units Per Acre) | 50 | One-Bedroom Units | 47 |
| <u>Parking</u> | | Two-Bedroom Units | 81 |
| Above Ground Spaces | 178 | Three-Bedroom Units | 7 |
| Above Ground Spaces | 58 | | |
| Total Spaces | 236 | Total Number of Units | 135 |

*Estimated Development Costs:
Newport Center Prototype Apartment Development*

The development costs for the Newport Center prototype apartment development are estimated at \$148.6 million. This equates to \$1,101,000 per unit, or \$1,283 per square foot of GLA. This cost estimate reflects the premium quality nature of apartment development in the Newport Center area.

*Projected Market Rate Rents:
Newport Center Prototype Apartment Development*

To assist in projecting the achievable market rate apartment rents, KMA compiled rent data for three apartment projects located in and around the Newport Center area. One project was constructed in 2017, one project was completely renovated in 2015, and one project was constructed in 1997.

The market survey is presented in Attachment 4: Appendix A – Exhibit IV. The resulting rents that were applied in the prototype analysis are summarized in the following table:

| Projected Market Rate Rents Newport Center Prototype Apartment Development | |
|--|---------|
| One-Bedroom Units | \$4,830 |
| Two-Bedroom Units | \$5,016 |
| Three-Bedroom Units | \$8,770 |
| Average Monthly Rent Per Square Foot of Leasable Area | \$6.00 |

*Findings:
Newport Center Prototype Apartment Development*

The KMA pro forma analysis of the Newport Center prototype apartment development generated a 4.2% estimated stabilized return on investment. This serves as the benchmark by which the two affordability scenarios were measured.

The analysis of a low income scenario that is developed in accordance with the property’s base zoning requirements supported a 7% Inclusionary Housing requirement. The financial impacts associated with this scenario are presented in the following table:

| 7% Low Income Inclusionary Housing Requirement Newport Center Prototype Apartment Development | |
|--|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 12% |
| The increase in market rate rents that would be needed to offset the proposed requirements. | 4.9% |

The pro forma analysis results indicate that the estimated stabilized return on investment for the 50% density bonus scenario is actually projected to be higher than the return generated by the 100% market rate scenario. Thus, it is KMA’s conclusion that a 15% very low income requirement can be supported by projects that can make use of the density bonus on an efficient basis.

D. Summary: Apartment Development Analyses

The preceding section of this Financial Evaluation used pro forma analyses of prototype apartment development projects to assist in identifying the Inclusionary Housing production requirements that can currently be supported. The focus areas that were evaluated are:

1. Airport Area;
2. Coyote Canyon Area;
3. West Newport Mesa & Banning Ranch Area; and
4. Newport Center Area.

KMA’s primary analysis is based on prototype apartment development projects that comport with the base zoning code standards imposed on the development sites. Under that assumption, the results of the analyses indicate that the following Inclusionary Housing requirements can be supported:

| Supportable Inclusionary Housing Requirements | |
|---|---|
| Apartment Development | |
| Airport Area | 8% Low Income or 15% Very Low Income |
| Coyote Canyon | 7% Low Income |
| West Newport Mesa & Banning Ranch | 8% Low Income |
| Newport Center | 7% Low Income or 15% Very Low Income |

At the City’s request, KMA prepared pro forma analyses for low income Inclusionary Housing production requirements ranging from 5% to 20% to compare the financial impacts generated at each affordable housing set aside requirement. The results of these analyses are summarized in the following table.

**SUMMARY: ALTERNATIVE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
LOW INCOME STANDARD
APARTMENT DEVELOPMENT PROTOTYPES**

| | Airport Area Prototype | Coyote Canyon Prototype | West Newport Mesa & Banning Ranch Prototype | Newport Center Prototype |
|--|---------------------------|----------------------------|---|-----------------------------|
| I. <u>Project Description</u> | | | | |
| A. Site Area (Acres) | 2.35 | 2.50 | 2.70 | 2.50 |
| B. Density (Units/Acre) | 50 | 60 | 50 | 50 |
| C. Total Units | 118 | 150 | 125 | 135 |
| II. Return on Total Investment - Mkt Rate Scenario | 4.4% | 4.5% | 4.1% | 4.2% |
| II. Supportable Low Income Requirement | 8.0% | 7.0% | 8.0% | 7.0% |
| III. <u>Alternative Inclusionary Housing Requirements</u> | | | | |
| A. <u>Property Acquisition Cost Reduction</u> | | | | |
| Supportable Low Income Requirement | 22.7% | 26.1% | 18.3% | 11.9% |
| 5% Low Income Requirement | 15.6% | 19.2% | 11.1% | 9.3% |
| 10% Low Income Requirement | 35.1% | 36.6% | 23.0% | 20.0% |
| 15% Low Income Requirement | 50.7% | 55.1% | 34.1% | 27.9% |
| 20% Low Income Requirement | 66.8% | 72.7% | 45.0% | 37.2% |
| B. <u>% Rent Increase to Offset Impact</u> | | | | |
| Supportable Low Income Requirement | 5.2% | 4.7% | 5.1% | 4.9% |
| 5% Low Income Requirement | 3.1% | 3.4% | 3.0% | 3.8% |
| 10% Low Income Requirement | 7.5% | 6.8% | 6.6% | 8.6% |
| 15% Low Income Requirement | 11.4% | 10.9% | 10.3% | 12.6% |
| 20% Low Income Requirement | 16.0% | 15.2% | 14.5% | 17.8% |

5% LOW INCOME INCLUSIONARY HOUSING REQUIREMENT

The analysis of a 5% low income Inclusionary Housing requirement generates impacts that are significantly lower than both benchmarks applied in the KMA evaluation. Thus, it is a clear that a 5% low income Inclusionary Housing requirement for apartment development projects can be supported.

10%, 15% AND 20% LOW INCOME INCLUSIONARY HOUSING REQUIREMENTS

The impacts created by Inclusionary Housing requirements set at 10%, 15% and 20% exceed both benchmark tests by significant margins.

E. Section 65915 Density Bonus

It is important to remember that there is an incentive for developers that are subject to Inclusionary Housing obligations to use the Section 65915 density bonus to mitigate the impacts created by the income and affordability controls. For the purposes of this analysis, KMA assumed that typically developers would choose to set aside 15% of the base zoning units for very low income households in return for receiving a 50% density bonus.⁹

The density bonus percentage that can be used on an efficient basis is dependent on the characteristics of the development site. Based on the results of the pro forma analyses KMA concluded that the density bonus enhances the project economics in the Airport Area and the Newport Center Area. This conclusion is based on the assumption that the benefits created by the density bonus and the statutorily provided concessions or incentives offset the financial impacts created by allocating 15% of the base zoning units to very low income households.

In the Coyote Canyon and West Newport Mesa & Banning Ranch Areas the density increases provided by the City's rezoning activities maximize the overall value of residential development under current economic conditions. As such, it should not be assumed that developers will make use of the Section 65915 density bonus. However, it should be noted that there will likely be cases where developers conclude that using the Section 65915 density will enhance the project economics. In those instances developers will voluntarily provide a greater number of affordable units at deeper affordability levels than would be required under the policy being recommended by KMA.

⁹ A 50% density bonus is also provided for projects that allocate 24% of the base zoning units to low income households. However, it is mathematically advantageous to select the 15% very low income option.

As discussed previously, to adhere to HCD guidance, KMA is recommending that the Inclusionary Housing production requirements for apartment development be set at the low income level. However, in accordance with the ruling in the *Napa* case, a developer must be allowed use very low income units being provided to fulfill Section 65915 density bonus requirements to also fulfill a low income Inclusionary Housing requirement imposed by the City.

VI. IN-LIEU FEE ANALYSES

The following in-lieu fee analyses are provided to assist the City in creating specific in-lieu fee policies to be applied as part of an Inclusionary Housing program. KMA estimated the supportable in-lieu fee amounts based on the Affordability Gaps associated with the on-site development of Inclusionary Units within market rate ownership housing and apartment projects.

A. Ownership Housing Development

The KMA in-lieu fee estimates for ownership housing development projects are presented in Attachment 5: Appendix A. The pro forma analyses presented in the Ownership Housing Development Analysis section of this Financial Evaluation support an 8% moderate income Inclusionary Housing requirement in three focus areas, and a 6% moderate income requirement in the Newport Center area.

The KMA in-lieu fee estimates for ownership housing development are summarized in the following table:

| In-Lieu Fees Associated with the Supportable Inclusionary Housing Requirements | | | |
|--|-----------------------|----------------------|----------------------------------|
| Ownership Housing Development | | | |
| Subarea | Per Inclusionary Unit | Per Market Rate Unit | Per Square Foot of Saleable Area |
| Coyote Canyon | \$1,038,700 | \$80,790 | \$50.50 |
| Dover Shores & Westcliff | \$1,576,300 | \$105,090 | \$48.70 |
| West Newport & Banning Ranch | \$1,264,600 | \$94,850 | \$44.20 |
| Newport Center | \$4,494,900 | \$284,490 | \$109.20 |

B. Apartment Development

KMA estimated the supportable in-lieu fee amounts for apartment development based on the Affordability Gaps associated with the on-site development of Inclusionary Units within market rate apartment projects. The Affordability Gaps for apartment units are estimated in Attachment 5: Appendix B using the following methodology:

1. KMA prepared the analyses based on a 7% low income Inclusionary Housing requirement in the Coyote Canyon and Newport Center Areas and an 8% requirement in the Airport and West Newport Mesa & Banning Areas. These are the percentages that were supported by the apartment development pro forma analyses.
2. The differences between the estimated achievable market rate rents and the defined Affordable Rents were calculated.
3. KMA assumed that the property taxes for projects that include designated affordable housing units would be based on a lower assessed value than a 100% market rate project due to the reduction in net operating income that would be generated by the project. KMA deducted this lower property tax expense from the estimated rent difference.
4. The “Net Annual Rent Difference Per Inclusionary Unit” is equal to the “Annual Rent Difference Per Inclusionary Unit” minus the property tax savings.
5. The “Affordability Gap Per Inclusionary Unit” is equal to Annual Rent Difference Per Inclusionary Unit capitalized at the benchmark returns derived from the pro forma analyses of the market rate scenarios.
6. The Affordability Gaps Per Inclusionary Unit were translated into in-lieu fees per square foot of leasable area.

The KMA in-lieu fee estimates for apartment development projects are presented in Attachment 5: Appendix B, and summarized in the following table:

| In-Lieu Fees Associated with the Supportable Inclusionary Housing Requirements | | | |
|--|-----------------------|----------------------|----------------------------------|
| Apartment Development | | | |
| Subarea | Per Inclusionary Unit | Per Market Rate Unit | Per Square Foot of Saleable Area |
| Airport Area | \$516,400 | \$39,390 | \$40.80 |
| Coyote Canyon | \$467,400 | \$34,280 | \$32.60 |
| West Newport & Banning Ranch | \$406,800 | \$32,540 | \$35.90 |
| Newport Center | \$778,900 | \$51,930 | \$60.50 |

VII. SUMMARY

The Financial Evaluation assumptions and findings are summarized in Summary Tables 1, 2 and 3 that are presented at the conclusion of this report. Based on the results of the Financial Evaluation, the following Inclusionary Housing production requirements can be supported:

| Supportable Inclusionary Housing Requirements Ownership Housing Development | |
|--|--------------------|
| Coyote Canyon | 8% Moderate Income |
| Dover Shores & Westcliff | 8% Moderate Income |
| West Newport Mesa & Banning Ranch | 8% Moderate Income |
| Newport Center | 6% Moderate Income |

| Supportable Inclusionary Housing Requirements Apartment Development | |
|--|---|
| Airport Area | 8% Low Income or 15% Very Low Income |
| Coyote Canyon | 7% Low Income |
| West Newport Mesa & Banning Ranch | 8% Low Income |
| Newport Center | 7% Low Income or 15% Very Low Income |

The KMA conclusions are based on the following factors:

1. The courts have not provided guidance for defining the meaning of confiscatory or a reasonable return on a property owner's investment.
2. Using a conservative approach, KMA created benchmark impacts against which potential Inclusionary Housing requirements would be measured.
3. The recommended Inclusionary Housing requirements are based on the pro forma analyses KMA undertook as part of this Financial Evaluation. When these requirements were applied, the prototype projects in each focus area achieved the benchmark standards that KMA created.

It is important to note that the percentages identified above are tied to the production of the Inclusionary Units on site within a market rate residential development. A detailed set of policy recommendations for the alternative means of fulfilling the Inclusionary Housing requirements will be provided at the City's request. These recommendations will be guided by input provided by the City staff and the City Council.

SUMMARY TABLE #1
OWNERSHIP HOUSING DEVELOPMENT PROTOTYPES

| | Coyote Canyon Prototype | Dover Shores & Westcliff Prototype | West Newport Mesa & Banning Ranch Prototype | Newport Center Prototype |
|--|-------------------------------|--|---|--------------------------------|
| I. <u>Project Description</u> | | | | |
| A. Site Area (Acres) | 5.0 | 1.5 | 6.0 | 4.3 |
| B. Density (Units/Acre) | 18 | 20 | 20 | 19 |
| C. Unit Mix | | | | |
| Two-Bedroom Units | 45 | 0 | 24 | 63 |
| Three-Bedroom Units | 45 | 18 | 54 | 16 |
| Four-Bedroom Units | 0 | 12 | 42 | 0 |
| Total Units | 90 | 30 | 120 | 79 |
| D. Gross Saleable Area | | | | |
| Square Feet | 144,000 | 64,800 | 257,400 | 205,721 |
| Per Unit | 1,600 | 2,160 | 2,145 | 2,604 |
| E. Parking Spaces Per Unit | 2.0 | 2.0 | 2.0 | 2.0 |
| II. <u>Development Costs - Market Rate Scenario</u> | | | | |
| Total Development Cost | \$111,139,000 | \$52,537,000 | \$175,553,000 | \$303,162,000 |
| Per Unit | \$1,235,000 | \$1,751,000 | \$1,463,000 | \$3,837,000 |
| Per Square Foot of GBA | \$772 | \$811 | \$682 | \$1,474 |
| III. <u>Market Rate Sales Price Per Unit</u> | | | | |
| Two-Bedroom Units | \$1,319,700 | | \$1,188,600 | \$4,717,800 |
| Three-Bedroom Units | \$1,663,900 | \$1,926,500 | \$1,554,800 | \$4,733,700 |
| Four-Bedroom Units | | \$2,261,000 | \$2,290,900 | |
| IV. <u>Affordable Sales Price - Moderate Income Units</u> | | | | |
| Two-Bedroom Units | \$433,200 | | \$433,200 | \$219,500 |
| Three-Bedroom Units | \$473,000 | \$473,000 | \$473,000 | \$252,300 |
| Four-Bedroom Units | | \$500,400 | \$500,400 | |
| V. Average Affordability Gap Per Inclusionary Unit | \$1,038,700 | \$1,576,300 | \$1,264,600 | \$4,494,900 |
| VI. <u>Developer Profit - Market Rate Scenario</u> | | | | |
| As a % of Total Development Cost | 14.2% | 11.2% | 12.3% | 16.3% |
| VII. Supportable Inclusionary Housing | 8% | 8% | 8% | 6% |
| VIII. In-Lieu Fee Per Sf of Gross Saleable Area | \$50.50 | \$48.70 | \$44.20 | \$109.20 |

SUMMARY TABLE #2
APARTMENT DEVELOPMENT PROTOTYPES: ZONING COMPLIANT SCENARIOS

| | Airport Area Prototype | Coyote Canyon Prototype | West Newport Mesa & Banning Ranch Prototype | Newport Center Prototype |
|---|---------------------------|----------------------------|---|-----------------------------|
| I. Project Description | | | | |
| A. Site Area (Acres) | 2.35 | 2.50 | 2.50 | 2.70 |
| B. Density (Units/Acre) | 50 | 60 | 50 | 50 |
| C. Unit Mix | | | | |
| Studio Units | 12 | 0 | 6 | 0 |
| One-Bedroom Units | 53 | 52 | 69 | 47 |
| Two-Bedroom Units | 47 | 83 | 50 | 81 |
| Three-Bedroom Units | 6 | 15 | 0 | 7 |
| Total Units | 118 | 150 | 125 | 135 |
| D. Gross Leasable Area | | | | |
| Square Feet | 113,942 | 157,820 | 113,200 | 115,850 |
| Per Unit | 966 | 1,052 | 906 | 858 |
| E. Parking Spaces Per Unit | 2.69 | 2.50 | 1.75 | 1.75 |
| II. Development Costs - Market Rate Scenario | | | | |
| Total Development Cost | \$90,170,000 | \$108,115,000 | \$83,467,000 | \$148,585,000 |
| Per Unit | \$764,000 | \$721,000 | \$668,000 | \$1,101,000 |
| Per Square Foot of Leasable Area | \$791 | \$685 | \$737 | \$1,283 |
| III. Market Rate Rents Per Unit | | | | |
| Studio Units | \$2,621 | | \$2,269 | |
| One-Bedroom Units | \$3,379 | \$3,258 | \$3,159 | \$4,830 |
| Two-Bedroom Units | \$4,798 | \$3,999 | \$3,682 | \$5,016 |
| Three-Bedroom Units | \$5,339 | \$5,081 | | \$8,770 |
| IV. Affordable Rents - Low Income Units | | | | |
| Studio Units | \$1,031 | | | |
| One-Bedroom Units | \$1,174 | \$1,174 | \$1,174 | \$1,174 |
| Two-Bedroom Units | \$1,290 | \$1,290 | \$1,290 | \$1,290 |
| Three-Bedroom Units | | \$1,410 | | \$1,410 |
| V. Average Affordability Gap Per Inclusionary Unit | \$516,400 | \$467,400 | \$406,800 | \$778,900 |
| VI. ROTI - Market Rate Scenario | 4.4% | 4.5% | 4.1% | 4.2% |
| VII. Supportable Inclusionary Housing Percentage | 8% | 7% | 8% | 7% |
| VIII. In-Lieu Fee Per Per Square Foot of Leasable Area | \$40.80 | \$32.60 | \$35.90 | \$60.50 |

¹ ROTI = Return on Total Investment.

SUMMARY TABLE #3

APARTMENT DEVELOPMENT PROTOTYPES: \$65915 DENSITY BONUS SCENARIOS

| | <u>Airport Area Prototype</u> | <u>Newport Center Prototype</u> |
|--|-------------------------------|---------------------------------|
| I. <u>Project Description</u> | | |
| A. Site Area (Acres) | 2.35 | 2.70 |
| B. Density (Units/Acre) | 75 | 75 |
| C. <u>Unit Mix</u> | | |
| Studio Units | 18 | 0 |
| One-Bedroom Units | 79 | 71 |
| Two-Bedroom Units | 71 | 122 |
| Three-Bedroom Units | 9 | 10 |
| Total Units | 177 | 203 |
| D. <u>Gross Leasable Area</u> | | |
| Square Feet | 171,165 | 174,050 |
| Per Unit | 967 | 857 |
| E. Parking Spaces Per Unit | 1.75 | 1.75 |
| II. <u>Development Costs</u> | | |
| Total Development Cost | \$124,483,000 | \$200,339,000 |
| Per Unit | \$703,000 | \$987,000 |
| Per Square Foot of GBA | \$727 | \$1,151 |
| III. <u>Market Rate Rents Per Unit</u> | | |
| Studio Units | \$2,621 | |
| One-Bedroom Units | \$3,379 | \$4,830 |
| Two-Bedroom Units | \$4,798 | \$5,016 |
| Three-Bedroom Units | \$5,339 | \$8,770 |
| IV. Percentage of Very Low Income Units | ¹ 15% | 15% |
| V. <u>Return on Total Investment</u> | | |
| Market Rate Scenario | ² 4.36% | 4.19% |
| Density Bonus Scenario | 4.38% | 4.30% |

¹ The income restriction is set at the very-low income level to maximize the benefits provided by the State Density Bonus. The requirement is based on the number of units allowed by a zoning compliant project and must be counted towards fulfillment of a low income Inclusionary Housing requirements.

² See SUMMARY TABLE #2. Based on the zoning compliant development scopes.

ATTACHMENT 1

INCLUSIONARY HOUSING PROGRAM SURVEYS INCLUSIONARY HOUSING: FINANCIAL EVALUATION NEWPORT BEACH, CALIFORNIA

APPENDIX A

INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|--------------|---|-------------|---------------------|---------------------------|---|---------------------------------------|---------------------------|---|---------------------------------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |
| Agoura Hills | Create on-site units; pay an in-lieu fee for the required Low and/or Moderate Income Units. In-lieu fee cannot be paid to fulfill the very low income requirement. | 15% | No | 10 | 7% @ VL + 4% @ Low + 4% @ mod | 55 | 10 | 7% @ VL + 4% @ Low + 4% @ mod | 45 |
| Alameda | Create on-site units; create off-site units; pay in-lieu fee. Full sch | 15% | No | 5 | 4% @ VL + 4% @ Low + 7% @ Mod | 59 | 5 | 4% @ VL + 4% @ Low + 7% @ Mod | 59 |
| Albany | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. | 15% | Yes | 5 | | Perpetual | 5 | | Perpetual |
| Alhambra | Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas. | 15% | No | 5 | 6% at 120% AMI+ 9% at 80% AMI | | 5 | 6% at 120% AMI+ 9% at 80% AMI | |
| Avalon | Create on-site units; create off-site units; pay in-lieu fee. Full sch | 20% | No | 4 | Decided per project | 55 | 4 | Decided per project | 55 |
| Berkeley | Create on-site units; pay in-lieu fee. | 20% | No | 5 | 80% unless subsidies are available | Life of the Building | 5 | 80% | Life of the Building |
| Brea | On-site units; pay in-lieu fee; land dedication; acquisition and conversion of other units within city. City provides incentives to mitigate the impact of the requirement. | 10% | Yes | 10 | 5% ELI; or 7% VLI + 3% up to 140% AMI; or 10% LI +5% up to 140% AMI; or 20% 120% AMI; or 30% 140% AMI | 55 | 10 | 5% ELI; or 7% VLI + 3% up to 140% AMI; or 10% LI +5% up to 140% AMI; or 20% 120% AMI; or 30% 140% AMI | 45 |
| Burbank | Create on-site units; create off-site units through new construction, substantial rehabilitation, or adaptive reuse; donate land; pay in-lieu fee. | 15% | No | 5 | 5% @ Very Low + 10% @ Low | > of 55 years or as long as resid use | 5 | Mod | > of 55 years or as long as resid use |
| Calabasas | Create on-site units; create off-site units; convert market rate units; preserve or rehab existing housing; pay in-lieu fee. | 20% | No | 5 | 20% @ 110%; 15% @ 90%; 10% @ 75%; or 5% at 50% | | 5 | 20% @ 110%; 15% @ 90%; 10% @ 75%; or 5% at 50% of AMI | |
| Campbell | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. | 15% | No | 10 | 6% @ VL + 9% @ Low | 55 | 10 | 120% | 45 |
| Capitola | Create on-site units; pay in-lieu fee. | 15% | Yes | | | | 7 | 120% | Life of Bldg |
| Carlsbad | Create units; pay in-lieu fee. Reduced requirement is provided if the affordable units are set at very low or extremely low income. | 15% | No | 1 | Low | 55 | 1 | Low | 30 |

APPENDIX A

INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|---------------------|---|-------------|---------------------|---------------------------|--|---|---------------------------|--|--------------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |
| Chula Vista | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Excludes area west of I-805 identified as "Area of Low/Moderate Income Concentration". | 10% | No | 20 | 5% @ Low + 5% @ Mod | Life of Bldg | 20 | 5% @ Low + 5% @ Mod | Life of Bldg |
| Colma | Create on-site units; pay in-lieu fee. | 20% | No | 5 | 5% @ VL + 5% @ Low + 10% @ Mod | 55 | 5 | 5% @ VL + 5% @ Low + 10% @ Mod | 45 |
| Concord | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee. | 10% | Yes | 5 | | 55 | 5 | | 45 |
| Contra Costa County | Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas. | 15% | No | 5 | 3% @ VL + 12% @ Lower | | 5 | | 3 |
| Coronado | Create units; pay in-lieu fee. Reduced requirement is provided if the affordable units are set at very low or extremely low income. | 20% | No | 2 | Low | | 2 | Mod | |
| Cupertino | 1-7 units pays in-lieu fee. Create on-site units; create off-site units; pay impact/linkage fee; donate land. | 15% | No | 7 | 50% / 80% | 99 | 7 | 50% / 120% | 99 |
| Davis | Create on-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. | 10% - 25% | No | 5-19 , 20+ | 5-19: 15% @ 80% or 10% @ 50%. 20+: 25% @ 80% or 10% @ 50% | Perpetual | 5 | 120% | Perpetual |
| Del Mar | Create on-site units. In-lieu fee option provided for subdivisions that create new lots. | 15% - 20% | No | 2 | 2-30: 15% @ ELI, VL, or Low 30-49: 20% @ ELI, VL, or Low 50+: 20% @ ELI, VL, or Low - At least 20% ELI | 55 | 2 | 2-30: 15% @ ELI, VL, or Low 30-49: 20% @ ELI, VL, or Low 50+: 20% @ ELI, VL, or Low - At least 20% ELI | 55 |
| Downey | Create on-site units; create off-site units; pay in-lieu fee in the case of extreme hardship for apartments. | 11%/10% | No | | Mod | > of 55 years or as long as resid use | | Mod | 45 |
| Dublin | Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas. | 12.5% | No | 20 | 50% @ 120% + 20% @ 80% + 30% @ 50% | 55 | 20 | 5% @ 80% + 7.5% @ 120% | 55 |
| Emeryville | Create on-site units; pay impact/linkage fee. | 12%/20% | No | | 4% @ VL + 8% @ Low | 55 | 10 | | 55 |

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INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | |
|------------------|---|--|---------------------|---------------------------|---|---|---------------------------|--|---|----|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |
| Encinitas | Create on-site units; create off-site units; create ADU's; preserve at-risk units; pay in-lieu fee; donate land. | 15%/20% | No | 7 | 15% @ VL or 20% @ Low | Perpetual | 7 | 15% VL or 20% @ Low | Perpetual | |
| Fillmore | Create on-site units; create off-site units; pay in-lieu fee; donate land. | 15% | No | 5 | 20+: 5% ELI or VL & 10% Low 17-19: 2 Low + one ELI or VL; 10-16: 2 Low; 5-9: 1 Low | 55 | 5 | 20+: 5% ELI or VL & 10% Low 17-19: 2 Low + one ELI or VL; 10-16: 2 Low; 5-9: 1 Low | 45 | |
| Fremont | Has a production option, but the in-lieu fee option is more cost effective. | 15% | No | 2 | 10% @ Low | | 2 | 5% @ Mod + 10% @ Low | | |
| Fort Bragg | Create on-site units | 10% to 20% | | 5 | 80% / 120% | | 5 | 100% / 120% | 15 | |
| Goleta | Create on-site units; create off-site units; donate land; pay in-lieu fee; acquisition/rehabilitation. Income/Affordability trade off of extremely low and very low income units to low and moderate income units in demonstrated extreme hardship. | 20% - reduced to 15% with public benefit | No | 5 | 2.5% @ ELI + 2.5% @ VL + 5% @ Low + 5% @ Mod + 5% at Above Mod | Generally 55 years, but not less than 30 years | 5 | 2.5% @ ELI + 2.5% @ VL + 5% @ Low + 5% @ Mod + 5% at Above Mod | Generally 55 years, but not less than 30 years | |
| Hayward | Create on-site units; create off-site units; pay in-lieu fee; pay impact/linkage fee; donate land. | 6% / 7.5% - 10% | No | 2 | 3% @ 50% + 3% @ 60% | 55 | 2 | Mod | 45 | |
| Huntington Beach | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. | 10% | No | 3 | Low | 55 | 3 | Mod | 45 | |
| Irvine | Projects with fewer than 50 units can create on-site units; convert market rate housing to affordable housing; extend the term of an existing affordable project; pay in-lieu fee; transfer units to a nonprofit housing agency; create off-site units; donate land. Projects with 50+ units must produce the affordable units on site. | 15% | No | | Ordinance applies to all housing projects. 50 unit threshold for the production requirement | 5% @ 50% + 5% @ 80% + 5% @ 120%. Defined credits for deeper affordability & # of bedrooms. | 30 | 50 | 5% @ 50% + 5% @ 80% + 5% @ 120%. Defined credits for deeper affordability & # of bedrooms. | 30 |
| Jurupa Valley | Create on-site units; create off-site units; pay in-lieu fee; convert market rate units to affordable units; preserve at-risk housing; donate land. | 7% | No | 1 | 25% Mod + 25% Low + 50% VL | 55 | 1 | 25% Mod + 25% Low + 50% VL | 45 | |
| Laguna Beach | Create on-site units; pay in-lieu fee. | 25% | No | | 2-subdivision 3-other | Low and Moderate | | 2-subdivision 3-other | Low and Moderate | |

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INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|--------------------|---|---|---------------------|--|--|---|---|---|---|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |
| Laguna Woods | Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas. | 15% | No | 5 | 7.5% @ VL + 7.5% @ Low | 45 | 5 | 10% @ Low + 5% @ Mod | 45 |
| La Habra | Create on-site units; create off-site units; pay in-lieu fee; acquisition/rehabilitation. | Rental: 9% or 6% / Own: 15% | No | 10 | 9% @ Mod or 6% @ VL & Low | 55 | 10 | 110% | 45 |
| Long Beach | Create on-site units; pay in-lieu fee; donate land. | 11%/10% | No | 10 | 50% | > of 55 years or as long as resid use | 10 | 110% | > of 55 years or as long as resid use |
| Los Altos | Create on-site units; create off-site units. Program requirements are only imposed in designated areas. | Rental: 5-9 @ 15% & 10+ @ 30%. Ownership @ 15% | No | 5 | 5-9: 15% @ Mod, 10+: 5% @ Low + 15% @ Mod | 30 | 10 | 7.5% @ Mod, 7.5% @ Low | 30 |
| Los Angeles County | Create on-site units; create off-site units. Program requirements vary by subarea. | 5%-20% depending on project size & income standard | No | 5 | Averages: <40% AMI: 10% or 5% - sm proj <65% AMI: 15% or 7% - sm proj <80% AMI: 20% or 10% sm proj | 55 or Perpetual | 5 | Mod/Middle Inc: Avg 135% AMI: Coastal SLA, SLA (exc condos), & ELA: 20% or 10% - sm proj SG Valley: 15% or 7% - sm proj Santa Clarita & Antelope Valleys (exc condos): 5% | Equity share on first sale |
| Menlo Park | Create on-site units; create off-site units; pay in-lieu fee. Full sch | 10% | Yes | 5 | 80% /120% | | 5 | 80% /120% | |
| Mill Valley | Create on-site units. | 25% | Yes | 4 | 120% | Perpetual | 4 | 120% | Perpetual |
| Mission Viejo | Create on-stie units; create off-site units; pay in-lieu fee; donate land. | 15% | No | 1 / Projects with 9 or fewer units produce 1 ADU | 7.5% VL + 7.5% Low | 55 | 1 / Projects with 9 or fewer units produce 1 ADU | 10% Mod + 5% Low | 45 |
| Nevada County | Create on-site units; create off-site units Program requirements are only applied in designated areas. | | No | 20 | | 30 | 20 | | 30 |

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 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|-------------------|---|-------------------|---------------------|---------------------------|--|---|---------------------------|--|--------------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |
| Norco | Create on-site units; create off-site units; pay in-lieu fee for projects with 20 or fewer units; donate land. | 15% | No | 5 | 6% Mod+9% Low Credits for deeper affordability | Perpetual | 5 | 6% Mod+9% Low Credits for deeper affordability | 45% |
| Oceanside | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land; purchase credits from another project. | 15% | No | 10 | Low | 55 | 10 | Low or Mod | 55 |
| Oxnard | Create on-site units; create off-site units; pay in-lieu fee in limited circumstances. | 10% | No | 10 | 5% @ VL + 5% Low | 55 | 10 | Low | 20 |
| Pacifica | Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas. | 15% | No | 8 | 6% @ VL + 4.5% @ Low + 4.5% @ Mod | 55 | 8 | | 45 |
| Pasadena | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Excludes area west of I-805 identified as "Area of Low/Moderate Income Concentration". | 20% | No | 10 | 5% @ 50% + 5% @ 80% + 10% @ 120% | Perpetual | 10 | 110% | 45 |
| Petaluma | Create on-site units; pay in-lieu fee; donate land | 15% | No | 5 | 7.5% @ VL; 7.5% @ Low | 45 | 5 | 7.5% @ Low + 7.5% @ Mod | 55 |
| Pleasanton | Create on-site units; create off-site units; pay in-lieu fee; donate land; credit transfers; other alternate methods of compliance | 15% | Yes | 15 | 50% to 80% | | 15 | 50% to 120% | Perpetual |
| Pomona | Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas. | 13% / 7%- 11% | Yes | 3 | 120% | > of 55 years or as long as resid use | 3 | 120% | 45 |
| Poway | Create on-site units; create off-site units; pay in-lieu fee. Full schedule goes into effect in 2023 for rental and 2025 for ownership. | 15% / 15%- 20% | No | 1 | Very Low | 55 | 1 | 15% @ Low or 20% @ Mod | 45 |
| Redwood City | Create on-site units; create off-site units; preserve or rehab units; pay impact/linkage fee; donate land | 20% / 15% | No | 20 | 10% @ Mod + 5% @ Low + 5% @ VL | 30 | 5 | Moderate | 30 |
| Sacramento County | Has a production option, but the in-lieu fee option is more cost effective. | 10% | No | 1 | 80% | | 1 | 80% | |
| San Bruno | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Excludes area | 15% | No | 10 | 6% VL + 4.5% Low + 4.5% Mod | 55 | 10 | 6% Low + 9% Mod | 45 |
| San Buenaventura | Create on-site units; create off-site units; pay in-lieu fee; preserve or rehab existing housing; donate land. | 15% / 10% | No | 7 | Low | 55 | 7 | Mod | 45 |

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INCLUSIONARY HOUSING PROGRAM SURVEYS - CALIFORNIA
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|------------------------|--|---------------------------------------|---------------------|---------------------------|--|--------------------|---------------------------|---|--------------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |
| San Clemente | Create on-site units; create off-site units, pay in-lieu fee; donate land. | 4% | No | 6 | Very Low | 30 | 6 | Very Low | 30 |
| San Diego | Create on-site units; create off-site units; rehabilitate existing units, SRO hotel rooms, or conversion of guest rooms; pay in-lieu fee; donate land. | 5% to 20% depending on location | No | 10 | Outside FUA: 10% @ 60% Inside FUA: 20% @ 65% Barrio Logan: 15% VL and Low University Community Plan: 10% @ 60% or 5% @ 80% + Fee or 10% @ 120% +Fee | 55 | 10 | Outside FUA: 10% @ 100% or 15% @120% Inside FUA: 20% @ 65% Barrio Logan: 15% VL and Low University Community Plan: 10% @ 60% or 5% @ 80% + Fee or 10% @ 120% +Fee | 15 |
| San Francisco | Create on-site units; create off-site units; pay in-lieu fee. Full schedule goes into effect in 2023 for rental and 2025 for ownership. | 15% to 20% / 15% to 26% | Yes | 10 | 55% to 110% | | 10 | 80% to 130% | |
| San Jose | Create on-site units; create off-site units; preserve or rehab units; in-lieu fee; donate land; credit transfers; reduction for deeper affordability. | 15% | Yes | 10 | 5% @50% + 5% @ 60% + 5% @ 100% | 99 | 10 | 120% | 99 |
| San Juan Capistrano | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. | 10% | No | 2 | | 55 | 2 | 120% | 55 |
| San Luis Obslpo (City) | Create on-site units; pay an in-lieu fee to fulfill the entire obligation and pay an in-lieu fee for fractional unit obligations. | 6% / 10% | No | 1 | 5% Very Low + 5% Low | 55 | 1 | 5% Low + 5% Moderate | 45 |
| San Marcos | Create on-site, create off-site units for ownership housing projects; pay an in-lieu fee for six or fewer rental unit projects and for all ownership housing projects. | 15% | No | 1 | Hhld income set by the City. <=25% of the affordable units may be Mod. | 55 | 1 | Requirement is set by the City on a project by project basis | 55 |
| San Mateo County | Create on-site units, pay in-lieu fee. | 20% | Yes | 5 | 10% @ ELI + 10% @ Low | Life of Bldg | 11 | 10% @ Low + 10% @ Mod | 45 |
| San Rafael | Create on-site units; pay in-lieu fee. City provides incentives to mitigate the impact of the requirement. | 10% | No | 2 | | | 2 | 120% | |

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 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|---|---|----------------------------|---------------------|---------------------------|--|--------------------|---------------------------|--|------------------------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |
| Santa Ana | Only applies to changes in land use and zoning designations. Create on-site units; off-site units; substantially rehab existing units; pay in-lieu fee. | Rental: 5% - 15% & Own: 5% | No | 5 | 15% @ Low or 10% @ VL or 5% @ ELI or 5% Low + 3% VL +2% ELI | 55 | 5 | 120% | 55 |
| Santa Barbara (City) | Create on-site units; create off-site units; pay in-lieu fee for 1 to 9 & fractional units; donate land. | 10% / 15% | No | 5 | Mod | 90 | 1 | 120% to 200% | 90 / restarts on each resale |
| Santa Clara (City) | Create on-site units; create off-site units; dedicate land; pay an in-lieu fee for fractional unit obligations. | 15% | No | 10 | Mix of ELI, VL, Low & Mod. Must average less than 100% of AMI | 55 | 10 | Mix of ELI, VL, Low & Mod. Must average less than 100% of AMI | 20 |
| Santa Clara County (Excludes Unincorp Areas and Stanford Community Plan Area) | Create on-site units; create off-site units; in-lieu fee payments for projects with six or fewer units and for fractional unit obligations; conversion of existing market rate units. | 16% | No | 4 | Lower | 55 | 4 | Moderate | 55 |
| Santa Cruz | Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas. | 20% | Yes | 2 | 50% for SRO's 80% all other | Perpetual | 2 | 120% | Perpetual |
| Santa Monica | Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas. | 15% | Yes | 2 | 20+ units: 15% equally divided among 50%, 80%, 110% <20 units: 15% at 80% AMI | 55 | 2 | 20+ units: 15% equally divided among 50%, 80%, 110% <20 units: 15% at 80% AMI | 55 |
| Santa Paula | Create on-site units; create off-site units; pay in-lieu fee. Full schedule goes into effect in 2023 for rental and 2025 for ownership. | 10% to 17% | Yes | 10 | 15% Low or 10% VL | 55 | 10 | 15% Low or 10% VL | 45 |
| Santa Rosa | Has a production option, but the in-lieu fee option is more cost effective. | 5% to 8% / 10% | No | 1 | 5% @ 50% or 8% @ 60% | | 2 | 110% | |
| Solana Beach | Create on-site units; create off-site units; create rental units to fulfill an ownership housing development requirement; preservation or conversion of existing units; payment of the Affordable Housing Impact Fee. | 15% | No | 5 | VL or Low | 99 | 5 | VL or Low | 99 |
| Sonoma | Create on-site units. | 20% | Yes | 5 | 120% | 55 | 5 | 120% | 55 |

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 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|---------------------|--|------------------|---------------------|---------------------------|---|---------------------------------------|---------------------------|--------------------------------------|---------------------------------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |
| Sonoma County | Create on-site units; create off-site units; pay in-lieu fee; donate land. Program requirements are only applied in designated areas. | 10% or 15% / 20% | Yes | 1 | 7.5% @ VL + 7.5% @ Low, or 5% @ ELI + 5% @ VL | 55 | 1 | 10% @ Low + 10% @ Mod | 30 |
| South San Francisco | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee | 20% | No | 4 | | 55 | 4 | | 55 |
| South Pasadena | Create on-site units; create off-site units; pay in-lieu fee for 3 or 4 rental unit projects, ownership for any size project, & fractional units; rehab existing market rate units; donate land. | 20% | No | 3 | 10 or fewer units: multiple options 11 or more units: 10% ELI or VL + 10% Low | 55 | 3 | Moderate | 55 |
| Sunnyvale | Create on-site units; create off-site units; pay in-lieu fee; donate land, unit conversion, other proposals. | 15.0% | No | 7 | 5% @ 50% + 10% @ 60% | 55 | 7 | 100% | 30 |
| Thousand Oaks | Create on-site units; rental units to fulfill ownership requirement; in-lieu fee; donate land. | 10% / 5% to 10% | Yes | 10 | Low | > of 55 years or as long as resid use | 10 | SFH: 5% Mod Condo: 10% Mod | 45 |
| Tiburon | Create on-site units; create off-site units; pay in-lieu fee. Full sch | 15% | No | 3 | 5% @ Low + 10% @ Mod | Perpetual | 3 | 5% @ Low + 10% @ Mod | Perpetual |
| Union City | Create on-site units; create off-site units; pay in-lieu fee. Full sch | 15% | No | 7 | 4.5% @ VL + 10.5% @ Low | | 7 | 1.5% @ Low + 4.5% @ 100% + 9% @ 120% | |
| Vista | Create on-site units; pay in-lieu fee | 9% | No | 20 | 5% Low or lower + 4% Mod or lower | | | 5% Low or lower + 4% Mod or lower | |
| West Sacramento | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. | 10% | No | 5 | 5% @ 50% + 5% @ 60% | 55 | 5 | 70% | 45 |
| West Hollywood | Create on-site units; create off-site units; pay in-lieu fee for 2-10 unit projects. | 20% | No | 2 | Low / Mod | > of 55 years or as long as resid use | 2 | Low / Mod | > of 55 years or as long as resid use |

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 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|--------------|--------------------|-------------|---------------------|---------------------------|---------------|--------------------|---------------------------|---------------|--------------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |

II. Inclusionary Requirements: Ownership Projects Only

| | | | | | | |
|----------------------|--|----------|-----|----|--|------------------------|
| Carpinteria | Create on-site units; pay in-lieu fee in limited circumstances. | 12% | No | 5 | 200% | 30 |
| Danville | Create on-site units; pay in-lieu fee. | 10% | Yes | 7 | 110% | 20 |
| Folsom | Create on-site units; create off-site units; pay in-lieu fee; donate land; acq/rehab; other proposals. | 10% | No | 10 | 3% @ VL + 7% @ Low | |
| Lafayette | Create on-site units; create off-site units. | 15% | No | 2 | 9% @ Mod + 6% @ VL | 45 |
| Monterey | Create on-site units; donate land. | 20% | No | 6 | | Perpetual |
| Mountain View | Create on-site units; pay in-lieu fee. | 15% | No | 3 | 100% | 55 |
| Rohnert Park | Create on-site units; create off-site units; pay in-lieu fee. | 15% | No | 50 | | 55 |
| San Leandro | Create on-site units; pay in-lieu fee. | 15% | Yes | 2 | 9% @ Mod + 6% @ Low | 55 |
| San Mateo County | Create on-site units; create off-site units; pay in-lieu fee; donate land. | 20% | No | 5 | 10% @ Low + 10% @ Mod | 55 |
| Santa Barbara County | Create on-site units; create off-site units in the coastal zone; pay in-lieu fee for certain unit types. | 5% - 15% | Yes | 5 | 5-19: 1 Mod. 20+: South Coast: 2.5% VL + 2.5% Low + 5% Mod + 5% Workforce Santa Ynez: No Workforce Santa Maria & Lompoc: 2.5% VL + 2.5 Low | 45 - restarts up to 90 |

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 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|--------------|--------------------|-------------|---------------------|---------------------------|---------------|--------------------|---------------------------|---------------|--------------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |

III. Inclusionary for Ownership Projects & Impact Fee for Rental Projects

| | | | | | | | | | |
|------------|--|-------------------------|-----|---|-----------------------|-----------|---|-------------------------------|-----------|
| Fontana | Create on-site units; pay in-lieu fee; develop a reduced percentage at deeper affordability. | 10% | No | | | | 5 | 4% @ VL + 4% @ Low + 2% @ Mod | 55 |
| Palo Alto | Create on-site units; create off-site units; in-lieu for fractional unit; convert market rate units to affordable units; preserve at-risk housing; donate land. | 15% < 5 / 20% 5 acres + | Yes | | \$22.69/sf Impact Fee | | 1 | 67% @ 80-100% 33% @ 100-120% | 99 |
| San Carlos | Create on-site units; create off-site units; pay impact/linkage fee. | 15% | Yes | | | 55 | 2 | 10% @ Mod + 5% @ Low | 45 |
| Truckee | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; pay impact/linkage fee; donate land. Requirements vary by zones, neighborhoods or districts. | 15% | No | 7 | | Perpetual | 7 | | Perpetual |

IV. Mandatory Inclusionary for Ownership Projects & Voluntary Inclusionary for Rental Projects

| | | | | | | | | | |
|-------------------|--|----------|-----|---|--|----|----|-----------------------------------|----|
| Pittsburg | Create on-site units; pay in-lieu fee. | 15%/20% | Yes | | | | 5 | 9% @ Mod + 6% @ Low, or 20% @ Mod | |
| Salinas | Create on-site units; create off-site units; donate land. | 20% | No | | | | 10 | | 30 |
| San Juan Bautista | Create on-site units; pay impact/linkage fee. | 6% | | | | | 6 | 80% | |
| San Luis Obispo | Create on-site units; pay in-lieu fee; donate land. | 3% or 5% | Yes | | | 55 | 5 | 3% low or 5% Moderate | 45 |
| San Marcos | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. | 15% | No | | | 55 | | 120% | 55 |
| Solana Beach | Create on-site units; create off-site units; preserve or rehab existing housing; pay impact/linkage fee. | 15% | No | 5 | | 55 | 5 | | 45 |

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| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | |
|--------------|--|-------------------------|---------------------|---------------------------|--|--------------------|---------------------------|---------------|--------------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period |
| Costa Mesa | Applies only to: properties located in areas for which the City has completed a Zone Change and/or General Plan Amendment that allows for residential development; and properties that receive City approval of a General Plan Amendment, Zone Change, or other discretionary approval. Create on-site units; create off-site units; pay in-lieu fee; donate land. | 5% or 10% & 4% or 6% | No | 50 | Projects at 60+ units per acre: 5% VL or 10% Low Properties at less than 60 units per acre: 4% VL or 6% Low | 55 | | | |
| Fullerton | Applies only to the Transportation Specific Plan area. Create on-site units. | 15% | No | | 5% @ VL + 5% @ Low + 5% @ Mod | 55 | | | |
| Glendale | Create on-site units; create off-site units; pay in-lieu fee; donate land; acquisition/rehabilitation. | 15% | No | 8 | 60% | 55 | | | |

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - ORANGE, LOS ANGELES, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | In-Lieu Fee |
|---|---|-------------|---------------------|---------------------------|---|---------------------------------------|---------------------------|---|---------------------------------------|--|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |
| I. Inclusionary Requirements: Both Rental and Ownership Projects | | | | | | | | | | |
| Agoura Hills | Create on-site units; pay an in-lieu fee for the required Low and/or Moderate Income Units. In-lieu fee cannot be paid to fulfill the very low income requirement. | 15% | N/A | 10 | 7% @ VL + 4% @ Low + 4% @ mod | 55 | 10 | 7% @ VL + 4% @ Low + 4% @ mod | 45 | Set in 2018 to be consistent with the Affordability gap. \$285,336 per VL apartment unit, \$262,541 per low income condominium unit, and \$427,002 per moderate income single family home. |
| Alhambra | On-site or pay in-lieu fee. | 15% | No | 5 | 6% at 120% AMI+ 9% at 80% AMI | | 5 | 6% at 120% AMI+ 9% at 80% AMI | | Fee Schedule: 5 -20 units. Rental: \$0.89 - \$14.30/SF; Ownership: \$1.88 - \$30.00/SF |
| Brea | On-site units; pay in-lieu fee; land dedication; acquisition and conversion of other units within city. City provides incentives to mitigate the impact of the requirement. | 10% | No | 10 | 5% ELI; or 7% VLI + 3% up to 140% AMI; or 10% LI +5% up to 140% AMI; or 20% 120% AMI; or 30% 140% AMI | 55 | 10 | 5% ELI; or 7% VLI + 3% up to 140% AMI; or 10% LI +5% up to 140% AMI; or 20% 120% AMI; or 30% 140% AMI | 45 | Calculated per project. Based on the Affordability Gap. |
| Burbank | Create on-site units; create off-site units through new construction, substantial rehabilitation, or adaptive reuse; donate land; pay in-lieu fee. | 15% | No | 5 | 5% @ 50% + 10% @ 80% | > of 55 years or as long as resid use | 5 | Mod | > of 55 years or as long as resid use | Sliding scale by project size: Rental: \$5.75 - \$10.27/SF Ownership: \$11.24 - \$20.07/SF. |
| Carlsbad | Create units; pay in-lieu fee. Reduced requirement is provided if the affordable units are set at very low or extremely low income. | 15% | No | 1 | Low | | 1 | Low | | Available up to 6 units.\$18.00/SF for 2-6 unit projects. |
| Chula Vista | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Excludes area west of I-805 identified as "Area of Low/Moderate Income Concentration". | 10% | No | 20 | 5% @ Low + 5% @ Mod | Life of Bldg | 20 | 5% @ Low + 5% @ Mod | Life of Bldg | In-lieu fee is based on the median home price minus the affordable home price. |

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - ORANGE, LOS ANGELES, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | In-Lieu Fee |
|--------------|--|----------------------|---------------------|---------------------------|--|-------------------------|---------------------------|--|--------------------|---|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |
| Coronado | Create units; pay in-lieu fee. Reduced requirement is provided if the affordable units are set at very low or extremely low income. | 20% | No | 2 | Low | | 2 | Mod | | In-lieu fee paid by right. \$7,000 per market rate unit. |
| Costa Mesa | Applies only to: properties located in areas for which the City has completed a Zone Change and/or General Plan Amendment that allows for residential development; and properties that receive City approval of a General Plan Amendment, Zone Change, or other discretionary approval. Create on-site units; create off-site units; pay in-lieu fee; donate land. | 5% or 10% & 4% or 6% | No | 50 | Projects at 60+ units per acre: 5% VL or 10% L Properties at less than 60 units per acre: 4% VL or 6% L | 55 | NA | NA | NA | In-Lieu fee paid by right. \$10 per square foot of leasable area in the market rate project. |
| Del Mar | Create on-site units. In-lieu fee option provided for subdivisions that create new lots. | 15% - 20% | No | 2 | 2-30: 15% @ ELI, VL, or Low 30-49: 20% @ ELI, VL, or Low 50+: 20% @ ELI, VL, or Low - At least 20% ELI | 55 | 2 | 2-30: 15% @ ELI, VL, or Low 30-49: 20% @ ELI, VL, or Low 50+: 20% @ ELI, VL, or Low - At least 20% ELI | 55 | Available to subdivisions that create new lots. \$27,500 per lot created. |
| Downey | Create on-site units; create off-site units; pay in-lieu fee. | 11%/10% | No | 10 | Mod | >55 or as long as resid | 10 | Mod | 45 | Rental: \$23.50/SF - only allowed under extreme hardship. Ownership: \$15.90/SF payable based on City Council criteria. |
| Encinitas | Create on-site units; create off-site units; create ADU's; preserve at-risk units; pay in-lieu fee; donate land. | 15%/20% | No | 7 | 15% VL or 20% Low | Perpetual | 7 | 15% VL or 20% Low | 45 | One to 6 unit projects and fractional units. \$24.08/SF. |
| Fillmore | Create on-site units; create off-site units; pay in-lieu fee; donate land. | 15% | No | 5 | 20+: 5% ELI or VL & 10% Low 17-19: 2 Low + one ELI or VL; 10-16: 2 Low; 5-9: 1 Low | 55 | 5 | 20+: 5% ELI or VL & 10% Low 17-19: 2 Low + one ELI or VL; 10-16: 2 Low; 5-9: 1 Low | 45 | |

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INCLUSIONARY HOUSING PROGRAM SURVEYS - ORANGE, LOS ANGELES, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | In-Lieu Fee |
|------------------|---|--|---------------------|---|---|--|---|---|--|--|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |
| Goleta | Create on-site units; create off-site units; donate land, pay in-lieu fee; acquisition/rehabilitation. Income/Affordability trade off of extremely low and very low income units to low and moderate income units in demonstrated extreme hardship. | 20% - reduced to 15% with public benefit | No | 5 | 2.5% @ ELI + 2.5% @ VL+ 5% @ Low + 5% @ Mod + 5% at Above Mod | Generally 55 years, but not less than 30 years | 5 | 2.5% @ ELI + 2.5% @ VL+ 5% @ Low + 5% @ Mod + 5% at Above Mod | Generally 55 years, but not less than 30 years | Equal to the Affordability Gap associated with providing the requisite number of affordable units on site within the market rate project. |
| Huntington Beach | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. | 10% | No | 3 | Low | 55 | 3 | Moderate | 45 | Sliding Scale: 3 to 30 units. In-Lieu Fee allowed for projects up to 100 units. Rental: \$3.58 to \$35.80/SF Ownership: \$2.54 to \$25.36/SF. The per SF measurement caps at 2,000 SF. |
| Irvine | Projects with fewer than 50 units can create on-site units; convert market rate housing to affordable housing; extend the term of an existing affordable project; pay in-lieu fee; transfer units to a nonprofit housing agency; create off-site units; donate land. Projects with 50+ units must produce the affordable units on site. | 15% | No | Ordinance applies to all housing projects. 50 unit threshold for the production requirement | 5% @ 50% + 5% @ 80% + 5% @ 120%. Defined credits for deeper affordability & # of bedrooms. | 30 | Ordinance applies to all housing projects. 50 unit threshold for the production requirement | 5% @ 50% + 5% @ 80% + 5% @ 120%. Defined credits for deeper affordability & # of bedrooms. | 30 | Calculated per project. The calculation methodology is based on the average land value in Irvine, the average density of housing in Irvine, and a defined predevelopment cost allowance. Formula: [(Land Value ÷ Density) + Predevelopment Allowance] x Percentage Share of Cost related to affordable units not being produced. |
| Jurupa Valley | Create on-site units; create off-site units; pay in-lieu fee; convert market rate units to affordable units; preserve at-risk housing; donate land. | 7% | No | 1 | 25% Mod + 25% Low + 50% VL | 55 | 1 | 25% Mod + 25% Low + 50% VL | 45 | \$2.50 per net square foot of living area including garages. |
| Laguna Beach | Create on-site; pay in-lieu fee. | 25% | No | 2-subdivision 3-other | Low and Moderate | | 2-subdivision 3-other | Low and Moderate | | \$247,317 per affordable rental unit. \$348,197 per affordable ownership unit or lot. |

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - ORANGE, LOS ANGELES, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | In-Lieu Fee |
|---------------|---|-----------------------------|---------------------|--|--|---------------------------------|--|--|---------------------------------|--|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |
| Laguna Woods | Create on-site units; create off-site units; pay in-lieu fee; donate land. | 15% | No | 5 | 7.5% @ VL + 7.5% @ Low | 45 | 5 | 10% @ Low + 5% @ Mod | 45 | In-lieu fee is allowed for ownership housing developments that can prove to the City Council's satisfaction that including affordable units is financially infeasible. The fee is calculated based on: the median price of homes sold in Laguna Woods during the last quarter of the previous calendar year minus the affordable price for a 2-bedroom unit. |
| La Habra | Create on-site units; create off-site units; pay in-lieu fee; acquisition/rehabilitation. | Rental: 9% or 6% / Own: 15% | No | 10 | 9% Mod or 6% VL & Low | 55 | 10 | 110% | 45 | \$6.50 per square foot of total building area. |
| Long Beach | Create on-site units; pay in-lieu fee; donate land. | 11%/10% | No | 10 | 50% | > of 55 yrs or as long as resid | 10 | 120% | > of 55 yrs or as long as resid | Rental @ \$38.00/SF; Ownership @ \$29.10/SF |
| Mission Viejo | Create on-site units; create off-site units; pay in-lieu fee; donate land. | 15% | No | 1 / Projects with 9 or fewer units produce 1 ADU | 7.5% VL + 7.5% Low | 55 | 1 / Projects with 9 or fewer units produce 1 ADU | 10% Mod + 5% Low | 45 | In-lieu fee is allowed for rental developments with fewer than 20 units, and for all ownership housing developments. Rental: \$41.90/SF Ownership \$58.20/SF |
| Norco | Create on-site units; create off-site units; pay in-lieu fee for projects with 20 or fewer units; donate land. | 15% | No | 5 | 6% Mod+9% Low Credits for deeper affordability | Perpetual | 5 | 6% Mod+9% Low Credits for deeper affordability | 45% | Sliding scale based on square feet of leasable/saleable area: Rental: \$1.34 - \$21.50 Ownership: \$2.91 - \$46.50 |
| Oceanside | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land; purchase credits from another project. | 15% | No | 10 | Low | 55 | 10 | Mod | 55 | In-lieu fee paid by right. \$20/SF in 2024. Administratively adjusted annually based on change to the ENR CCI index. |
| Oxnard | Create on-site units; create off-site units; pay in-lieu fee in limited circumstances. | 10% | No | 10 | 5% @ VL + 5% Low | 55 | 10 | Low | 20 | Fee charged per total unit in the project. In 2022: SFH \$36,000; MF Ownership \$35,000; Rental \$28,000. |

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - ORANGE, LOS ANGELES, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | In-Lieu Fee |
|------------------|--|---------------------------------|---------------------|---------------------------|--|--------------------|---------------------------|--|--------------------|--|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |
| Pasadena | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. | 20% | No | 10 | 5% @50% + 5% @ 80% + 10% @ 120% | Perpetual | 10 | 110% | 45 | Sliding scale by sub-area & project size: Rental: \$1.23 - \$34.98/SF Ownership: \$17.47 - \$66.20/SF. |
| Pomona | Create on-site units; create off-site units; pay in-lieu fee; donate land | 13% / 7%-11% | Yes | 3 | 120% | Perpetual | 3 | 120% | 45 | Rental @ \$9.30/SF; SFH @ \$11.40/SF Condominiums @ \$9.30/SF |
| Poway | Create on-site units; create off-site units; pay in-lieu fee. | 15% / 15%-20% | No | 1 | Very Low | 55 | 1 | 15% @ Low or 20% @ Mod | 45 | In-lieu fee is payable by right and is set at maximum of \$500 per unit for both rental and ownership housing. |
| San Buenaventura | Create on-site units; create off-site units; pay in-lieu fee; preserve or rehab existing housing; donate land. | 15% / 10% | No | 7 | Low | 55 | 7 | Mod | 45 | Ownership @ \$29.80 - \$66.30/SF; Apartments @ \$20.30 - \$48.90/SF |
| San Clemente | Create on-site units; create off-site units, pay in-lieu fee; donate land. | 4% | No | 6 | Very Low | 30 | 6 | Very Low | 30 | Based on the greater of 1% of construction costs as determined by the Building Division or 2% of the affordability gap determined by the formula in the Housing Element. |
| San Diego | Create on-site units; create off-site units; rehabilitate existing units, SRO hotel rooms, or conversion of guest rooms; pay in-lieu fee; donate land. | 5% to 20% depending on location | No | 10 | Outside FUA: 10% @ 60% Inside FUA: 20% @ 65% Barrio Logan: 15% VL and Low University Community Plan: 10% @ 60% or 5% @ 80% + Fee or 10% @ 120% +Fee | 55 | | Outside FUA: 10% @ 100% or 15% @120% Inside FUA: 20% @ 65% Barrio Logan: 15% VL and Low University Community Plan: 10% @ 60% or 5% @ 80% + Fee or 10% @ 120% +Fee | 15 | In-lieu fee paid by right in each area except inside FIA. Base in-lieu fee a \$25/SF. Alternative compliance in-lieu fee at \$50/SF. |

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INCLUSIONARY HOUSING PROGRAM SURVEYS - ORANGE, LOS ANGELES, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | In-Lieu Fee |
|----------------------|---|----------------------------|---------------------|---------------------------|---|--------------------|---------------------------|--|------------------------------|--|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |
| San Juan Capistrano | Create on-site units; create off-site units; preserve or rehab existing housing; pay in-lieu fee; donate land. Excludes area west of I-805 identified as "Area of Low/Moderate Income Concentration". | 10% | No | 2 | | 55 | 2 | | 55 | Based on 90% of the Affordability Gap, which is updated monthly based on benchmark market prices. |
| San Marcos | Create on-site, create off-site units for ownership housing projects; pay an in-lieu fee for six or fewer rental unit projects and for all ownership housing projects. | 15% | No | 1 | Target hhld income set by the City. No more than 25% of the affordable units may be Mod. | 55 | 1 | Requirement is set by the City on a project by project basis | 55 | In-lieu fee paid by right for apartment projects with six or fewer units and for all ownership housing developments. In-Lieu Fee @ \$15/SF. |
| Santa Ana | Only applies to changes in land use and zoning designations. Create on-site units; off-site units; pay in-lieu fee. | Rental: 5% / 15% & Own: 5% | No | 5 | 15% @ Low or 10% @ VL or 5% @ ELI or 5% Low + 3% VL +2% ELI | 55 | 5 | 120% | 55 | Fee charged per sf of habitable area: 5-9: \$6.00; 10-14: \$9.00; 15-19: \$12; 20+: \$15. Discounts for use of skilled and trained labor force. |
| Santa Barbara (City) | Create on-site units; create off-site units; pay in-lieu fee for 1 to 9 & fractional units; donate land. | 10% / 15% | No | 5 | Mod | 90 | 1 | 120% to 200% | 90 / restarts on each resale | In 2020 the in-lieu fee for rental projects was set at \$25 per SF. Adjusted annually by the Engineering News Record (ENR) Building Cost Index for Los Angeles. In-lieu fee for ownership units is calculated based on the median price for 2-bedroom condos, a low income standard, and the estimated production cost (sales price - 15% profit). A discount schedule is provided from small units. |
| Santa Monica | Create on-site units; create off-site units; pay in-lieu fee; donate land. | 15% | Yes | 2 | 20+ units: 15% equally divided among 50%, 80%, 110% <20 units: 15% at 80% AMI | 55 | 2 | 20+ units: 15% equally divided among 50%, 80%, 110% <20 units: 15% at 80% AMI | 55 | Rental @ \$41.39/SF Ownership @ \$48.35/SF |
| Santa Paula | Create on-site units; create off-site units; pay in-lieu fee. | 10% to 17% | Yes | 10 | 15% Low or 10% VL | 55 | 10 | | 45 | In-Lieu Fee is set on a project-by-project basis.. |

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - ORANGE, LOS ANGELES, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | In-Lieu Fee |
|----------------|---|--------------------|---------------------|---------------------------|---|---------------------------------------|---------------------------|--------------------------------------|---------------------------------------|--|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |
| Solana Beach | Create on-site units; create off-site units; create rental units to fulfill an ownership housing development requirement; preservation or conversion of existing units; payment of the Affordable Housing Impact Fee. | 15% | No | 5 | VL or Low | 99 | 5 | VL or Low | 99 | Affordable Housing Impact Fee @ \$25.91. |
| South Pasadena | Create on-site units; create off-site units; pay in-lieu fee for 3 or 4 rental unit projects, ownership for any size project, & fractional units; rehab existing market rate units; donate land. | 20% | No | 3 | 10 or fewer units: multiple options 11 or more units: 10% ELI or VL + 10% Low | 55 | 3 | Mod | 55 | The in-lieu fee will be set by the City Council. Until that occurs, the fee will be calculated on a project-by-project basis. |
| Thousand Oaks | Create on-site units; rental units to fulfill ownership requirement; in-lieu fee; donate land. | 10% / 5% to 10% | No | 10 | Low | > of 55 yrs or as long as resid | 10 | SFH: 5% Mod Condo: 10% Mod | 45 | In-lieu fee is allowed for rental developments with fewer than 20 units, and for all ownership housing developments. Rental: \$25.70/SF Ownership \$14.60 - \$16.80/SF |
| Vista | Create on-site units; pay in-lieu fee | 9% | No | 20 | 5% Low or lower + 4% Mod or lower | | 20 | 5% Low or lower + 4% Mod or lower | | In-lieu fee paid by right and is set at \$17.56/SF |
| West Hollywood | Create on-site units; create off-site units; pay in-lieu fee for 2-10 units projects. | 20% | No | 2 | Low / Mod | > of 55 yrs or as long as resid | 2 | Low / Mod | > of 55 yrs or as long as resid | Sliding scale: 2 Units @ \$13.63/SF - 10 Units @ \$29.23/SF |

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - ORANGE, LOS ANGELES, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | In-Lieu Fee |
|--------------|--------------------|-------------|---------------------|---------------------------|---------------|--------------------|---------------------------|---------------|--------------------|-------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |

II. Inclusionary Requirements: Ownership Projects Only

| | | | | | | | | | | |
|----------------------|--|----------|-----|--|--|--|---|---|---------------------------|---|
| Carpinteria | Create on-site units; pay in-lieu fee in limited circumstances. | 12% | No | | | | 5 | 200% | 30 | In-lieu fee allowed if infeasibility can be proved. The fee is based on the difference between the median sales price of condominiums and/or single family homes and the affordable price at 121% of AMI with 30% of income dedicated to housing expenses. |
| Santa Barbara County | Create on-site units; create off-site units in the coastal zone; pay in-lieu fee for certain unit types. | 5% - 15% | Yes | | | | 5 | 5-19: 1 Mod. 20+: South Coast: 2.5% VL + 2.5% Low + 5% Mod + 5% Workforce Santa Ynez: No Workforce Santa Maria & Lompoc: 2.5% VL + 2.5 Low | 45 - restarts up to 90 | In-Lieu fee is measured per affordable unit. Varies by HMA & income / affordability level. Fee: Very Low & Low are based on the estimated cost for the County to subsidize very low & low income units. Cost of Construction Fee: Moderate & Workforce are based on the median condo sales prices minus 15% of the median price of condos. 2020 Very Low & Low Fees: South Coast \$176,000; Santa Maria \$96,600; Santa Ynez \$146,200; Lompoc \$99,500 2020 Mod & Workforce Fees: South Coast \$658,000; Santa Maria \$248,000; Santa Ynez \$431,600; Lompoc \$227,600 |

APPENDIX B

INCLUSIONARY HOUSING PROGRAM SURVEYS - ORANGE, LOS ANGELES, SAN DIEGO, VENTURA & SANTA BARBARA COUNTIES
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Jurisdiction | Compliance Options | Set Aside % | On-site % Varies | Rental Development | | | Ownership Development | | | In-Lieu Fee |
|--------------|--------------------|-------------|---------------------|---------------------------|---------------|--------------------|---------------------------|---------------|--------------------|-------------|
| | | | | Threshold Project Size | Affordability | Covenant Period | Threshold Project Size | Affordability | Covenant Period | |

III. Inclusionary Requirements: Rental Projects Only

| | | | | | | | | | |
|------------|--|----------------------|----|----|--|----|--|--|--|
| Costa Mesa | Applies only to: properties located in areas for which the City has completed a Zone Change and/or General Plan Amendment that allows for residential development; and properties that receive City approval of a General Plan Amendment, Zone Change, or other discretionary approval. Create on-site units; create off-site units; pay in-lieu fee; donate land. | 5% or 10% & 4% or 6% | No | 50 | Projects at 60+ units per acre: 5% VL or 10% L Properties at less than 60 units per acre: 4% VL or 6% L | 55 | | | In-Lieu fee paid by right. \$10 per square foot of leasable area in the market rate project. |
| Glendale | Create on-site units; create off-site units; pay in-lieu fee; donate land; acquisition / rehabilitation. | 15% | No | 8 | 60% | 55 | | | Sliding scale: 8 Units @ \$28.71/SF - 21 Units @ \$55/SF |

ATTACHMENT 2
AFFORDABLE HOUSING COST CALCULATION METHODOLOGIES
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

APPENDIX A

AFFORDABLE SALES PRICE CALCULATION METHODOLOGY

The Affordable Sales Price calculations are presented in Attachment 2 – Appendix B. The calculations are based on the following assumptions:

1. The household income information used in the calculations is based on 2024 income statistics for Orange County as a whole. The household incomes for moderate income households are produced and distributed annually by the California Department of Housing and Community Development (HCD).
2. The Affordable Sales Price estimates are based on the calculation methodology imposed by California Health and Safety Code (H&SC) Section 50052.5.

The elements included in the Affordable Sales Price calculations are described in the following sections of this Attachment.

HOUSEHOLD SIZE

For the sole purposes of calculating Affordable Sales Prices, H&SC Section 50052.5 sets household sizes based on the number of bedrooms in the home plus one.¹ H&SC Section 50052.5 refers to this as “the family size appropriate for the unit.” This is not an occupancy cap; it is a benchmark that creates a consistent Affordable Sales Price calculation methodology.

HOUSEHOLD INCOME

For calculation purposes only, H&SC Section 50052.5 applies benchmark household incomes as the standard for determining the Affordable Sales Prices. The benchmark for moderate income households is set at 110% of the area median income (AMI) for Orange County.

The identified benchmark percentages of AMI are not income caps. The household income qualification standard is based on 120% of AMI for moderate income households based on the actual size of the homebuyer’s household.

¹ For example, the imputed household size for a three-bedroom unit is four persons.

INCOME ALLOCATED TO HOUSING-RELATED EXPENSES

H&SC Section 50052.5 allocates 35% of the benchmark household income to the payment of housing-related expenses.

HOUSING-RELATED EXPENSES

The following table presents the variable housing related expense assumptions used in this analysis:

| Variable Housing Related Expenses – Monthly Ownership Housing Development Prototypes | | |
|---|-----------------------------------|---|
| Number of Bedrooms | Utilities Allowances ² | HOA, Insurance & Maintenance ³ |
| Two | \$283 | \$300 / \$1,850 |
| Three | \$358 | \$350 / \$1,950 |
| Four | \$439 | \$400 |

The property tax expense estimate is based on 1.10% of the home’s estimated Affordable Sales Price. This assumes that the City will require the homes to be subject to long-term income and affordability resale controls.

SUPPORTABLE MORTGAGE AMOUNT

The mortgage amounts used in the Affordable Sales Price calculations are estimated using the income available after the other housing-related expenses are paid. The mortgage terms used in this Financial Evaluation were based on a 30-year fully amortizing loan at a 7.03% interest rate. ⁴

²Utilities allowances are based on utilities costs comprised of electric cooking, heating and water heating; basic electric; air conditioning; and water, sewer and trash services. The allowances are based on the Orange County Housing Authority schedule effective as of October 1, 2024.

³ Based in part on the HOA dues identified in the home sales surveys. The higher HOA, Insurance & Maintenance estimates apply to the Newport Center prototype.

⁴ Based on a 25 basis points premium applied to the Freddie Mac monthly average, between March 2024 and February 2025, for a fixed interest rate loan with a 30-year amortization period.

BENCHMARK DOWN PAYMENT

KMA set the benchmark down payment at 5% of the estimated Affordable Sales Price. A down payment of this magnitude is commonly allowed by affordable housing programs.

AFFORDABLE SALES PRICES

The resulting Affordable Sales Prices are estimated as follows:

| Affordable Sales Prices | | | |
|-----------------------------------|--------------|----------------|---------------|
| Ownership Housing Development | | | |
| Subarea | Two-Bedrooms | Three-Bedrooms | Four Bedrooms |
| Coyote Canyon | \$433,200 | \$473,000 | |
| Dover Shores & Westcliff | | \$473,000 | \$500,400 |
| West Newport Mesa & Banning Ranch | \$433,200 | \$473,000 | \$500,400 |
| Newport Center | \$219,500 | \$252,300 | |

APPENDIX B

AFFORDABLE RENT CALCULATION METHODOLOGY

The Affordable Rent calculations are presented in Attachment 3 – Appendix B. The calculations are based on the following assumptions:

1. The household income information used in the calculations is based on 2024 income statistics for Orange County as published annually by HUD and distributed by HCD.
2. The household size appropriate for the unit is based on the H&SC Section 50052.5 standard of the number of bedrooms in the home plus one. As discussed previously, this is a benchmark for calculation purposes only. It is neither an occupancy minimum nor a maximum.
3. The Affordable Rent estimates are based on the calculation methodology imposed by H&SC Section 50053:
 - a. Low income rents are based on 60% of the AMI published by HCD; and
 - b. Very low income rents are based on 50% of the AMI published by HCD.
4. Thirty percent (30%) of defined household income is allocated to housing-related expenses.
5. The following monthly utilities allowances were applied in this analysis.⁵

| Utilities Allowances | |
|-----------------------|------------------------------|
| Apartment Development | |
| Number of Bedrooms | Monthly Utilities Allowances |
| Studio | \$98 |
| One | \$116 |
| Two | \$161 |
| Three | \$203 |

⁵ Utilities allowances are based on utilities costs comprised of electric cooking, heating, and water heating; basic electric; and air conditioning. The allowances are based on the Orange County Housing Authority schedule effective as of October 1, 2024.

AFFORDABLE RENTS

The resulting affordable rents are presented in the following table:

| Affordable Rents Apartment Development | | |
|---|------------|--------------------|
| Number of Bedrooms | Low Income | Very Low Income |
| Studio | \$1,257 | \$1,031 |
| 1 | \$1,432 | \$1,174 |
| 2 | \$1,581 | \$1,290 |
| 3 | \$1,732 | \$1,410 |

ATTACHMENT 3

**OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX A

MARKET SURVEYS OWNERSHIP HOUSING DEVELOPMENT INCLUSIONARY HOUSING: FINANCIAL EVALUATION NEWPORT BEACH, CALIFORNIA

APPENDIX A - EXHIBIT I

HOME SALES SURVEY 1
 COYOTE CANYON AREA
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | Address | | Unit Size (SF) | Sales Price | | Year Built | |
|----|-------------------|--------|-------------------|-------------|-------------|------------|------|
| | | | | Total | Per SF | | |
| I. | Two-Bedroom Units | | | | | | |
| | 65 Greenhouse | Irvine | 92603 | 1,116 | \$1,348,000 | \$1,208 | 2003 |
| | 62 Greenhouse | Irvine | 92603 | 1,116 | \$1,400,000 | \$1,254 | 2003 |
| | 139 Canyoncrest | Irvine | 92603 | 1,116 | \$1,300,000 | \$1,165 | 2003 |
| | 221 Coral Rose | Irvine | 92603 | 1,234 | \$1,220,000 | \$989 | 2004 |
| | 237 Coral Rose | Irvine | 92603 | 1,234 | \$889,900 | \$721 | 2003 |
| | 111 Coral Rose | Irvine | 92603 | 1,234 | \$1,020,000 | \$827 | 2005 |
| | 78 Bower Tree | Irvine | 92603 | 1,244 | \$1,440,000 | \$1,158 | 2004 |
| | 225 Coral Rose | Irvine | 92603 | 1,268 | \$1,030,800 | \$813 | 2003 |
| | 122 Jadestone | Irvine | 92603 | 1,268 | \$1,065,000 | \$840 | 2003 |
| | 234 Coral Rose | Irvine | 92603 | 1,280 | \$829,500 | \$648 | 2004 |
| | 216 Coral Rose | Irvine | 92603 | 1,280 | \$1,200,000 | \$938 | 2003 |
| | 231 Coral Rose | Irvine | 92603 | 1,280 | \$1,098,000 | \$858 | 2003 |
| | 100 Coral Rose | Irvine | 92603 | 1,280 | \$970,000 | \$758 | 2003 |
| | 212 CORAL ROSE | Irvine | 92603 | 1,391 | \$965,000 | \$694 | 2003 |
| | 200 Lonetree | Irvine | 92603 | 1,533 | \$1,262,000 | \$823 | 2003 |
| | 203 Lonetree | Irvine | 92603 | 1,586 | \$1,500,000 | \$946 | 2003 |
| | 67 Gingerwood | Irvine | 92603 | 1,610 | \$1,315,000 | \$817 | 2004 |
| | 24 Gingerwood | Irvine | 92603 | 1,622 | \$1,368,888 | \$844 | 2004 |
| | 99 Roadrunner | Irvine | 92603 | 1,622 | \$1,050,000 | \$647 | 2003 |
| | Minimum | | | 1,116 | \$829,500 | \$647 | 2003 |
| | Maximum | | | 1,622 | \$1,500,000 | \$1,254 | 2005 |
| | Average | | | 1,332 | \$1,172,200 | \$880 | 2003 |

APPENDIX A - EXHIBIT I

**HOME SALES SURVEY ¹
 COYOTE CANYON AREA
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | Address | | Unit Size (SF) | Sales Price | | Year Built | |
|------------|----------------------------|--------|-------------------|-------------|-------------|------------|------|
| | | | | Total | Per SF | | |
| II. | Three-Bedroom Units | | | | | | |
| | 56 Bower Tree | Irvine | 92603 | 1,333 | \$1,500,000 | \$1,125 | 2005 |
| | 61 Greenhouse | Irvine | 92603 | 1,333 | \$1,420,000 | \$1,065 | 2003 |
| | 54 Greenhouse | Irvine | 92603 | 1,333 | \$1,565,000 | \$1,174 | 2003 |
| | 130 Canyoncrest | Irvine | 92603 | 1,333 | \$1,425,000 | \$1,069 | 2004 |
| | 149 Canyoncrest | Irvine | 92603 | 1,333 | \$1,495,000 | \$1,122 | 2004 |
| | 233 Danbrook | Irvine | 92603 | 1,416 | \$1,168,000 | \$825 | 2005 |
| | 229 Coral Rose | Irvine | 92603 | 1,416 | \$1,350,000 | \$953 | 2003 |
| | 23 Gardenpath | Irvine | 92603 | 1,701 | \$1,790,000 | \$1,052 | 2004 |
| | 42 Gardenpath | Irvine | 92603 | 1,701 | \$2,100,000 | \$1,235 | 2004 |
| | 26 Gardenpath | Irvine | 92603 | 1,701 | \$1,880,000 | \$1,105 | 2004 |
| | 60 Pathstone | Irvine | 92603 | 1,701 | \$2,180,000 | \$1,282 | 2004 |
| | 42 Arborside | Irvine | 92603 | 1,701 | \$1,535,625 | \$903 | 2004 |
| | 47 Gingerwood | Irvine | 92603 | 1,859 | \$1,360,000 | \$732 | 2003 |
| | 39 Gingerwood | Irvine | 92603 | 1,859 | \$1,360,000 | \$732 | 2004 |
| | 82 Gingerwood | Irvine | 92603 | 1,914 | \$1,265,000 | \$661 | 2003 |
| | 15 Shade Tree | Irvine | 92603 | 2,438 | \$2,125,000 | \$872 | 2003 |
| | Minimum | | | 1,333 | \$1,168,000 | \$661 | 2003 |
| | Maximum | | | 2,438 | \$2,180,000 | \$1,282 | 2005 |
| | Average | | | 1,630 | \$1,594,900 | \$979 | 2004 |

¹ Source: Redfin Corporation. Based on a February 2025 survey of condominiums and townhomes constructed after 2000 that were sold between February 2023 and February 2025.

APPENDIX A - EXHIBIT II

HOME SALES SURVEY ¹
 DOVER SHORES & WESTCLIFF AREA
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Address | Unit Size (SF) | Sales Price | | Year Built | | |
|-------------------------------|----------------|-------------|--------|-------------|-------|------|
| | | Total | Per SF | | | |
| I. Three-Bedroom Units | | | | | | |
| 2171 Andover Ln | Newport Beach | 92660 | 2,145 | \$1,995,000 | \$930 | 2021 |
| 2132 Cresta Dr | Newport Beach | 92660 | 2,675 | \$2,575,000 | \$963 | 2021 |
| 1228 Winslow Ln | Newport Beach | 92660 | 2,651 | \$2,200,000 | \$830 | 2021 |
| 2142 Andover Ln | Newport Beach | 92660 | 2,091 | \$1,995,000 | \$954 | 2021 |
| 1228 Winslow Ln | Newport Beach | 92660 | 2,651 | \$2,200,000 | \$830 | 2021 |
| 2171 Andover Ln | Newport Beach | 92660 | 2,145 | \$1,995,000 | \$930 | 2021 |
| 2132 Cresta Dr | Newport Beach | 92660 | 2,675 | \$2,575,000 | \$963 | 2020 |
| 1171 Winslow Ln | Newport Beach | 92660 | 1,721 | \$1,670,000 | \$970 | 2022 |
| Minimum | | | 1,721 | \$1,670,000 | \$830 | 2020 |
| Maximum | | | 2,675 | \$2,575,000 | \$970 | 2022 |
| Average | | | 2,344 | \$2,150,600 | \$917 | 2021 |
| II. Four-Bedroom Units | | | | | | |
| 2173 Andover Ln | Newport Beach | 92660 | 2,546 | \$2,290,000 | \$899 | 2021 |
| 1237 Winslow | Newport Beach | 92660 | 1,858 | \$1,785,000 | \$961 | 2021 |
| 1701 Cliff Dr | Newport Beach | 92663 | 2,624 | \$2,175,000 | \$829 | 2000 |
| 1237 Winslow Ln | Newport Beach | 92660 | 1,922 | \$1,785,000 | \$929 | 2021 |
| 2173 Andover Ln | Newport Beach | 92660 | 2,546 | \$2,290,000 | \$899 | 2021 |
| 2141 Andover Ln | Newport Beach | 92660 | 2,546 | \$2,273,600 | \$893 | 2021 |
| Minimum | | | 1,858 | \$1,785,000 | \$829 | 2000 |
| Maximum | | | 2,624 | \$2,290,000 | \$961 | 2021 |
| Average | | | 2,340 | \$2,099,800 | \$897 | 2018 |

¹ Source: Redfin Corporation. Based on a February 2025 survey of condominiums and townhomes constructed after 2000 that were sold between February 2023 and February 2025.

APPENDIX A - EXHIBIT III

HOME SALES SURVEY
 WEST NEWPORT MESA & BANNING RANCH AREAS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Address | Unit Size (SF) | Sales Price | | Year Built | | |
|--------------------------------|----------------|-------------|--------|-------------|---------|------|
| | | Total | Per SF | | | |
| I. Two-Bedroom Units | | | | | | |
| 597 Seabright Cir | Costa Mesa | 92627 | 1,559 | \$875,000 | \$561 | 2014 |
| 628 Seabright Cir | Costa Mesa | 92627 | 1,559 | \$970,000 | \$622 | 2015 |
| 2021 Placentia Ave | Costa Mesa | 92627 | 1,583 | \$875,000 | \$553 | 2016 |
| 1940 Vitae Pl | Costa Mesa | 92627 | 1,650 | \$1,215,888 | \$737 | 2017 |
| 2109 W Place Dr | Costa Mesa | 92627 | 1,653 | \$890,000 | \$538 | 2015 |
| 1970 Novus Pl | Costa Mesa | 92627 | 1,658 | \$1,115,000 | \$672 | 2018 |
| 1826 coastal Way | Costa Mesa | 92627 | 1,785 | \$1,015,000 | \$569 | 2014 |
| 1682 Pomona Ave | Costa Mesa | 92627 | 1,904 | \$1,180,000 | \$620 | 2019 |
| 809 Brickyard Ln | Costa Mesa | 92627 | 1,928 | \$1,210,000 | \$628 | 2015 |
| 822 Brickyard Ln | Costa Mesa | 92627 | 1,928 | \$1,149,000 | \$596 | 2015 |
| 148 Mercer Way | Costa Mesa | 92627 | 1,961 | \$1,225,000 | \$625 | 2015 |
| 1679 Moonlight | Costa Mesa | 92627 | 1,972 | \$1,220,000 | \$619 | 2019 |
| 665 W 17th St | Costa Mesa | 92627 | 1,972 | \$1,195,000 | \$606 | 2018 |
| 1684 Pomona Ave | Costa Mesa | 92627 | 1,972 | \$1,238,000 | \$628 | 2019 |
| 669 W 17th St | Costa Mesa | 92627 | 1,972 | \$1,175,000 | \$596 | 2017 |
| 1686 Topanga #111 | Costa Mesa | 92627 | 1,972 | \$1,125,000 | \$570 | 2018 |
| 793 Windward Way | Costa Mesa | 92627 | 2,042 | \$1,316,000 | \$644 | 2017 |
| 1675 Grand Vw | Costa Mesa | 92627 | 2,243 | \$1,395,000 | \$622 | 2017 |
| Minimum | | | 1,559 | \$875,000 | \$538 | 2014 |
| Maximum | | | 2,243 | \$1,395,000 | \$737 | 2019 |
| Average | | | 1,851 | \$1,132,400 | \$612 | 2017 |
| II. Three-Bedroom Units | | | | | | |
| 201 16th Pl | Costa Mesa | 92627 | 1,557 | \$1,765,000 | \$1,134 | 2017 |
| 285 E 16th St | Costa Mesa | 92627 | 1,594 | \$1,375,000 | \$863 | 2008 |
| 285 E 16th St | Costa Mesa | 92627 | 1,637 | \$1,374,760 | \$840 | 2011 |
| 589 Victoria St | Costa Mesa | 92627 | 1,694 | \$1,050,000 | \$620 | 2016 |
| 1947 Vitae Pl | Costa Mesa | 92627 | 1,700 | \$1,280,000 | \$753 | 2017 |
| 2088 Caleigh Ln | Costa Mesa | 92627 | 1,701 | \$1,151,500 | \$677 | 2022 |
| 585 Victoria St | Costa Mesa | 92627 | 1,711 | \$1,175,000 | \$687 | 2016 |
| 13 Ebb Tide Cir | Newport Beach | 92663 | 1,719 | \$1,512,000 | \$880 | 2017 |
| 69 Ebb Tide Cir | Newport Beach | 92663 | 1,719 | \$1,643,100 | \$956 | 2018 |
| 72 Ebb Tide Cir | Newport Beach | 92663 | 1,719 | \$1,650,000 | \$960 | 2018 |
| 64 Ebb Tide Cir | Newport Beach | 92663 | 1,719 | \$1,635,000 | \$951 | 2018 |
| 31 Ebb Tide Cir | Newport Beach | 92663 | 1,719 | \$1,520,000 | \$884 | 2018 |
| 2089 Caleigh Ln | Costa Mesa | 92627 | 1,730 | \$1,209,000 | \$699 | 2021 |
| 783 Wonder Ln | Costa Mesa | 92627 | 1,738 | \$1,200,000 | \$690 | 2015 |
| 12 Bluefin Ct | Newport Beach | 92663 | 1,844 | \$1,290,000 | \$700 | 2005 |
| 2125 Evans Way | Costa Mesa | 92627 | 1,855 | \$1,151,500 | \$621 | 2017 |
| 1833 Ocean Ct | Costa Mesa | 92627 | 1,873 | \$1,470,000 | \$785 | 2014 |
| 1617 Somerton Dr | Costa Mesa | 92627 | 1,877 | \$1,625,000 | \$866 | 2018 |

APPENDIX A - EXHIBIT III

HOME SALES SURVEY 1
 WEST NEWPORT MESA & BANNING RANCH AREAS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Address | Unit Size (SF) | Sales Price | | Year Built | | |
|----------------------|----------------|-------------|--------|-------------|---------|------|
| | | Total | Per SF | | | |
| 1611 Somerton Dr | Costa Mesa | 92627 | 1,877 | \$1,650,000 | \$879 | 2017 |
| 997 Somerton Dr | Costa Mesa | 92627 | 1,877 | \$1,585,000 | \$844 | 2017 |
| 1608 Somerton Dr | Costa Mesa | 92627 | 1,877 | \$1,500,000 | \$799 | 2017 |
| 649 W 17th St | Costa Mesa | 92627 | 1,904 | \$1,169,000 | \$614 | 2018 |
| 1683 Topanga | Costa Mesa | 92627 | 1,904 | \$1,230,000 | \$646 | 2018 |
| 2112 Tidewater Cir | Costa Mesa | 92627 | 1,996 | \$1,650,000 | \$827 | 2018 |
| 2108 Tidewater Cir | Costa Mesa | 92627 | 1,996 | \$1,380,000 | \$691 | 2016 |
| 1269 Westreef | Costa Mesa | 92627 | 2,009 | \$1,400,000 | \$697 | 2015 |
| 1686 Grand Vw | Costa Mesa | 92627 | 2,057 | \$1,375,000 | \$668 | 2017 |
| 1748 Santa Ana Ave | Costa Mesa | 92627 | 2,088 | \$1,582,000 | \$758 | 2020 |
| 631 Cardiff Reef | Costa Mesa | 92627 | 2,126 | \$1,550,000 | \$729 | 2018 |
| 618 Cardiff Reef | Costa Mesa | 92627 | 2,126 | \$1,515,000 | \$713 | 2019 |
| 690 Malibu | Costa Mesa | 92627 | 2,142 | \$1,448,000 | \$676 | 2019 |
| 143 Tribeca Way | Costa Mesa | 92627 | 2,151 | \$1,410,000 | \$656 | 2014 |
| 132 Mercer Way | Costa Mesa | 92627 | 2,151 | \$1,375,000 | \$639 | 2015 |
| 1748 Santa Ana Ave | Costa Mesa | 92627 | 2,157 | \$1,582,000 | \$733 | 2020 |
| 12 Ebb Tide Cir | Newport Beach | 92663 | 2,229 | \$1,780,000 | \$799 | 2019 |
| 139 Tribeca Way | Costa Mesa | 92627 | 2,255 | \$1,300,000 | \$576 | 2015 |
| 1687 Grand Vw | Costa Mesa | 92627 | 2,265 | \$1,350,000 | \$596 | 2017 |
| 636 Channel Way | Costa Mesa | 92627 | 2,267 | \$1,350,000 | \$596 | 2016 |
| 1637 Bridgewater Way | Costa Mesa | 92627 | 2,274 | \$1,900,000 | \$836 | 2017 |
| 2110 Tidewater Cir | Costa Mesa | 92627 | 2,362 | \$1,625,000 | \$688 | 2016 |
| 2103 Tidewater Cir | Costa Mesa | 92627 | 2,362 | \$1,650,000 | \$699 | 2016 |
| 2109 Two Harbors Cir | Costa Mesa | 92627 | 2,366 | \$1,725,000 | \$729 | 2018 |
| 752 W 19th St | Costa Mesa | 92627 | 2,416 | \$1,225,000 | \$507 | 2023 |
| 407 Bolsa Ave | Newport Beach | 92663 | 2,533 | \$1,800,000 | \$711 | 2002 |
| 409 Bolsa Ave | Newport Beach | 92663 | 2,533 | \$2,010,000 | \$794 | 2001 |
| Minimum | | | 1,557 | \$1,050,000 | \$507 | 2001 |
| Maximum | | | 2,533 | \$2,010,000 | \$1,134 | 2023 |
| Average | | | 1,987 | \$1,471,000 | \$740 | 2016 |

III. Four-Bedroom Units

| | | | | | | |
|----------------------|---------------|-------|-------|-------------|---------|------|
| 440 Aliso Ave | Newport Beach | 92663 | 1,670 | \$3,100,000 | \$1,856 | 2019 |
| 15 Shellprint Ct | Newport Beach | 92663 | 1,768 | \$1,275,000 | \$721 | 2005 |
| 8 Nautical Mile Dr | Newport Beach | 92663 | 1,778 | \$1,300,000 | \$731 | 2005 |
| 68 Ebb Tide Cir | Newport Beach | 92663 | 1,820 | \$1,600,000 | \$879 | 2018 |
| 38 Ebb Tide Cir | Newport Beach | 92663 | 1,864 | \$1,650,000 | \$885 | 2021 |
| 83 Ebb Tide Cir | Newport Beach | 92663 | 1,864 | \$1,730,000 | \$928 | 2018 |
| 16 Ebb Tide Cir | Newport Beach | 92663 | 1,864 | \$1,670,000 | \$896 | 2020 |
| 16 Ebb Tide Cir | Newport Beach | 92663 | 1,864 | \$1,670,000 | \$896 | 2018 |
| 1026 Bridgewater Way | Costa Mesa | 92627 | 1,869 | \$1,612,500 | \$863 | 2018 |
| 653 Breakaway Ln | Costa Mesa | 92627 | 2,139 | \$1,350,000 | \$631 | 2016 |

APPENDIX A - EXHIBIT III

HOME SALES SURVEY ¹
 WEST NEWPORT MESA & BANNING RANCH AREAS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Address | | | Unit Size (SF) | Sales Price | | Year Built |
|---------------------|---------------|-------|-------------------|-------------|---------|------------|
| | | | | Total | Per SF | |
| 1648 Topanga | Costa Mesa | 92627 | 2,142 | \$1,375,000 | \$642 | 2019 |
| 393 Latitude Pl E | Costa Mesa | 92627 | 2,148 | \$1,775,000 | \$826 | 2016 |
| 395 Latitude E | Costa Mesa | 92627 | 2,174 | \$1,800,000 | \$828 | 2015 |
| 60 Ebb Tide | Newport Beach | 92663 | 2,207 | \$1,825,000 | \$827 | 2018 |
| 49 Ebb Tide Cir | Newport Beach | 92663 | 2,228 | \$1,900,000 | \$853 | 2018 |
| 58 Ebb Tide Cir | Newport Beach | 92663 | 2,229 | \$1,800,000 | \$808 | 2018 |
| 81 Ebb Tide Cir | Newport Beach | 92663 | 2,229 | \$1,760,000 | \$790 | 2018 |
| 1062 Hampton Dr | Costa Mesa | 92627 | 2,274 | \$1,725,000 | \$759 | 2017 |
| 1649 Pocomo Way | Costa Mesa | 92627 | 2,274 | \$1,965,000 | \$864 | 2018 |
| 2112 Canyon Cir | Costa Mesa | 92627 | 2,499 | \$1,550,000 | \$620 | 2006 |
| 379 La Perle Pl | Costa Mesa | 92627 | 2,515 | \$3,145,000 | \$1,250 | 2022 |
| 379 La Perle Pl | Costa Mesa | 92627 | 2,561 | \$3,145,000 | \$1,228 | 2020 |
| 334 E 16th St | Costa Mesa | 92627 | 2,564 | \$2,250,000 | \$878 | 2016 |
| 2113 Canyon Cir | Costa Mesa | 92627 | 2,627 | \$1,617,000 | \$616 | 2006 |
| 518 Aliso Ave | Newport Beach | 92663 | 2,667 | \$3,977,000 | \$1,491 | 2019 |
| 393 La Perle Pl | Costa Mesa | 92627 | 2,755 | \$3,100,000 | \$1,125 | 2019 |
| 2107 Canyon Cir | Costa Mesa | 92627 | 2,955 | \$1,700,000 | \$575 | 2006 |
| 2091 Balmoral Pl | Costa Mesa | 92627 | 3,000 | \$1,990,000 | \$663 | 2018 |
| 2306 Margaret Dr | Newport Beach | 92663 | 3,112 | \$3,115,000 | \$1,001 | 2013 |
| 475 Westminster Ave | Newport Beach | 92663 | 3,249 | \$2,395,000 | \$737 | 2006 |
| 2325 East 16th St | Newport Beach | 92663 | 3,450 | \$5,200,000 | \$1,507 | 2021 |
| 544 Aliso Ave | Newport Beach | 92663 | 3,682 | \$4,100,000 | \$1,114 | 2009 |
| 454 Catalina Dr | Newport Beach | 92663 | 4,000 | \$3,950,000 | \$988 | 2023 |
| 514 Westminster Ave | Newport Beach | 92663 | 5,152 | \$3,950,000 | \$767 | 2004 |
| Minimum | | | 1,670 | \$1,275,000 | \$575 | 2004 |
| Maximum | | | 5,152 | \$5,200,000 | \$1,856 | 2023 |
| Average | | | 2,506 | \$2,296,100 | \$916 | 2015 |

¹ Source: Redfin Corporation. Based on a February 2025 survey of condominiums, townhomes and single family home constructed after 2000 that were sold between February 2023 and February 2025.

APPENDIX A - EXHIBIT IV

**HOME SALES SURVEY ¹
 NEWPORT CENTER AREA
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | Address | | Unit Size (SF) | Sales Price | | Year Built | |
|--------------------------------|-----------------------|---------------|-------------------|-------------|-------------|------------|------|
| | | | | Total | Per SF | | |
| I. Two-Bedroom Units | | | | | | | |
| | 1253 Santa Barbara Dr | Newport Beach | 92660 | 2,154 | \$3,700,000 | \$1,718 | 2015 |
| | 1255 Santa Barbara Dr | Newport Beach | 92660 | 2,175 | \$3,850,000 | \$1,770 | 2014 |
| | 1455 Santa Barbara Dr | Newport Beach | 92660 | 2,224 | \$3,100,000 | \$1,394 | 2015 |
| | 1527 Santa Barbara Dr | Newport Beach | 92660 | 2,300 | \$4,500,000 | \$1,957 | 2015 |
| | 1517 Santa Barbara Dr | Newport Beach | 92660 | 2,300 | \$3,300,000 | \$1,435 | 2015 |
| | 1257 Santa Barbara Dr | Newport Beach | 92660 | 2,548 | \$4,265,000 | \$1,674 | 2014 |
| | 1319 Santa Barbara Dr | Newport Beach | 92660 | 2,630 | \$3,950,000 | \$1,502 | 2015 |
| | 1531 Santa Barbara Dr | Newport Beach | 92660 | 2,686 | \$6,265,625 | \$2,333 | 2015 |
| | 1311 Santa Barbara Dr | Newport Beach | 92660 | 2,686 | \$4,000,000 | \$1,489 | 2015 |
| | 1329 Santa Barbara Dr | Newport Beach | 92660 | 2,691 | \$5,980,000 | \$2,222 | 2015 |
| | 1339 Santa Barbara Dr | Newport Beach | 92660 | 2,691 | \$6,800,000 | \$2,527 | 2015 |
| | 1561 Santa Barbara Dr | Newport Beach | 92660 | 2,735 | \$4,200,000 | \$1,536 | 2015 |
| | 1131 Santa Barbara Dr | Newport Beach | 92660 | 3,081 | \$4,500,000 | \$1,461 | 2015 |
| | Minimum | | | 2,154 | \$3,100,000 | \$1,394 | 2014 |
| | Maximum | | | 3,081 | \$6,800,000 | \$2,527 | 2015 |
| | Average | | | 2,531 | \$4,493,100 | \$1,775 | 2015 |
| II. Three-Bedroom Units | | | | | | | |
| | 1121 Santa Barbara Dr | Newport Beach | 92660 | 2,817 | \$4,600,000 | \$1,633 | 2015 |
| | 1529 Santa Barbara Dr | Newport Beach | 92660 | 2,827 | \$4,600,000 | \$1,627 | 2015 |
| | 1317 Santa Barbara Dr | Newport Beach | 92660 | 3,033 | \$4,325,000 | \$1,426 | 2015 |
| | Minimum | | | 2,817 | \$4,325,000 | \$1,426 | 2015 |
| | Maximum | | | 3,033 | \$4,600,000 | \$1,633 | 2015 |
| | Average | | | 2,892 | \$4,508,300 | \$1,559 | 2015 |

¹ Source: Redfin Corporation. Based on a February 2025 survey of condominiums constructed after 2014 that were sold between February 2021 and February 2025.

APPENDIX B

AFFORDABLE SALES PRICE CALCULATIONS OWNERSHIP HOUSING DEVELOPMENT INCLUSIONARY HOUSING: FINANCIAL EVALUATION NEWPORT BEACH, CALIFORNIA

APPENDIX B - EXHIBIT I

**AFFORDABLE SALES PRICE CALCULATIONS ¹
 COYOTE CANYON PROTOTYPE
 2024 INCOME STANDARDS - MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | Two-Bedroom Units | Three-Bedroom Units |
|--|--------------|----------------------|------------------------|
| I. General Assumptions | | | |
| Estimated Market Rate Sales Price | ² | \$1,319,700 | \$1,663,900 |
| Area Median Income | ³ | \$116,100 | \$129,000 |
| Annual Utilities Allowance | ⁴ | \$3,396 | \$4,296 |
| HOA, Maintenance & Insurance | | \$3,600 | \$4,200 |
| II. Affordable Sales Price Calculations | | | |
| A. Affordable Sales Price Based on 110% AMI | | | |
| Benchmark Annual Household Income | | \$127,710 | \$141,900 |
| Income Allotted to Housing @ 35% of Income | | \$44,700 | \$49,670 |
| B. Property Taxes @ 1.10% of Affordable Sales Price | | \$4,750 | \$5,200 |
| C. Income Available for Mortgage | ⁵ | \$32,954 | \$35,974 |
| D. Affordable Sales Price | | | |
| Supportable Mtg @ 7.03% Interest | ⁶ | \$411,600 | \$449,300 |
| Home Buyer Down Payment @ 5% of ASP | | 21,600 | 23,700 |
| Affordable Sales Price | | \$433,200 | \$473,000 |

¹ Based on 2024 Orange County household incomes published by the California Housing & Community Development Department (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section

² Based in part on the results of the home sales survey.

³ Under the California Health & Safety Code Section 50052.5 calculation methodology, the benchmark household size is set at the number of bedrooms in the unit plus one. This benchmark is used solely for the purposes of calculating the Affordable Sales Price. It is neither an occupancy cap nor a floor.

⁴ Based on the Orange County Housing Authority utility allowance schedule effective as of 10/1/24. Assumes: Electric Cooking, Electric Heating, Electric Water Heater, Basic Electric, Air Conditioning, Water, Sewer, and Trash.

⁵ Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.10% of Affordable Sales Price.

⁶ Based on a 25 basis points premium applied to the Freddie Mac monthly average, between March 2024 and February 2025, for a fixed-interest rate loan with a 30-year amortization period.

APPENDIX B - EXHIBIT II

AFFORDABLE SALES PRICE CALCULATIONS ¹
DOVER SHORES & WESTCLIFF PROTOTYPE
2024 INCOME STANDARDS - MODERATE INCOME UNITS
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

| | | Three-Bedroom Units | Four-Bedroom Units |
|--|--------------|------------------------|-----------------------|
| I. General Assumptions | | | |
| Estimated Market Rate Sales Price | ² | \$1,926,500 | \$2,261,000 |
| Area Median Income | ³ | \$129,000 | \$139,300 |
| Annual Utilities Allowance | ⁴ | \$4,296 | \$5,268 |
| HOA, Maintenance & Insurance | | \$4,200 | \$4,800 |
| II. Affordable Sales Price Calculations | | | |
| A. Affordable Sales Price Based on 110% AMI | | | |
| Benchmark Annual Household Income | | \$141,900 | \$153,230 |
| Income Allotted to Housing @ 35% of Income | | \$49,670 | \$53,630 |
| B. Property Taxes @ 1.10% of Affordable Sales Price | | \$5,200 | \$5,500 |
| C. Income Available for Mortgage | ⁵ | \$35,974 | \$38,062 |
| D. Affordable Sales Price | | | |
| Supportable Mtg @ 7.03% Interest | ⁶ | \$449,300 | \$475,400 |
| Home Buyer Down Payment @ 5% of ASP | | 23,700 | 25,000 |
| Affordable Sales Price | | \$473,000 | \$500,400 |

¹ Based on 2024 Orange County household incomes published by the California Housing & Community Development Department (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section

² Based in part on the results of the home sales survey.

³ Under the California Health & Safety Code Section 50052.5 calculation methodology, the benchmark household size is set at the number of bedrooms in the unit plus one. This benchmark is used solely for the purposes of calculating the Affordable Sales Price. It is neither an occupancy cap nor a floor.

⁴ Based on the Orange County Housing Authority utility allowance schedule effective as of 10/1/24. Assumes: Electric Cooking, Electric Heating, Electric Water Heater, Basic Electric, Air Conditioning, Water, Sewer, and Trash.

⁵ Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.10% of Affordable Sales Price.

⁶ Based on a 25 basis points premium applied to the Freddie Mac monthly average, between March 2024 and February 2025, for a fixed-interest rate loan with a 30-year amortization period.

APPENDIX B - EXHIBIT III

AFFORDABLE SALES PRICE CALCULATIONS ¹
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
2024 INCOME STANDARDS - MODERATE INCOME UNITS
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

| | | Two-Bedroom Units | Three-Bedroom Units | Four-Bedroom Units |
|--|--------------|----------------------|------------------------|-----------------------|
| I. <u>General Assumptions</u> | | | | |
| Estimated Market Rate Sales Price | ² | \$1,188,600 | \$1,554,800 | \$2,290,900 |
| Area Median Income | ³ | \$116,100 | \$129,000 | \$139,300 |
| Annual Utilities Allowance | ⁴ | \$3,396 | \$4,296 | \$5,268 |
| HOA, Maintenance & Insurance | | \$3,600 | \$4,200 | \$4,800 |
| II. <u>Affordable Sales Price Calculations</u> | | | | |
| A. Affordable Sales Price Based on 110% AMI | | | | |
| Benchmark Annual Household Income | | \$127,710 | \$141,900 | \$153,230 |
| Income Allotted to Housing @ 35% of Income | | \$44,700 | \$49,670 | \$53,630 |
| B. Property Taxes @ 1.10% of Affordable Sales Price | | \$4,760 | \$5,200 | \$5,500 |
| C. Income Available for Mortgage | ⁵ | \$32,944 | \$35,974 | \$38,062 |
| D. <u>Affordable Sales Price</u> | | | | |
| Supportable Mtg @ 7.03% Interest | ⁶ | \$411,500 | \$449,300 | \$475,400 |
| Home Buyer Down Payment @ 5% of ASP | | 21,700 | 23,700 | 25,000 |
| Affordable Sales Price | | \$433,200 | \$473,000 | \$500,400 |

¹ Based on 2024 Orange County household incomes published by the California Housing & Community Development Department (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section

² Based in part on the results of the home sales survey.

³ Under the California Health & Safety Code Section 50052.5 calculation methodology, the benchmark household size is set at the number of bedrooms in the unit plus one. This benchmark is used solely for the purposes of calculating the Affordable Sales Price. It is neither an occupancy cap nor a floor.

⁴ Based on the Orange County Housing Authority utility allowance schedule effective as of 10/1/24. Assumes: Electric Cooking, Electric Heating, Electric Water Heater, Basic Electric, Air Conditioning, Water, Sewer, and Trash.

⁵ Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.10% of Affordable Sales Price.

⁶ Based on a 25 basis points premium applied to the Freddie Mac monthly average, between March 2024 and February 2025, for a fixed-interest rate loan with a 30-year amortization period.

APPENDIX B - EXHIBIT IV

AFFORDABLE SALES PRICE CALCULATIONS
NEWPORT CENTER PROTOTYPE
2024 INCOME STANDARDS - MODERATE INCOME UNITS
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

1

| | | Two-Bedroom Units | Three-Bedroom Units |
|--|---|----------------------|------------------------|
| I. General Assumptions | | | |
| Estimated Market Rate Sales Price | 2 | \$4,717,800 | \$4,733,700 |
| Area Median Income | 3 | \$116,100 | \$129,000 |
| Annual Utilities Allowance | 4 | \$3,396 | \$4,296 |
| HOA, Maintenance & Insurance | | \$22,200 | \$23,400 |
| II. Affordable Sales Price Calculations | | | |
| A. Affordable Sales Price Based on 110% AMI | | | |
| Benchmark Annual Household Income | | \$127,710 | \$141,900 |
| Income Allotted to Housing @ 35% of Income | | \$44,700 | \$49,670 |
| B. Property Taxes @ 1.10% of Affordable Sales Price | | \$2,410 | \$2,780 |
| C. Income Available for Mortgage | 5 | \$16,694 | \$19,194 |
| D. Affordable Sales Price | | | |
| Supportable Mtg @ 7.03% Interest | 6 | \$208,500 | \$239,700 |
| Home Buyer Down Payment @ 5% of ASP | | 11,000 | 12,600 |
| Affordable Sales Price | | \$219,500 | \$252,300 |

1 Based on 2024 Orange County household incomes published by the California Housing & Community Development Department (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section

2 Based in part on the results of the home sales survey.

3 Under the California Health & Safety Code Section 50052.5 calculation methodology, the benchmark household size is set at the number of bedrooms in the unit plus one. This benchmark is used solely for the purposes of calculating the Affordable Sales Price. It is neither an occupancy cap nor a floor.

4 Based on the Orange County Housing Authority utility allowance schedule effective as of 10/1/24. Assumes: Electric Cooking, Electric Heating, Electric Water Heater, Basic Electric, Air Conditioning, Water, Sewer, and Trash.

5 Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.10% of Affordable Sales Price.

6 Based on a 25 basis points premium applied to the Freddie Mac monthly average, between March 2024 and February 2025, for a fixed-interest rate loan with a 30-year amortization period.

APPENDIX C

PRO FORMA ANALYSES COYOTE CANYON PROTOTYPE OWNERSHIP HOUSING DEVELOPMENT INCLUSIONARY HOUSING: FINANCIAL EVALUATION NEWPORT BEACH, CALIFORNIA

APPENDIX C - EXHIBIT I

**PRO FORMA ANALYSIS
MARKET RATE SCENARIO
COYOTE CANYON PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX C - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 MARKET RATE SCENARIO
 COYOTE CANYON PROTOTYPE
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | |
|--|---------|----------------------|-------------------|---------------------|
| I. Land Acquisition & Infrastructure Costs ¹ | 217,800 | Sf of Land | \$180 /Sf of Land | \$39,204,000 |
| II. Direct Costs ² | | | | |
| On-Site Improvements/Landscaping | 217,800 | Sf of Land | \$40 /Sf of Land | \$8,712,000 |
| Parking | 180 | Spaces | \$0 /Space | 0 |
| Building Costs | 144,000 | Sf of GSA | \$200 /Sf of GSA | 28,800,000 |
| Contractor/DC Contingency Allow | 20% | Other Direct Costs | | 7,502,000 |
| Total Direct Costs | | | | \$45,014,000 |
| III. Indirect Costs | | | | |
| Architecture, Engineering & Consulting | 6.0% | Direct Costs | | \$2,701,000 |
| Public Permits & Fees | 90 | Units | \$84,200 /Unit | 7,578,000 |
| Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | 675,000 |
| Marketing | 90 | Units | \$5,000 /Unit | 450,000 |
| Developer Fee | 3.0% | Gross Sales Revenue | | 4,028,000 |
| Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | 772,000 |
| Total Indirect Costs | | | | \$16,204,000 |
| IV. Financing Costs | | | | |
| Interest During Construction | | | | \$9,813,000 |
| Loan Origination Fees | 60.0% | Loan to Cost | 1.5 Points | 904,000 |
| Total Financing Costs | | | | \$10,717,000 |
| V. Total Construction Cost | 90 | Units | \$799,000 /Unit | \$71,935,000 |
| Total Development Cost | 90 | Units | \$1,235,000 /Unit | \$111,139,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 12 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX C - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
 MARKET RATE SCENARIO
 COYOTE CANYON PROTOTYPE
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | |
|-------------|-----------------------------------|--------------------------|-----------------|----------------------|
| I. | <u>Gross Sales Revenue</u> | 1 | | |
| | Two-Bedroom Units | 45 Units @ | 1,319,700 /Unit | \$59,387,000 |
| | Three-Bedroom Units | 45 Units @ | 1,663,900 /Unit | 74,876,000 |
| | Total Gross Sales Revenue | | | \$134,263,000 |
| II. | <u>Cost of Sales</u> | | | |
| | Commissions | 3.0% Gross Sales Revenue | | \$4,028,000 |
| | Closing | 2.0% Gross Sales Revenue | | 2,685,000 |
| | Warranty | 0.5% Gross Sales Revenue | | 671,000 |
| | Total Cost of Sales | | | (\$7,384,000) |
| III. | <u>Net Revenue</u> | | | \$126,879,000 |

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$932 per square foot of saleable area.

APPENDIX C - EXHIBIT I - TABLE 3

**PROJECTED DEVELOPER PROFIT
MARKET RATE SCENARIO
COYOTE CANYON PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|------|-------------------------------|--------------------------------------|----------------------|
| I. | Net Revenue | See APPENDIX C - EXHIBIT I - TABLE 2 | \$126,879,000 |
| II. | Total Development Cost | See APPENDIX C - EXHIBIT I - TABLE 1 | <u>\$111,139,000</u> |
| III. | Developer Profit | 14.2% Total Development Cost | \$15,740,000 |

APPENDIX C - EXHIBIT II

**PRO FORMA ANALYSIS
RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
COYOTE CANYON PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX C - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 COYOTE CANYON PROTOTYPE
 RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 217,800 | Sf of Land | \$180 | /Sf of Land | \$39,204,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 217,800 | Sf of Land | \$40 | /Sf of Land | \$8,712,000 |
| | Parking ³ | 180 | Spaces | \$0 | /Space | 0 |
| | Building Costs | 144,000 | Sf of GSA | \$200 | /Sf of GSA | 28,800,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 7,502,000 |
| | Total Direct Costs | | | | | \$45,014,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$2,701,000 |
| | Public Permits & Fees ⁵ | 90 | Units | \$84,200 | /Unit | 7,578,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 675,000 |
| | Marketing | 90 | Units | \$5,000 | /Unit | 450,000 |
| | Developer Fee ⁶ | 90 | Units | \$44,756 | /Unit | 4,028,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 772,000 |
| | Total Indirect Costs | | | | | \$16,204,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$9,812,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 904,000 |
| | Total Financing Costs | | | | | \$10,716,000 |
| V. | Total Construction Cost | 90 | Units | \$799,000 | /Unit | \$71,934,000 |
| | Total Development Cost | 90 | Units | \$1,235,000 | /Unit | \$111,138,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 11 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX C - EXHIBIT II - TABLE 2

**PROJECTED NET SALES REVENUE
 COYOTE CANYON PROTOTYPE
 RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

I. Gross Sales Revenue

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 41 Units @ | \$1,319,700 /Unit | \$54,108,000 |
| Three-Bedroom Units | | 42 Units @ | \$1,663,900 /Unit | 69,884,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 4 Units @ | \$433,200 /Unit | 1,733,000 |
| Three-Bedroom Units | | 3 Units @ | \$473,000 /Unit | 1,419,000 |
| Total Gross Sales Revenue | | | | \$127,144,000 |

II. Cost of Sales

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$3,814,000 |
| Closing | | 2.0% Gross Sales Revenue | | 2,543,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 636,000 |
| Total Cost of Sales | | | | (\$6,993,000) |

| | |
|--------------------------------|----------------------|
| III. <u>Net Revenue</u> | \$120,151,000 |
|--------------------------------|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$933 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX C - EXHIBIT II - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 COYOTE CANYON PROTOTYPE
 RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|-----------------------|
| I. | <u>Funds Available for Development Costs</u> | | |
| | Net Revenue | See APPENDIX C - EXHIBIT II - TABLE 2 | \$120,151,000 |
| | (Less) Threshold Developer Profit | ¹ 14.2% Total Development Cost | <u>(\$15,740,000)</u> |
| | Total Funds Available for Development Costs | | \$104,411,000 |
| | | | |
| II. | Total Development Cost | See APPENDIX C - EXHIBIT II - TABLE 1 | \$111,138,000 |
| | | | |
| III. | <u>Total Financial Impact</u> | | (\$6,727,000) |
| | Property Acquisition Cost Reduction | 16% of Estimated Current Acquisition Prices | |
| | % Price Increase to Offset Impact | 5.4% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX C - EXHIBIT III

**PRO FORMA ANALYSIS
5% MODERATE INCOME SCENARIO
COYOTE CANYON PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX C - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 COYOTE CANYON PROTOTYPE
 5% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 217,800 | Sf of Land | \$180 | /Sf of Land | \$39,204,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 217,800 | Sf of Land | \$40 | /Sf of Land | \$8,712,000 |
| | Parking ³ | 180 | Spaces | \$0 | /Space | 0 |
| | Building Costs | 144,000 | Sf of GSA | \$200 | /Sf of GSA | 28,800,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 7,502,000 |
| | Total Direct Costs | | | | | \$45,014,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$2,701,000 |
| | Public Permits & Fees ⁵ | 90 | Units | \$84,200 | /Unit | 7,578,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 675,000 |
| | Marketing | 90 | Units | \$5,000 | /Unit | 450,000 |
| | Developer Fee ⁶ | 90 | Units | \$44,756 | /Unit | 4,028,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 772,000 |
| | Total Indirect Costs | | | | | \$16,204,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$9,781,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 904,000 |
| | Total Financing Costs | | | | | \$10,685,000 |
| V. | Total Construction Cost | 90 | Units | \$799,000 | /Unit | \$71,903,000 |
| | Total Development Cost | 90 | Units | \$1,235,000 | /Unit | \$111,107,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 11 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX C - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
 COYOTE CANYON PROTOTYPE
 5% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 42 Units @ | \$1,319,700 /Unit | \$55,427,000 |
| Three-Bedroom Units | | 43 Units @ | \$1,663,900 /Unit | 71,548,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 3 Units @ | \$433,200 /Unit | 1,300,000 |
| Three-Bedroom Units | | 2 Units @ | \$473,000 /Unit | 946,000 |
| Total Gross Sales Revenue | | | | \$129,221,000 |

II. **Cost of Sales**

| | | |
|----------------------------|--------------------------|----------------------|
| Commissions | 3.0% Gross Sales Revenue | \$3,877,000 |
| Closing | 2.0% Gross Sales Revenue | 2,584,000 |
| Warranty | 0.5% Gross Sales Revenue | 646,000 |
| Total Cost of Sales | | (\$7,107,000) |

| | |
|-------------------------|----------------------|
| III. Net Revenue | \$122,114,000 |
|-------------------------|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$933 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX C - EXHIBIT III - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 COYOTE CANYON PROTOTYPE
 5% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | |
|--|---|----------------------|
| I. <u>Funds Available for Development Costs</u> | | |
| Net Revenue | See APPENDIX C - EXHIBIT III - TABLE 2 | \$122,114,000 |
| (Less) Threshold Developer Profit | ¹ 14.2% Total Development Cost | (\$15,735,000) |
| Total Funds Available for Development Costs | | \$106,379,000 |
| | | |
| II. Total Development Cost | See APPENDIX C - EXHIBIT III - TABLE 1 | \$111,107,000 |
| | | |
| III. <u>Total Financial Impact</u> | | (\$4,728,000) |
| Property Acquisition Cost Reduction | 11% of Estimated Current Acquisition Prices | |
| % Price Increase to Offset Impact | 3.7% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX C - EXHIBIT IV

**PRO FORMA ANALYSIS
10% MODERATE INCOME SCENARIO
COYOTE CANYON PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX C - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 COYOTE CANYON PROTOTYPE
 10% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------------|--|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 217,800 | Sf of Land | \$180 /Sf of Land | | \$39,204,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 217,800 | Sf of Land | \$40 /Sf of Land | | \$8,712,000 |
| | Parking ³ | 180 | Spaces | \$0 /Space | | 0 |
| | Building Costs | 144,000 | Sf of GSA | \$200 /Sf of GSA | | 28,800,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 7,502,000 |
| | Total Direct Costs | | | | | \$45,014,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$2,701,000 |
| | Public Permits & Fees ⁵ | 90 | Units | \$84,200 /Unit | | 7,578,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 675,000 |
| | Marketing | 90 | Units | \$5,000 /Unit | | 450,000 |
| | Developer Fee ⁶ | 90 | Units | \$44,756 /Unit | | 4,028,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 772,000 |
| | Total Indirect Costs | | | | | \$16,204,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$9,841,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 Points | | 904,000 |
| | Total Financing Costs | | | | | \$10,745,000 |
| V. | Total Construction Cost | 90 | Units | \$800,000 /Unit | | \$71,963,000 |
| | Total Development Cost | 90 | Units | \$1,235,000 /Unit | | \$111,167,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 11 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX C - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
 COYOTE CANYON PROTOTYPE
 10% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 40 Units @ | \$1,319,700 /Unit | \$52,788,000 |
| Three-Bedroom Units | | 41 Units @ | \$1,663,900 /Unit | 68,220,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 5 Units @ | \$433,200 /Unit | 2,166,000 |
| Three-Bedroom Units | | 4 Units @ | \$473,000 /Unit | 1,892,000 |
| Total Gross Sales Revenue | | | | \$125,066,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$3,752,000 |
| Closing | | 2.0% Gross Sales Revenue | | 2,501,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 625,000 |
| Total Cost of Sales | | | | (\$6,878,000) |

| | |
|-------------------------|----------------------|
| III. Net Revenue | \$118,188,000 |
|-------------------------|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$933 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX C - EXHIBIT IV - TABLE 3

INCLUSIONARY HOUSING IMPACTS
 COYOTE CANYON PROTOTYPE
 10% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | |
|--|--|--|-----------------------|
| I. <u>Funds Available for Development Costs</u> | | | |
| Net Revenue | See APPENDIX C - EXHIBIT IV - TABLE 2 | | \$118,188,000 |
| (Less) Threshold Developer Profit | ¹ 14.2% Total Development Cost | | <u>(\$15,744,000)</u> |
| Total Funds Available for Development Costs | | | \$102,444,000 |
| | | | |
| II. Total Development Cost | See APPENDIX C - EXHIBIT IV - TABLE 1 | | \$111,167,000 |
| | | | |
| III. <u>Total Financial Impact</u> | | | (\$8,723,000) |
| Property Acquisition Cost Reduction | 20% of Estimated Current Acquisition Prices | | |
| Developer Profit | 6.3% Based on Estimated Current Property Acquisition Costs | | |
| % Price Increase to Offset Impact | 7.2% Market Rate Units | | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX C - EXHIBIT V

**PRO FORMA ANALYSIS
15% MODERATE INCOME SCENARIO
COYOTE CANYON PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX C - EXHIBIT V - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 COYOTE CANYON PROTOTYPE
 15% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 217,800 | Sf of Land | \$180 | /Sf of Land | \$39,204,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 217,800 | Sf of Land | \$40 | /Sf of Land | \$8,712,000 |
| | Parking ³ | 180 | Spaces | \$0 | /Space | 0 |
| | Building Costs | 144,000 | Sf of GSA | \$200 | /Sf of GSA | 28,800,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 7,502,000 |
| | Total Direct Costs | | | | | \$45,014,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$2,701,000 |
| | Public Permits & Fees ⁵ | 90 | Units | \$84,200 | /Unit | 7,578,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 675,000 |
| | Marketing | 90 | Units | \$5,000 | /Unit | 450,000 |
| | Developer Fee ⁶ | 90 | Units | \$44,756 | /Unit | 4,028,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 772,000 |
| | Total Indirect Costs | | | | | \$16,204,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$9,828,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 904,000 |
| | Total Financing Costs | | | | | \$10,732,000 |
| V. | Total Construction Cost | 90 | Units | \$799,000 | /Unit | \$71,950,000 |
| | Total Development Cost | 90 | Units | \$1,235,000 | /Unit | \$111,154,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 10 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX C - EXHIBIT V - TABLE 2

PROJECTED NET SALES REVENUE
 COYOTE CANYON PROTOTYPE
 15% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 38 Units @ | \$1,319,700 /Unit | \$50,149,000 |
| Three-Bedroom Units | | 38 Units @ | \$1,663,900 /Unit | 63,228,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 7 Units @ | \$433,200 /Unit | 3,032,000 |
| Three-Bedroom Units | | 7 Units @ | \$473,000 /Unit | 3,311,000 |
| Total Gross Sales Revenue | | | | \$119,720,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$3,592,000 |
| Closing | | 2.0% Gross Sales Revenue | | 2,394,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 599,000 |
| Total Cost of Sales | | | | (\$6,585,000) |

| | | | | |
|-------------------------|--|--|--|----------------------|
| III. Net Revenue | | | | \$113,135,000 |
|-------------------------|--|--|--|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$932 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX C - EXHIBIT V - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 COYOTE CANYON PROTOTYPE
 15% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|-----------------------|
| I. | <u>Funds Available for Development Costs</u> | | |
| | Net Revenue | See APPENDIX C - EXHIBIT V - TABLE 2 | \$113,135,000 |
| | (Less) Threshold Developer Profit | ¹ 14.2% Total Development Cost | <u>(\$15,742,000)</u> |
| | Total Funds Available for Development Costs | | \$97,393,000 |
| | | | |
| II. | Total Development Cost | See APPENDIX C - EXHIBIT V - TABLE 1 | \$111,154,000 |
| | | | |
| III. | <u>Total Financial Impact</u> | | (\$13,761,000) |
| | Property Acquisition Cost Reduction | 32% of Estimated Current Acquisition Prices | |
| | % Price Increase to Offset Impact | 12.1% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX C - EXHIBIT VI

**PRO FORMA ANALYSIS
20% MODERATE INCOME SCENARIO
COYOTE CANYON PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX C - EXHIBIT VI - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 COYOTE CANYON PROTOTYPE
 20% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 217,800 | Sf of Land | \$180 | /Sf of Land | \$39,204,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 217,800 | Sf of Land | \$40 | /Sf of Land | \$8,712,000 |
| | Parking ³ | 180 | Spaces | \$0 | /Space | 0 |
| | Building Costs | 144,000 | Sf of GSA | \$200 | /Sf of GSA | 28,800,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 7,502,000 |
| | Total Direct Costs | | | | | \$45,014,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$2,701,000 |
| | Public Permits & Fees ⁵ | 90 | Units | \$84,200 | /Unit | 7,578,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 675,000 |
| | Marketing | 90 | Units | \$5,000 | /Unit | 450,000 |
| | Developer Fee ⁶ | 90 | Units | \$44,756 | /Unit | 4,028,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 772,000 |
| | Total Indirect Costs | | | | | \$16,204,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$9,881,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 904,000 |
| | Total Financing Costs | | | | | \$10,785,000 |
| V. | Total Construction Cost | 90 | Units | \$800,000 | /Unit | \$72,003,000 |
| | Total Development Cost | 90 | Units | \$1,236,000 | /Unit | \$111,207,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 10 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX C - EXHIBIT VI - TABLE 2

PROJECTED NET SALES REVENUE
 COYOTE CANYON PROTOTYPE
 20% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 36 Units @ | \$1,319,700 /Unit | \$47,509,000 |
| Three-Bedroom Units | | 36 Units @ | \$1,663,900 /Unit | 59,900,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 9 Units @ | \$433,200 /Unit | 3,899,000 |
| Three-Bedroom Units | | 9 Units @ | \$473,000 /Unit | 4,257,000 |
| Total Gross Sales Revenue | | | | \$115,565,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$3,467,000 |
| Closing | | 2.0% Gross Sales Revenue | | 2,311,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 578,000 |
| Total Cost of Sales | | | | (\$6,356,000) |

| | |
|-------------------------|----------------------|
| III. Net Revenue | \$109,209,000 |
|-------------------------|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$932 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX C - EXHIBIT VI - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 COYOTE CANYON PROTOTYPE
 20% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|-----------------------|
| I. | <u>Funds Available for Development Costs</u> | | |
| | Net Revenue | See APPENDIX C - EXHIBIT VI - TABLE 2 | \$109,209,000 |
| | (Less) Threshold Developer Profit | ¹ 14.2% Total Development Cost | <u>(\$15,750,000)</u> |
| | Total Funds Available for Development Costs | | \$93,459,000 |
| | | | |
| II. | Total Development Cost | See APPENDIX C - EXHIBIT VI - TABLE 1 | \$111,207,000 |
| | | | |
| III. | <u>Total Financial Impact</u> | | (\$17,748,000) |
| | Property Acquisition Cost Reduction | 41% of Estimated Current Acquisition Prices | |
| | % Price Increase to Offset Impact | 16.5% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX D

**PRO FORMA ANALYSES
DOVER SHORES & WESTCLIFF PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT I

PRO FORMA ANALYSIS
MARKET RATE SCENARIO
DOVER SHORES & WESTCLIFF PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

APPENDIX D - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 MARKET RATE SCENARIO
 DOVER SHORES & WESTCLIFF PROTOTYPE
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|--------|----------------------|-------------|-------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 65,340 | Sf of Land | \$300 | /Sf of Land | \$19,602,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 65,340 | Sf of Land | \$30 | /Sf of Land | \$1,960,000 |
| | Parking ³ | 60 | Spaces | \$0 | /Space | 0 |
| | Building Costs | 64,800 | Sf of GSA | \$250 | /Sf of GSA | 16,200,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 3,632,000 |
| | Total Direct Costs | | | | | \$21,792,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$1,308,000 |
| | Public Permits & Fees ⁵ | 30 | Units | \$89,200 | /Unit | 2,676,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 327,000 |
| | Marketing | 30 | Units | \$5,000 | /Unit | 150,000 |
| | Developer Fee | 3.0% | Gross Sales Revenue | | | 1,854,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 316,000 |
| | Total Indirect Costs | | | | | \$6,631,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁶ | | | | | \$4,080,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 432,000 |
| | Total Financing Costs | | | | | \$4,512,000 |
| V. | Total Construction Cost | 30 | Units | \$1,098,000 | /Unit | \$32,935,000 |
| | Total Development Cost | 30 | Units | \$1,751,000 | /Unit | \$52,537,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 5 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
 MARKET RATE SCENARIO
 DOVER SHORES & WESTCLIFF PROTOTYPE
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | |
|-------------|-----------------------------------|--------------------------|-------------------|----------------------|
| I. | <u>Gross Sales Revenue</u> | 1 | | |
| | Three-Bedroom Units | 18 Units @ | \$1,926,500 /Unit | \$34,677,000 |
| | Four-Bedroom Units | 12 Units @ | \$2,261,000 /Unit | 27,132,000 |
| | Total Gross Sales Revenue | | | \$61,809,000 |
| II. | <u>Cost of Sales</u> | | | |
| | Commissions | 3.0% Gross Sales Revenue | | \$1,854,000 |
| | Closing | 2.0% Gross Sales Revenue | | 1,236,000 |
| | Warranty | 0.5% Gross Sales Revenue | | 309,000 |
| | Total Cost of Sales | | | (\$3,399,000) |
| III. | <u>Net Revenue</u> | | | \$58,410,000 |

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$954 per square foot of saleable area.

APPENDIX D - EXHIBIT I - TABLE 3

**PROJECTED DEVELOPER PROFIT
MARKET RATE SCENARIO
DOVER SHORES & WESTCLIFF PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|------|-------------------------------|--------------------------------------|---------------------|
| I. | Net Revenue | See APPENDIX D - EXHIBIT I - TABLE 2 | \$58,410,000 |
| II. | Total Development Cost | See APPENDIX D - EXHIBIT I - TABLE 1 | <u>\$52,537,000</u> |
| III. | Developer Profit | 11.2% Total Development Cost | \$5,873,000 |

APPENDIX D - EXHIBIT II

**PRO FORMA ANALYSIS
RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
DOVER SHORES & WESTCLIFF PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 DOVER SHORES & WESTCLIFF PROTOTYPE
 RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | |
|------|---|---------------------------|-------------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 65,340 Sf of Land | \$300 /Sf of Land | \$19,602,000 |
| II. | Direct Costs ² | | | |
| | On-Site Improvements/Landscaping | 65,340 Sf of Land | \$30 /Sf of Land | \$1,960,000 |
| | Parking ³ | 60 Spaces | \$0 /Space | 0 |
| | Building Costs | 64,800 Sf of GSA | \$250 /Sf of GSA | 16,200,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% Other Direct Costs | | 3,632,000 |
| | Total Direct Costs | | | \$21,792,000 |
| III. | Indirect Costs | | | |
| | Architecture, Engineering & Consulting | 6.0% Direct Costs | | \$1,308,000 |
| | Public Permits & Fees ⁵ | 30 Units | \$89,200 /Unit | 2,676,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% Direct Costs | | 327,000 |
| | Marketing | 30 Units | \$5,000 /Unit | 150,000 |
| | Developer Fee ⁶ | 30 Units | \$61,800 /Unit | 1,854,000 |
| | Soft Cost Contingency Allowance | 5.0% Other Indirect Costs | | 316,000 |
| | Total Indirect Costs | | | \$6,631,000 |
| IV. | Financing Costs | | | |
| | Interest During Construction ⁷ | | | \$4,104,000 |
| | Loan Origination Fees | 60.0% Loan to Cost | 1.5 Points | 432,000 |
| | Total Financing Costs | | | \$4,536,000 |
| V. | Total Construction Cost | 30 Units | \$1,099,000 /Unit | \$32,959,000 |
| | Total Development Cost | 30 Units | \$1,752,000 /Unit | \$52,561,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 5 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
 DOVER SHORES & WESTCLIFF PROTOTYPE
 RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|---------------------|
| Market Rate Units | 1 | | | |
| Three-Bedroom Units | | 17 Units @ | \$1,926,500 /Unit | \$32,751,000 |
| Four-Bedroom Units | | 11 Units @ | \$2,261,000 /Unit | 24,871,000 |
| Moderate Income Units | 2 | | | |
| Three-Bedroom Units | | 1 Unit @ | \$473,000 /Unit | 473,000 |
| Four-Bedroom Units | | 1 Unit @ | \$500,400 /Unit | 500,000 |
| Total Gross Sales Revenue | | | | \$58,595,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$1,758,000 |
| Closing | | 2.0% Gross Sales Revenue | | 1,172,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 293,000 |
| Total Cost of Sales | | | | (\$3,223,000) |

| | | | | |
|-------------------------|--|--|--|---------------------|
| III. Net Revenue | | | | \$55,372,000 |
|-------------------------|--|--|--|---------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$954 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT II - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
DOVER SHORES & WESTCLIFF PROTOTYPE
RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|----------------------|
| I. | <u>Funds Available for Development Costs</u> | | |
| | Net Revenue | See APPENDIX D - EXHIBIT II - TABLE 2 | \$55,372,000 |
| | (Less) Threshold Developer Profit | ¹ 11.2% Total Development Cost | (\$5,876,000) |
| | Total Funds Available for Development Costs | | \$49,496,000 |
| | | | |
| II. | Total Development Cost | See APPENDIX D - EXHIBIT II - TABLE 1 | \$52,561,000 |
| | | | |
| III. | <u>Total Financial Impact</u> | | (\$3,065,000) |
| | Property Acquisition Cost Reduction | 14% of Estimated Current Acquisition Prices | |
| | % Price Increase to Offset Impact | 5.3% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX D - EXHIBIT III

**PRO FORMA ANALYSIS
5% MODERATE INCOME SCENARIO
DOVER SHORES & WESTCLIFF PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT III - TABLE 1

**ESTIMATED DEVELOPMENT COSTS
DOVER SHORES & WESTCLIFF PROTOTYPE
5% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | | | |
|--|--------|------------------------|-------------|-------------|---------------------|
| I. Land Acquisition & Infrastructure Costs ¹ | 65,340 | Sf of Land | \$300 | /Sf of Land | \$19,602,000 |
| II. Direct Costs ² | | | | | |
| On-Site Improvements/Landscaping | 65,340 | Sf of Land | \$30 | /Sf of Land | \$1,960,000 |
| Parking | 60 | Spaces | \$0 | /Space | 0 |
| Building Costs | 64,800 | Sf of GSA | \$250 | /Sf of GSA | 16,200,000 |
| Contractor/DC Contingency Allow | 4 | 20% Other Direct Costs | | | 3,632,000 |
| Total Direct Costs | | | | | \$21,792,000 |
| III. Indirect Costs | | | | | |
| Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$1,308,000 |
| Public Permits & Fees | 5 | 30 Units | \$89,200 | /Unit | 2,676,000 |
| Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 327,000 |
| Marketing | 30 | Units | \$5,000 | /Unit | 150,000 |
| Developer Fee | 6 | 30 Units | \$61,800 | /Unit | 1,854,000 |
| Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 316,000 |
| Total Indirect Costs | | | | | \$6,631,000 |
| IV. Financing Costs | | | | | |
| Interest During Construction | 7 | | | | \$4,074,000 |
| Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 432,000 |
| Total Financing Costs | | | | | \$4,506,000 |
| V. Total Construction Cost | 30 | Units | \$1,098,000 | /Unit | \$32,929,000 |
| Total Development Cost | 30 | Units | \$1,751,000 | /Unit | \$52,531,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 5 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
DOVER SHORES & WESTCLIFF PROTOTYPE
5% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|---------------------|
| Market Rate Units | 1 | | | |
| Three-Bedroom Units | | 17 Units @ | \$1,926,500 /Unit | \$32,751,000 |
| Four-Bedroom Units | | 12 Units @ | \$2,261,000 /Unit | 27,132,000 |
| Moderate Income Units | 2 | | | |
| Three-Bedroom Units | | 1 Unit @ | \$473,000 /Unit | 473,000 |
| Four-Bedroom Units | | 0 Units @ | \$500,400 /Unit | 0 |
| Total Gross Sales Revenue | | | | \$60,356,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$1,811,000 |
| Closing | | 2.0% Gross Sales Revenue | | 1,207,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 302,000 |
| Total Cost of Sales | | | | (\$3,320,000) |

| | |
|-------------------------|---------------------|
| III. Net Revenue | \$57,036,000 |
|-------------------------|---------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$954 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT III - TABLE 3

INCLUSIONARY HOUSING IMPACTS
 DOVER SHORES & WESTCLIFF PROTOTYPE
 5% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | |
|--|--|--|---------------|
| I. <u>Funds Available for Development Costs</u> | | | |
| Net Revenue | See APPENDIX D - EXHIBIT III - TABLE 2 | | \$57,036,000 |
| (Less) Threshold Developer Profit | ¹ 11.2% Total Development Cost | | (\$5,872,000) |
| Total Funds Available for Development Costs | | | \$51,164,000 |
| | | | |
| II. Total Development Cost | See APPENDIX D - EXHIBIT III - TABLE 1 | | \$52,531,000 |
| | | | |
| III. <u>Total Financial Impact</u> | | | (\$1,367,000) |
| Property Acquisition Cost Reduction | 6% of Estimated Current Acquisition Prices | | |
| % Price Increase to Offset Impact | 2.3% Market Rate Units | | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX D - EXHIBIT IV

**PRO FORMA ANALYSIS
10% MODERATE INCOME SCENARIO
DOVER SHORES & WESTCLIFF PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
DOVER SHORES & WESTCLIFF PROTOTYPE
10% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

| | | | | |
|------|---|---------------------------|-------------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 65,340 Sf of Land | \$300 /Sf of Land | \$19,602,000 |
| II. | Direct Costs ² | | | |
| | On-Site Improvements/Landscaping | 65,340 Sf of Land | \$30 /Sf of Land | \$1,960,000 |
| | Parking ³ | 60 Spaces | \$0 /Space | 0 |
| | Building Costs | 64,800 Sf of GSA | \$250 /Sf of GSA | 16,200,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% Other Direct Costs | | 3,632,000 |
| | Total Direct Costs | | | \$21,792,000 |
| III. | Indirect Costs | | | |
| | Architecture, Engineering & Consulting | 6.0% Direct Costs | | \$1,308,000 |
| | Public Permits & Fees ⁵ | 30 Units | \$89,200 /Unit | 2,676,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% Direct Costs | | 327,000 |
| | Marketing | 30 Units | \$5,000 /Unit | 150,000 |
| | Developer Fee ⁶ | 30 Units | \$61,800 /Unit | 1,854,000 |
| | Soft Cost Contingency Allowance | 5.0% Other Indirect Costs | | 316,000 |
| | Total Indirect Costs | | | \$6,631,000 |
| IV. | Financing Costs | | | |
| | Interest During Construction ⁷ | | | \$4,096,000 |
| | Loan Origination Fees | 60.0% Loan to Cost | 1.5 Points | 432,000 |
| | Total Financing Costs | | | \$4,528,000 |
| V. | Total Construction Cost | 30 Units | \$1,098,000 /Unit | \$32,951,000 |
| | Total Development Cost | 30 Units | \$1,752,000 /Unit | \$52,553,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 5 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
DOVER SHORES & WESTCLIFF PROTOTYPE
10% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|---------------------|
| Market Rate Units | 1 | | | |
| Three-Bedroom Units | | 16 Units @ | \$1,926,500 /Unit | \$30,824,000 |
| Four-Bedroom Units | | 11 Units @ | \$2,261,000 /Unit | 24,871,000 |
| Moderate Income Units | 2 | | | |
| Three-Bedroom Units | | 2 Units @ | \$473,000 /Unit | 946,000 |
| Four-Bedroom Units | | 1 Unit @ | \$500,400 /Unit | 500,000 |
| Total Gross Sales Revenue | | | | \$57,141,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$1,714,000 |
| Closing | | 2.0% Gross Sales Revenue | | 1,143,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 286,000 |
| Total Cost of Sales | | | | (\$3,143,000) |

| | | | | |
|-------------------------|--|--|--|---------------------|
| III. Net Revenue | | | | \$53,998,000 |
|-------------------------|--|--|--|---------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$954 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT IV - TABLE 3

INCLUSIONARY HOUSING IMPACTS
DOVER SHORES & WESTCLIFF PROTOTYPE
10% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

| | | | |
|--|---|--|----------------------|
| I. <u>Funds Available for Development Costs</u> | | | |
| Net Revenue | See APPENDIX D - EXHIBIT IV - TABLE 2 | | \$53,998,000 |
| (Less) Threshold Developer Profit | ¹ 11.2% Total Development Cost | | <u>(\$5,875,000)</u> |
| Total Funds Available for Development Costs | | | \$48,123,000 |
| | | | |
| II. Total Development Cost | See APPENDIX D - EXHIBIT IV - TABLE 1 | | \$52,553,000 |
| | | | |
| III. <u>Total Financial Impact</u> | | | (\$4,430,000) |
| Property Acquisition Cost Reduction | 20% of Estimated Current Acquisition Prices | | |
| % Price Increase to Offset Impact | 8.0% Market Rate Units | | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX D - EXHIBIT V

**PRO FORMA ANALYSIS
15% MODERATE INCOME SCENARIO
DOVER SHORES & WESTCLIFF PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT V - TABLE 1

ESTIMATED DEVELOPMENT COSTS
DOVER SHORES & WESTCLIFF PROTOTYPE
15% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

| | | | | |
|------|---|---------------------------|-------------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 65,340 Sf of Land | \$300 /Sf of Land | \$19,602,000 |
| II. | Direct Costs ² | | | |
| | On-Site Improvements/Landscaping | 65,340 Sf of Land | \$30 /Sf of Land | \$1,960,000 |
| | Parking ³ | 60 Spaces | \$0 /Space | 0 |
| | Building Costs | 64,800 Sf of GSA | \$250 /Sf of GSA | 16,200,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% Other Direct Costs | | 3,632,000 |
| | Total Direct Costs | | | \$21,792,000 |
| III. | Indirect Costs | | | |
| | Architecture, Engineering & Consulting | 6.0% Direct Costs | | \$1,308,000 |
| | Public Permits & Fees ⁵ | 30 Units | \$89,200 /Unit | 2,676,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% Direct Costs | | 327,000 |
| | Marketing | 30 Units | \$5,000 /Unit | 150,000 |
| | Developer Fee ⁶ | 30 Units | \$61,800 /Unit | 1,854,000 |
| | Soft Cost Contingency Allowance | 5.0% Other Indirect Costs | | 316,000 |
| | Total Indirect Costs | | | \$6,631,000 |
| IV. | Financing Costs | | | |
| | Interest During Construction ⁷ | | | \$4,174,000 |
| | Loan Origination Fees | 60.0% Loan to Cost | 1.5 Points | 432,000 |
| | Total Financing Costs | | | \$4,606,000 |
| V. | Total Construction Cost | 30 Units | \$1,101,000 /Unit | \$33,029,000 |
| | Total Development Cost | 30 Units | \$1,754,000 /Unit | \$52,631,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 4 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT V - TABLE 2

PROJECTED NET SALES REVENUE
DOVER SHORES & WESTCLIFF PROTOTYPE
15% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|---------------------|
| Market Rate Units | 1 | | | |
| Three-Bedroom Units | | 15 Units @ | \$1,926,500 /Unit | \$28,898,000 |
| Four-Bedroom Units | | 10 Units @ | \$2,261,000 /Unit | 22,610,000 |
| Moderate Income Units | 2 | | | |
| Three-Bedroom Units | | 3 Units @ | \$473,000 /Unit | 1,419,000 |
| Four-Bedroom Units | | 2 Units @ | \$500,400 /Unit | 1,001,000 |
| Total Gross Sales Revenue | | | | \$53,928,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$1,618,000 |
| Closing | | 2.0% Gross Sales Revenue | | 1,079,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 270,000 |
| Total Cost of Sales | | | | (\$2,967,000) |

| | |
|-------------------------|---------------------|
| III. Net Revenue | \$50,961,000 |
|-------------------------|---------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$954 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT V - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
DOVER SHORES & WESTCLIFF PROTOTYPE
15% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|----------------------|
| I. | <u>Funds Available for Development Costs</u> | | |
| | Net Revenue | See APPENDIX D - EXHIBIT V - TABLE 2 | \$50,961,000 |
| | (Less) Threshold Developer Profit | ¹ 11.2% Total Development Cost | <u>(\$5,884,000)</u> |
| | Total Funds Available for Development Costs | | \$45,077,000 |
| | | | |
| II. | Total Development Cost | See APPENDIX D - EXHIBIT V - TABLE 1 | \$52,631,000 |
| | | | |
| III. | <u>Total Financial Impact</u> | | (\$7,554,000) |
| | Property Acquisition Cost Reduction | 35% of Estimated Current Acquisition Prices | |
| | % Price Increase to Offset Impact | 14.7% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX D - EXHIBIT VI

**PRO FORMA ANALYSIS
20% MODERATE INCOME SCENARIO
DOVER SHORES & WESTCLIFF PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT VI - TABLE 1

ESTIMATED DEVELOPMENT COSTS
DOVER SHORES & WESTCLIFF PROTOTYPE
20% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|--------|----------------------|-------------|-------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 65,340 | Sf of Land | \$300 | /Sf of Land | \$19,602,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 65,340 | Sf of Land | \$30 | /Sf of Land | \$1,960,000 |
| | Parking ³ | 60 | Spaces | \$0 | /Space | 0 |
| | Building Costs | 64,800 | Sf of GSA | \$250 | /Sf of GSA | 16,200,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 3,632,000 |
| | Total Direct Costs | | | | | \$21,792,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$1,308,000 |
| | Public Permits & Fees ⁵ | 30 | Units | \$89,200 | /Unit | 2,676,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 327,000 |
| | Marketing | 30 | Units | \$5,000 | /Unit | 150,000 |
| | Developer Fee ⁶ | 30 | Units | \$61,800 | /Unit | 1,854,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 316,000 |
| | Total Indirect Costs | | | | | \$6,631,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$4,280,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 432,000 |
| | Total Financing Costs | | | | | \$4,712,000 |
| V. | Total Construction Cost | 30 | Units | \$1,105,000 | /Unit | \$33,135,000 |
| | Total Development Cost | 30 | Units | \$1,758,000 | /Unit | \$52,737,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 4 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT VI - TABLE 2

PROJECTED NET SALES REVENUE
DOVER SHORES & WESTCLIFF PROTOTYPE
20% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|---------------------|
| Market Rate Units | 1 | | | |
| Three-Bedroom Units | | 14 Units @ | \$1,926,500 /Unit | \$26,971,000 |
| Four-Bedroom Units | | 10 Units @ | \$2,261,000 /Unit | 22,610,000 |
| Moderate Income Units | 2 | | | |
| Three-Bedroom Units | | 4 Units @ | \$473,000 /Unit | 1,892,000 |
| Four-Bedroom Units | | 2 Units @ | \$500,400 /Unit | 1,001,000 |
| Total Gross Sales Revenue | | | | \$52,474,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$1,574,000 |
| Closing | | 2.0% Gross Sales Revenue | | 1,049,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 262,000 |
| Total Cost of Sales | | | | (\$2,885,000) |

| | | | | |
|-------------------------|--|--|--|---------------------|
| III. Net Revenue | | | | \$49,589,000 |
|-------------------------|--|--|--|---------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$953 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT VI - TABLE 3

INCLUSIONARY HOUSING IMPACTS
 DOVER SHORES & WESTCLIFF PROTOTYPE
 20% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | |
|--|---|--|----------------------|
| I. <u>Funds Available for Development Costs</u> | | | |
| Net Revenue | See APPENDIX D - EXHIBIT VI - TABLE 2 | | \$49,589,000 |
| (Less) Threshold Developer Profit | ¹ 11.2% Total Development Cost | | <u>(\$5,895,000)</u> |
| Total Funds Available for Development Costs | | | \$43,694,000 |
| | | | |
| II. Total Development Cost | See APPENDIX D - EXHIBIT VI - TABLE 1 | | \$52,737,000 |
| | | | |
| III. <u>Total Financial Impact</u> | | | (\$9,043,000) |
| Property Acquisition Cost Reduction | 42% of Estimated Current Acquisition Prices | | |
| % Price Increase to Offset Impact | 18.2% Market Rate Units | | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX E

**PRO FORMA ANALYSES
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX E - EXHIBIT I

PRO FORMA ANALYSIS
MARKET RATE SCENARIO

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

APPENDIX E - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 MARKET RATE SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|------|---|---------|----------------------|-------------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 261,360 | Sf of Land | \$210 /Sf of Land | \$54,886,000 |
| II. | Direct Costs ² | | | | |
| | On-Site Improvements/Landscaping | 261,360 | Sf of Land | \$30 /Sf of Land | \$7,841,000 |
| | Parking ³ | 240 | Spaces | \$0 /Space | 0 |
| | Building Costs | 257,400 | Sf of GSA | \$225 /Sf of GSA | 57,915,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | 13,151,000 |
| | Total Direct Costs | | | | \$78,907,000 |
| III. | Indirect Costs | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | \$4,734,000 |
| | Public Permits & Fees ⁵ | 120 | Units | \$89,100 /Unit | 10,692,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | 1,184,000 |
| | Marketing | 120 | Units | \$5,000 /Unit | 600,000 |
| | Developer Fee | 3.0% | Gross Sales Revenue | | 6,261,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | 1,174,000 |
| | Total Indirect Costs | | | | \$24,645,000 |
| IV. | Financing Costs | | | | |
| | Interest During Construction ⁶ | | | | \$15,689,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 Points | 1,426,000 |
| | Total Financing Costs | | | | \$17,115,000 |
| V. | Total Construction Cost | 120 | Units | \$1,006,000 /Unit | \$120,667,000 |
| | Total Development Cost | 120 | Units | \$1,463,000 /Unit | \$175,553,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 15 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX E - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
 MARKET RATE SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | |
|-------------|-----------------------------------|--------------------------|-------------------|-----------------------|
| I. | <u>Gross Sales Revenue</u> | 1 | | |
| | Two-Bedroom Units | 24 Units @ | \$1,188,600 /Unit | \$28,526,000 |
| | Three-Bedroom Units | 54 Units @ | \$1,554,800 /Unit | 83,959,000 |
| | Four-Bedroom Units | 42 Units @ | \$2,290,900 /Unit | 96,218,000 |
| | Total Gross Sales Revenue | | | \$208,703,000 |
| II. | <u>Cost of Sales</u> | | | |
| | Commissions | 3.0% Gross Sales Revenue | | \$6,261,000 |
| | Closing | 2.0% Gross Sales Revenue | | 4,174,000 |
| | Warranty | 0.5% Gross Sales Revenue | | 1,044,000 |
| | Total Cost of Sales | | | (\$11,479,000) |
| III. | Net Revenue | | | \$197,224,000 |

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$811 per square foot of saleable area.

APPENDIX E - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
MARKET RATE SCENARIO
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

| | | | |
|------|-------------------------------|--------------------------------------|----------------------|
| I. | Net Revenue | See APPENDIX E - EXHIBIT I - TABLE 2 | \$197,224,000 |
| II. | Total Development Cost | See APPENDIX E - EXHIBIT I - TABLE 1 | <u>\$175,553,000</u> |
| III. | Developer Profit | 12.3% Total Development Cost | \$21,671,000 |

APPENDIX E - EXHIBIT II

PRO FORMA ANALYSIS

RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE

OWNERSHIP HOUSING DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX E - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|------|---|---------|----------------------|-------------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 261,360 | Sf of Land | \$210 /Sf of Land | \$54,886,000 |
| II. | Direct Costs ² | | | | |
| | On-Site Improvements/Landscaping | 261,360 | Sf of Land | \$30 /Sf of Land | \$7,841,000 |
| | Parking ³ | 240 | Spaces | \$0 /Space | 0 |
| | Building Costs | 257,400 | Sf of GSA | \$225 /Sf of GSA | 57,915,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | 13,151,000 |
| | Total Direct Costs | | | | \$78,907,000 |
| III. | Indirect Costs | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | \$4,734,000 |
| | Public Permits & Fees ⁵ | 120 | Units | \$89,100 /Unit | 10,692,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | 1,184,000 |
| | Marketing | 120 | Units | \$5,000 /Unit | 600,000 |
| | Developer Fee ⁶ | 120 | Units | \$52,175 /Unit | 6,261,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | 1,174,000 |
| | Total Indirect Costs | | | | \$24,645,000 |
| IV. | Financing Costs | | | | |
| | Interest During Construction ⁷ | | | | \$15,755,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 Points | 1,426,000 |
| | Total Financing Costs | | | | \$17,181,000 |
| V. | Total Construction Cost | 120 | Units | \$1,006,000 /Unit | \$120,733,000 |
| | Total Development Cost | 120 | Units | \$1,463,000 /Unit | \$175,619,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 14 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX E - EXHIBIT II - TABLE 2

**PROJECTED NET SALES REVENUE
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

I. Gross Sales Revenue

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 22 Units @ | \$1,188,600 /Unit | \$26,149,000 |
| Three-Bedroom Units | | 50 Units @ | \$1,554,800 /Unit | 77,740,000 |
| Four-Bedroom Units | | 39 Units @ | \$2,290,900 /Unit | 89,345,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 2 Units @ | \$433,200 /Unit | 866,000 |
| Three-Bedroom Units | | 4 Units @ | \$473,000 /Unit | 1,892,000 |
| Four-Bedroom Units | | 3 Units @ | \$500,400 /Unit | 1,501,000 |
| Total Gross Sales Revenue | | | | \$197,493,000 |

II. Cost of Sales

| | | | | |
|----------------------------|--|--------------------------|--|-----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$5,925,000 |
| Closing | | 2.0% Gross Sales Revenue | | 3,950,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 987,000 |
| Total Cost of Sales | | | | (\$10,862,000) |

| | | |
|-------------|--------------------|----------------------|
| III. | Net Revenue | \$186,631,000 |
|-------------|--------------------|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$811 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX E - EXHIBIT II - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|-----------------------|
| I. | <u>Funds Available for Development Costs</u> | | |
| | Net Revenue | See APPENDIX E - EXHIBIT II - TABLE 2 | \$186,631,000 |
| | (Less) Threshold Developer Profit | ¹ 12.3% Total Development Cost | <u>(\$21,679,000)</u> |
| | Total Funds Available for Development Costs | | \$164,952,000 |
| | | | |
| II. | Total Development Cost | See APPENDIX E - EXHIBIT II - TABLE 1 | \$175,619,000 |
| | | | |
| III. | <u>Total Financial Impact</u> | | (\$10,667,000) |
| | Property Acquisition Cost Reduction | 18% of Estimated Current Acquisition Prices | |
| | % Price Increase to Offset Impact | 5.5% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX E - EXHIBIT III

**PRO FORMA ANALYSIS
5% MODERATE INCOME SCENARIO
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX E - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 5% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|------|---|---------|----------------------|-------------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 261,360 | Sf of Land | \$210 /Sf of Land | \$54,886,000 |
| II. | Direct Costs ² | | | | |
| | On-Site Improvements/Landscaping | 261,360 | Sf of Land | \$30 /Sf of Land | \$7,841,000 |
| | Parking ³ | 240 | Spaces | \$0 /Space | 0 |
| | Building Costs | 257,400 | Sf of GSA | \$225 /Sf of GSA | 57,915,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | 13,151,000 |
| | Total Direct Costs | | | | \$78,907,000 |
| III. | Indirect Costs | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | \$4,734,000 |
| | Public Permits & Fees ⁵ | 120 | Units | \$89,100 /Unit | 10,692,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | 1,184,000 |
| | Marketing | 120 | Units | \$5,000 /Unit | 600,000 |
| | Developer Fee ⁶ | 120 | Units | \$52,175 /Unit | 6,261,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | 1,174,000 |
| | Total Indirect Costs | | | | \$24,645,000 |
| IV. | Financing Costs | | | | |
| | Interest During Construction ⁷ | | | | \$15,736,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 Points | 1,426,000 |
| | Total Financing Costs | | | | \$17,162,000 |
| V. | Total Construction Cost | 120 | Units | \$1,006,000 /Unit | \$120,714,000 |
| | Total Development Cost | 120 | Units | \$1,463,000 /Unit | \$175,600,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 15 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX E - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 5% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 23 Units @ | \$1,188,600 /Unit | \$27,338,000 |
| Three-Bedroom Units | | 51 Units @ | \$1,554,800 /Unit | 79,295,000 |
| Four-Bedroom Units | | 40 Units @ | \$2,290,900 /Unit | 91,636,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 1 Unit @ | \$433,200 /Unit | 433,000 |
| Three-Bedroom Units | | 3 Units @ | \$473,000 /Unit | 1,419,000 |
| Four-Bedroom Units | | 2 Units @ | \$500,400 /Unit | 1,001,000 |
| Total Gross Sales Revenue | | | | \$201,122,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|-----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$6,034,000 |
| Closing | | 2.0% Gross Sales Revenue | | 4,022,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 1,006,000 |
| Total Cost of Sales | | | | (\$11,062,000) |

| | | | | |
|-------------------------|--|--|--|----------------------|
| III. Net Revenue | | | | \$190,060,000 |
|-------------------------|--|--|--|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$811 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX E - EXHIBIT III - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
5% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|--|---|--|-----------------------|
| I. <u>Funds Available for Development Costs</u> | | | |
| Net Revenue | See APPENDIX E - EXHIBIT III - TABLE 2 | | \$190,060,000 |
| (Less) Threshold Developer Profit | ¹ 12.3% Total Development Cost | | <u>(\$21,677,000)</u> |
| Total Funds Available for Development Costs | | | \$168,383,000 |
| | | | |
| II. Total Development Cost | See APPENDIX E - EXHIBIT III - TABLE 1 | | \$175,600,000 |
| | | | |
| III. <u>Total Financial Impact</u> | | | (\$7,217,000) |
| Property Acquisition Cost Reduction | 12% of Estimated Current Acquisition Prices | | |
| % Price Increase to Offset Impact | 3.6% Market Rate Units | | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX E - EXHIBIT IV

**PRO FORMA ANALYSIS
10% MODERATE INCOME SCENARIO
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX E - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 10% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|------|---|---------|----------------------|-------------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 261,360 | Sf of Land | \$210 /Sf of Land | \$54,886,000 |
| II. | Direct Costs ² | | | | |
| | On-Site Improvements/Landscaping | 261,360 | Sf of Land | \$30 /Sf of Land | \$7,841,000 |
| | Parking ³ | 240 | Spaces | \$0 /Space | 0 |
| | Building Costs | 257,400 | Sf of GSA | \$225 /Sf of GSA | 57,915,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | 13,151,000 |
| | Total Direct Costs | | | | \$78,907,000 |
| III. | Indirect Costs | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | \$4,734,000 |
| | Public Permits & Fees ⁵ | 120 | Units | \$89,100 /Unit | 10,692,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | 1,184,000 |
| | Marketing | 120 | Units | \$5,000 /Unit | 600,000 |
| | Developer Fee ⁶ | 120 | Units | \$52,175 /Unit | 6,261,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | 1,174,000 |
| | Total Indirect Costs | | | | \$24,645,000 |
| IV. | Financing Costs | | | | |
| | Interest During Construction ⁷ | | | | \$15,778,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 Points | 1,426,000 |
| | Total Financing Costs | | | | \$17,204,000 |
| V. | Total Construction Cost | 120 | Units | \$1,006,000 /Unit | \$120,756,000 |
| | Total Development Cost | 120 | Units | \$1,464,000 /Unit | \$175,642,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 14 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX E - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 10% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 21 Units @ | \$1,188,600 /Unit | \$24,961,000 |
| Three-Bedroom Units | | 49 Units @ | \$1,554,800 /Unit | 76,185,000 |
| Four-Bedroom Units | | 38 Units @ | \$2,290,900 /Unit | 87,054,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 3 Units @ | \$433,200 /Unit | 1,300,000 |
| Three-Bedroom Units | | 5 Units @ | \$473,000 /Unit | 2,365,000 |
| Four-Bedroom Units | | 4 Units @ | \$500,400 /Unit | 2,002,000 |
| Total Gross Sales Revenue | | | | \$193,867,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|-----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$5,816,000 |
| Closing | | 2.0% Gross Sales Revenue | | 3,877,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 969,000 |
| Total Cost of Sales | | | | (\$10,662,000) |

| | | | | |
|-------------------------|--|--|--|----------------------|
| III. Net Revenue | | | | \$183,205,000 |
|-------------------------|--|--|--|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$812 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX E - EXHIBIT IV - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
10% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | |
|--|---|-----------------------|
| I. <u>Funds Available for Development Costs</u> | | |
| Net Revenue | See APPENDIX E - EXHIBIT IV - TABLE 2 | \$183,205,000 |
| (Less) Threshold Developer Profit | ¹ 12.3% Total Development Cost | (\$21,682,000) |
| Total Funds Available for Development Costs | | \$161,523,000 |
| | | |
| II. Total Development Cost | See APPENDIX E - EXHIBIT IV - TABLE 1 | \$175,642,000 |
| | | |
| III. <u>Total Financial Impact</u> | | (\$14,119,000) |
| Property Acquisition Cost Reduction | 23% of Estimated Current Acquisition Prices | |
| % Price Increase to Offset Impact | 7.5% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX E - EXHIBIT V

**PRO FORMA ANALYSIS
15% MODERATE INCOME SCENARIO
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX E - EXHIBIT V - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 15% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|------|---|---------|----------------------|-------------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 261,360 | Sf of Land | \$210 /Sf of Land | \$54,886,000 |
| II. | Direct Costs ² | | | | |
| | On-Site Improvements/Landscaping | 261,360 | Sf of Land | \$30 /Sf of Land | \$7,841,000 |
| | Parking ³ | 240 | Spaces | \$0 /Space | 0 |
| | Building Costs | 257,400 | Sf of GSA | \$225 /Sf of GSA | 57,915,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | 13,151,000 |
| | Total Direct Costs | | | | \$78,907,000 |
| III. | Indirect Costs | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | \$4,734,000 |
| | Public Permits & Fees ⁵ | 120 | Units | \$89,100 /Unit | 10,692,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | 1,184,000 |
| | Marketing | 120 | Units | \$5,000 /Unit | 600,000 |
| | Developer Fee ⁶ | 120 | Units | \$52,175 /Unit | 6,261,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | 1,174,000 |
| | Total Indirect Costs | | | | \$24,645,000 |
| IV. | Financing Costs | | | | |
| | Interest During Construction ⁷ | | | | \$15,737,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 Points | 1,426,000 |
| | Total Financing Costs | | | | \$17,163,000 |
| V. | Total Construction Cost | 120 | Units | \$1,006,000 /Unit | \$120,715,000 |
| | Total Development Cost | 120 | Units | \$1,463,000 /Unit | \$175,601,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX E - EXHIBIT V - TABLE 2

**PROJECTED NET SALES REVENUE
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
15% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

I. Gross Sales Revenue

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 20 Units @ | \$1,188,600 /Unit | \$23,772,000 |
| Three-Bedroom Units | | 46 Units @ | \$1,554,800 /Unit | 71,521,000 |
| Four-Bedroom Units | | 36 Units @ | \$2,290,900 /Unit | 82,472,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 4 Units @ | \$433,200 /Unit | 1,733,000 |
| Three-Bedroom Units | | 8 Units @ | \$473,000 /Unit | 3,784,000 |
| Four-Bedroom Units | | 6 Units @ | \$500,400 /Unit | 3,002,000 |
| Total Gross Sales Revenue | | | | \$186,284,000 |

II. Cost of Sales

| | | | |
|----------------------------|------|---------------------|-----------------------|
| Commissions | 3.0% | Gross Sales Revenue | \$5,589,000 |
| Closing | 2.0% | Gross Sales Revenue | 3,726,000 |
| Warranty | 0.5% | Gross Sales Revenue | 931,000 |
| Total Cost of Sales | | | (\$10,246,000) |

| | | |
|-------------|--------------------|----------------------|
| III. | Net Revenue | \$176,038,000 |
|-------------|--------------------|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$812 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX E - EXHIBIT V - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
15% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|--|---|--|-----------------------|
| I. <u>Funds Available for Development Costs</u> | | | |
| Net Revenue | See APPENDIX E - EXHIBIT V - TABLE 2 | | \$176,038,000 |
| (Less) Threshold Developer Profit | ¹ 12.3% Total Development Cost | | <u>(\$21,677,000)</u> |
| Total Funds Available for Development Costs | | | \$154,361,000 |
| | | | |
| II. Total Development Cost | See APPENDIX E - EXHIBIT V - TABLE 1 | | \$175,601,000 |
| | | | |
| III. <u>Total Financial Impact</u> | | | (\$21,240,000) |
| Property Acquisition Cost Reduction | 35% of Estimated Current Acquisition Prices | | |
| % Price Increase to Offset Impact | 11.9% Market Rate Units | | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX E - EXHIBIT VI

**PRO FORMA ANALYSIS
20% MODERATE INCOME SCENARIO
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX E - EXHIBIT VI - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 20% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|------|---|---------|----------------------|-------------------|---------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 261,360 | Sf of Land | \$210 /Sf of Land | \$54,886,000 |
| II. | Direct Costs ² | | | | |
| | On-Site Improvements/Landscaping | 261,360 | Sf of Land | \$30 /Sf of Land | \$7,841,000 |
| | Parking ³ | 240 | Spaces | \$0 /Space | 0 |
| | Building Costs | 257,400 | Sf of GSA | \$225 /Sf of GSA | 57,915,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | 13,151,000 |
| | Total Direct Costs | | | | \$78,907,000 |
| III. | Indirect Costs | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | \$4,734,000 |
| | Public Permits & Fees ⁵ | 120 | Units | \$89,100 /Unit | 10,692,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | 1,184,000 |
| | Marketing | 120 | Units | \$5,000 /Unit | 600,000 |
| | Developer Fee ⁶ | 120 | Units | \$52,175 /Unit | 6,261,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | 1,174,000 |
| | Total Indirect Costs | | | | \$24,645,000 |
| IV. | Financing Costs | | | | |
| | Interest During Construction ⁷ | | | | \$15,874,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 Points | 1,426,000 |
| | Total Financing Costs | | | | \$17,300,000 |
| V. | Total Construction Cost | 120 | Units | \$1,007,000 /Unit | \$120,852,000 |
| | Total Development Cost | 120 | Units | \$1,464,000 /Unit | \$175,738,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX E - EXHIBIT VI - TABLE 2

PROJECTED NET SALES REVENUE
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 20% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 19 Units @ | \$1,188,600 /Unit | \$22,583,000 |
| Three-Bedroom Units | | 43 Units @ | \$1,554,800 /Unit | 66,856,000 |
| Four-Bedroom Units | | 34 Units @ | \$2,290,900 /Unit | 77,891,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 5 Units @ | \$433,200 /Unit | 2,166,000 |
| Three-Bedroom Units | | 11 Units @ | \$473,000 /Unit | 5,203,000 |
| Four-Bedroom Units | | 8 Units @ | \$500,400 /Unit | 4,003,000 |
| Total Gross Sales Revenue | | | | \$178,702,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$5,361,000 |
| Closing | | 2.0% Gross Sales Revenue | | 3,574,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 894,000 |
| Total Cost of Sales | | | | (\$9,829,000) |

| | | | | |
|-------------------------|--|--|--|----------------------|
| III. Net Revenue | | | | \$168,873,000 |
|-------------------------|--|--|--|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$812 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX E - EXHIBIT VI - TABLE 3

INCLUSIONARY HOUSING IMPACTS
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE
 20% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | |
|--|---|--|-----------------------|
| I. <u>Funds Available for Development Costs</u> | | | |
| Net Revenue | See APPENDIX E - EXHIBIT VI - TABLE 2 | | \$168,873,000 |
| (Less) Threshold Developer Profit | ¹ 12.3% Total Development Cost | | <u>(\$21,694,000)</u> |
| Total Funds Available for Development Costs | | | \$147,179,000 |
| | | | |
| II. Total Development Cost | See APPENDIX E - EXHIBIT VI - TABLE 1 | | \$175,738,000 |
| | | | |
| III. <u>Total Financial Impact</u> | | | (\$28,559,000) |
| Property Acquisition Cost Reduction | 47% of Estimated Current Acquisition Prices | | |
| % Price Increase to Offset Impact | 17.1% Market Rate Units | | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX F

**PRO FORMA ANALYSES
NEWPORT CENTER PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX F - EXHIBIT I

**PRO FORMA ANALYSIS
MARKET RATE SCENARIO
NEWPORT CENTER PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX F - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 MARKET RATE SCENARIO
 NEWPORT CENTER PROTOTYPE
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|---------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 185,130 | Sf of Land | \$480 | /Sf of Land | \$88,862,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 185,130 | Sf of Land | \$100 | /Sf of Land | \$18,513,000 |
| | Parking ³ | 158 | Spaces | \$35,000 | /Space | 5,530,000 |
| | Building Costs | 205,721 | Sf of GSA | \$500 | /Sf of GSA | 102,860,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 25,381,000 |
| | Total Direct Costs | | | | | \$152,284,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$9,137,000 |
| | Public Permits & Fees ⁵ | 79 | Units | \$93,200 | /Unit | 7,363,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 2,284,000 |
| | Marketing | 79 | Units | \$25,000 | /Unit | 1,975,000 |
| | Developer Fee | 3.0% | Gross Sales Revenue | | | 11,189,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 1,597,000 |
| | Total Indirect Costs | | | | | \$33,545,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁶ | | | | | \$25,999,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 2,472,000 |
| | Total Financing Costs | | | | | \$28,471,000 |
| V. | Total Construction Cost | 79 | Units | \$2,713,000 | /Unit | \$214,300,000 |
| | Total Development Cost | 79 | Units | \$3,837,000 | /Unit | \$303,162,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 15 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX F - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
 MARKET RATE SCENARIO
 NEWPORT CENTER PROTOTYPE
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | |
|-------------|-----------------------------------|--------------------------|-------------------|-----------------------|
| I. | <u>Gross Sales Revenue</u> | 1 | | |
| | Two-Bedroom Units | 63 Units @ | \$4,717,800 /Unit | \$297,221,000 |
| | Three-Bedroom Units | 16 Units @ | \$4,733,700 /Unit | 75,739,000 |
| | Total Gross Sales Revenue | | | \$372,960,000 |
| II. | <u>Cost of Sales</u> | | | |
| | Commissions | 3.0% Gross Sales Revenue | | \$11,189,000 |
| | Closing | 2.0% Gross Sales Revenue | | 7,459,000 |
| | Warranty | 0.5% Gross Sales Revenue | | 1,865,000 |
| | Total Cost of Sales | | | (\$20,513,000) |
| III. | <u>Net Revenue</u> | | | \$352,447,000 |

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$1,813 per square foot of saleable area.

APPENDIX F - EXHIBIT I - TABLE 3

**PROJECTED DEVELOPER PROFIT
MARKET RATE SCENARIO
NEWPORT CENTER PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|------|-------------------------------|--------------------------------------|----------------------|
| I. | Net Revenue | See APPENDIX F - EXHIBIT I - TABLE 2 | \$352,447,000 |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT I - TABLE 1 | <u>\$303,162,000</u> |
| III. | Developer Profit | 16.3% Total Development Cost | \$49,285,000 |

APPENDIX F - EXHIBIT II

**PRO FORMA ANALYSIS
RECOMMENDED REQUIREMENT: 6% MODERATE INCOME UNITS
NEWPORT CENTER PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX F - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 NEWPORT CENTER PROTOTYPE
 RECOMMENDED REQUIREMENT: 6% MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|---------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 185,130 | Sf of Land | \$480 | /Sf of Land | \$88,862,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 185,130 | Sf of Land | \$100 | /Sf of Land | \$18,513,000 |
| | Parking ³ | 158 | Spaces | \$35,000 | /Space | 5,530,000 |
| | Building Costs | 205,721 | Sf of GSA | \$500 | /Sf of GSA | 102,860,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 25,381,000 |
| | Total Direct Costs | | | | | \$152,284,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$9,137,000 |
| | Public Permits & Fees ⁵ | 79 | Units | \$93,200 | /Unit | 7,363,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 2,284,000 |
| | Marketing | 79 | Units | \$25,000 | /Unit | 1,975,000 |
| | Developer Fee ⁶ | 79 | Units | \$141,633 | /Unit | 11,189,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 1,597,000 |
| | Total Indirect Costs | | | | | \$33,545,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$24,484,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 2,472,000 |
| | Total Financing Costs | | | | | \$26,956,000 |
| V. | Total Construction Cost | 79 | Units | \$2,693,000 | /Unit | \$212,785,000 |
| | Total Development Cost | 79 | Units | \$3,818,000 | /Unit | \$301,647,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 10 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX F - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
 NEWPORT CENTER PROTOTYPE
 RECOMMENDED REQUIREMENT: 6% MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 59 Units @ | \$4,717,800 /Unit | \$278,350,000 |
| Three-Bedroom Units | | 15 Units @ | \$4,733,700 /Unit | 71,006,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 4 Units @ | \$219,500 /Unit | 878,000 |
| Three-Bedroom Units | | 1 Unit @ | \$252,300 /Unit | 252,000 |
| Total Gross Sales Revenue | | | | \$350,486,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|-----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$10,515,000 |
| Closing | | 2.0% Gross Sales Revenue | | 7,010,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 1,752,000 |
| Total Cost of Sales | | | | (\$19,277,000) |

| | | | | |
|-------------------------|--|--|--|----------------------|
| III. Net Revenue | | | | \$331,209,000 |
|-------------------------|--|--|--|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$1,813 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX F - EXHIBIT II - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 NEWPORT CENTER PROTOTYPE
 RECOMMENDED REQUIREMENT: 6% MODERATE INCOME UNITS
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|-----------------------|
| I. | <u>Funds Available for Development Costs</u> | | |
| | Net Revenue | See APPENDIX F - EXHIBIT II - TABLE 2 | \$331,209,000 |
| | (Less) Threshold Developer Profit | ¹ 16.3% Total Development Cost | (\$49,039,000) |
| | Total Funds Available for Development Costs | | \$282,170,000 |
| | | | |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT II - TABLE 1 | \$301,647,000 |
| | | | |
| III. | <u>Total Financial Impact</u> | | (\$19,477,000) |
| | Property Acquisition Cost Reduction | 20% of Estimated Current Acquisition Prices | |
| | % Price Increase to Offset Impact | 5.6% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX F - EXHIBIT III

**PRO FORMA ANALYSIS
5% MODERATE INCOME SCENARIO
NEWPORT CENTER PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX F - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 NEWPORT CENTER PROTOTYPE
 5% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|---------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 185,130 | Sf of Land | \$480 | /Sf of Land | \$88,862,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 185,130 | Sf of Land | \$100 | /Sf of Land | \$18,513,000 |
| | Parking ³ | 158 | Spaces | \$35,000 | /Space | 5,530,000 |
| | Building Costs | 205,721 | Sf of GSA | \$500 | /Sf of GSA | 102,860,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 25,381,000 |
| | Total Direct Costs | | | | | \$152,284,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$9,137,000 |
| | Public Permits & Fees ⁵ | 79 | Units | \$93,200 | /Unit | 7,363,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 2,284,000 |
| | Marketing | 79 | Units | \$25,000 | /Unit | 1,975,000 |
| | Developer Fee ⁶ | 79 | Units | \$141,633 | /Unit | 11,189,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 1,597,000 |
| | Total Indirect Costs | | | | | \$33,545,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$24,305,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 2,472,000 |
| | Total Financing Costs | | | | | \$26,777,000 |
| V. | Total Construction Cost | 79 | Units | \$2,691,000 | /Unit | \$212,606,000 |
| | Total Development Cost | 79 | Units | \$3,816,000 | /Unit | \$301,468,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 10 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX F - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
 NEWPORT CENTER PROTOTYPE
 5% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 60 Units @ | \$4,717,800 /Unit | \$283,068,000 |
| Three-Bedroom Units | | 15 Units @ | \$4,733,700 /Unit | 71,006,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 3 Units @ | \$219,500 /Unit | 659,000 |
| Three-Bedroom Units | | 1 Unit @ | \$252,300 /Unit | 252,000 |
| Total Gross Sales Revenue | | | | \$354,985,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|-----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$10,650,000 |
| Closing | | 2.0% Gross Sales Revenue | | 7,100,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 1,775,000 |
| Total Cost of Sales | | | | (\$19,525,000) |

| | | | | |
|-------------------------|--|--|--|----------------------|
| III. Net Revenue | | | | \$335,460,000 |
|-------------------------|--|--|--|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$1,814 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX F - EXHIBIT III - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
NEWPORT CENTER PROTOTYPE
5% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|-----------------------|
| I. | <u>Funds Available for Development Costs</u> | | |
| | Net Revenue | See APPENDIX F - EXHIBIT III - TABLE 2 | \$335,460,000 |
| | (Less) Threshold Developer Profit | ¹ 16.3% Total Development Cost | <u>(\$49,010,000)</u> |
| | Total Funds Available for Development Costs | | \$286,450,000 |
| | | | |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT III - TABLE 1 | \$301,468,000 |
| | | | |
| III. | <u>Total Financial Impact</u> | | (\$15,018,000) |
| | Property Acquisition Cost Reduction | 15% of Estimated Current Acquisition Prices | |
| | % Price Increase to Offset Impact | 4.2% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX F - EXHIBIT IV

**PRO FORMA ANALYSIS
10% MODERATE INCOME SCENARIO
NEWPORT CENTER PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX F - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 NEWPORT CENTER PROTOTYPE
 10% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|---------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 185,130 | Sf of Land | \$480 | /Sf of Land | \$88,862,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 185,130 | Sf of Land | \$100 | /Sf of Land | \$18,513,000 |
| | Parking ³ | 158 | Spaces | \$35,000 | /Space | 5,530,000 |
| | Common Area/Circulation | 205,721 | Sf of GSA | \$500 | /Sf of GSA | 102,860,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 25,381,000 |
| | Total Direct Costs | | | | | \$152,284,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$9,137,000 |
| | Public Permits & Fees ⁵ | 79 | Units | \$93,200 | /Unit | 7,363,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 2,284,000 |
| | Marketing | 79 | Units | \$25,000 | /Unit | 1,975,000 |
| | Developer Fee ⁶ | 79 | Units | \$141,633 | /Unit | 11,189,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 1,597,000 |
| | Total Indirect Costs | | | | | \$33,545,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$24,648,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 2,472,000 |
| | Total Financing Costs | | | | | \$27,120,000 |
| V. | Total Construction Cost | 79 | Units | \$2,696,000 | /Unit | \$212,949,000 |
| | Total Development Cost | 79 | Units | \$3,820,000 | /Unit | \$301,811,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 10 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX F - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
 NEWPORT CENTER PROTOTYPE
 10% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 57 Units @ | \$4,717,800 /Unit | \$268,915,000 |
| Three-Bedroom Units | | 14 Units @ | \$4,733,700 /Unit | 66,272,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 6 Units @ | \$219,500 /Unit | 1,317,000 |
| Three-Bedroom Units | | 2 Units @ | \$252,300 /Unit | 505,000 |
| Total Gross Sales Revenue | | | | \$337,009,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|-----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$10,110,000 |
| Closing | | 2.0% Gross Sales Revenue | | 6,740,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 1,685,000 |
| Total Cost of Sales | | | | (\$18,535,000) |

| | | | | |
|-------------------------|--|--|--|----------------------|
| III. Net Revenue | | | | \$318,474,000 |
|-------------------------|--|--|--|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$1,814 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX F - EXHIBIT IV - TABLE 3

INCLUSIONARY HOUSING IMPACTS
 NEWPORT CENTER PROTOTYPE
 10% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | |
|--|---|-----------------------|
| I. <u>Funds Available for Development Costs</u> | | |
| Net Revenue | See APPENDIX F - EXHIBIT IV - TABLE 2 | \$318,474,000 |
| (Less) Threshold Developer Profit | ¹ 16.3% Total Development Cost | (\$49,065,000) |
| Total Funds Available for Development Costs | | \$269,409,000 |
| | | |
| II. Total Development Cost | See APPENDIX F - EXHIBIT IV - TABLE 1 | \$301,811,000 |
| | | |
| III. <u>Total Financial Impact</u> | | (\$32,402,000) |
| Property Acquisition Cost Reduction | 33% of Estimated Current Acquisition Prices | |
| % Price Increase to Offset Impact | 9.7% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX F - EXHIBIT V

**PRO FORMA ANALYSIS
15% MODERATE INCOME SCENARIO
NEWPORT CENTER PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX F - EXHIBIT V - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 NEWPORT CENTER PROTOTYPE
 15% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|----------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 185,130 | Sf of Land | \$480 | /Sf of Land | \$88,862,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 185,130 | Sf of Land | \$100 | /Sf of Land | \$18,513,000 |
| | Parking ³ | 158 | Spaces | \$35,000 | /Space | 5,530,000 |
| | Building Costs | 205,721 | Sf of GSA | \$500 | /Sf of GSA | 102,860,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 25,381,000 |
| | Total Direct Costs | | | | | \$152,284,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$9,137,000 |
| | Public Permits & Fees ⁵ | 79 | Units | \$93,200 | /Unit | 7,363,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 2,284,000 |
| | Marketing | 79 | Units | \$25,000 | /Unit | 1,975,000 |
| | Developer Fee ⁶ | 79 | Units | \$141,633 | /Unit | 11,189,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 1,597,000 |
| | Total Indirect Costs | | | | | \$33,545,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$24,821,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 2,472,000 |
| | Total Financing Costs | | | | | \$27,293,000 |
| V. | Total Construction Cost | 79 | Units | \$2,698,000 | /Unit | \$213,122,000 |
| | Total Development Cost | 79 | Units | \$3,823,000 | /Unit | \$301,984,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 9 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX F - EXHIBIT V - TABLE 2

PROJECTED NET SALES REVENUE
 NEWPORT CENTER PROTOTYPE
 15% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 53 Units @ | \$4,717,800 /Unit | \$250,043,000 |
| Three-Bedroom Units | | 14 Units @ | \$4,733,700 /Unit | 66,272,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 10 Units @ | \$219,500 /Unit | 2,195,000 |
| Three-Bedroom Units | | 2 Units @ | \$252,300 /Unit | 505,000 |
| Total Gross Sales Revenue | | | | \$319,015,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|-----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$9,570,000 |
| Closing | | 2.0% Gross Sales Revenue | | 6,380,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 1,595,000 |
| Total Cost of Sales | | | | (\$17,545,000) |

| | | | | |
|-------------------------|--|--|--|----------------------|
| III. Net Revenue | | | | \$301,470,000 |
|-------------------------|--|--|--|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$1,811 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX F - EXHIBIT V - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
NEWPORT CENTER PROTOTYPE
15% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|-----------------------|
| I. | <u>Funds Available for Development Costs</u> | | |
| | Net Revenue | See APPENDIX F - EXHIBIT V - TABLE 2 | \$301,470,000 |
| | (Less) Threshold Developer Profit | ¹ 16.3% Total Development Cost | <u>(\$49,093,000)</u> |
| | Total Funds Available for Development Costs | | \$252,377,000 |
| | | | |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT V - TABLE 1 | \$301,984,000 |
| | | | |
| III. | <u>Total Financial Impact</u> | | (\$49,607,000) |
| | Property Acquisition Cost Reduction | 51% of Estimated Current Acquisition Prices | |
| | % Price Increase to Offset Impact | 15.7% Market Rate Units | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

APPENDIX F - EXHIBIT VI

**PRO FORMA ANALYSIS
20% MODERATE INCOME SCENARIO
NEWPORT CENTER PROTOTYPE
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX F - EXHIBIT VI - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 NEWPORT CENTER PROTOTYPE
 20% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|---|---------|----------------------|-------------|-------------|----------------------|
| I. | Land Acquisition & Infrastructure Costs ¹ | 185,130 | Sf of Land | \$480 | /Sf of Land | \$88,862,000 |
| II. | Direct Costs ² | | | | | |
| | On-Site Improvements/Landscaping | 185,130 | Sf of Land | \$100 | /Sf of Land | \$18,513,000 |
| | Parking ³ | 158 | Spaces | \$35,000 | /Space | 5,530,000 |
| | Building Costs | 205,721 | Sf of GSA | \$500 | /Sf of GSA | 102,860,000 |
| | Contractor/DC Contingency Allow ⁴ | 20% | Other Direct Costs | | | 25,381,000 |
| | Total Direct Costs | | | | | \$152,284,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | \$9,137,000 |
| | Public Permits & Fees ⁵ | 79 | Units | \$93,200 | /Unit | 7,363,000 |
| | Taxes, Insurance, Legal & Accounting | 1.5% | Direct Costs | | | 2,284,000 |
| | Marketing | 79 | Units | \$25,000 | /Unit | 1,975,000 |
| | Developer Fee ⁶ | 79 | Units | \$141,633 | /Unit | 11,189,000 |
| | Soft Cost Contingency Allowance | 5.0% | Other Indirect Costs | | | 1,597,000 |
| | Total Indirect Costs | | | | | \$33,545,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction ⁷ | | | | | \$25,517,000 |
| | Loan Origination Fees | 60.0% | Loan to Cost | 1.5 | Points | 2,472,000 |
| | Total Financing Costs | | | | | \$27,989,000 |
| V. | Total Construction Cost | 79 | Units | \$2,707,000 | /Unit | \$213,818,000 |
| | Total Development Cost | 79 | Units | \$3,831,000 | /Unit | \$302,680,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Assumes that the required parking is provided in attached garages.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

⁷ Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 9 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX F - EXHIBIT VI - TABLE 2

PROJECTED NET SALES REVENUE
 NEWPORT CENTER PROTOTYPE
 20% MODERATE INCOME SCENARIO
 OWNERSHIP HOUSING DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

| | | | | |
|----------------------------------|---|------------|-------------------|----------------------|
| Market Rate Units | 1 | | | |
| Two-Bedroom Units | | 50 Units @ | \$4,717,800 /Unit | \$235,890,000 |
| Three-Bedroom Units | | 13 Units @ | \$4,733,700 /Unit | 61,538,000 |
| Moderate Income Units | 2 | | | |
| Two-Bedroom Units | | 13 Units @ | \$219,500 /Unit | 2,854,000 |
| Three-Bedroom Units | | 3 Units @ | \$252,300 /Unit | 757,000 |
| Total Gross Sales Revenue | | | | \$301,039,000 |

II. **Cost of Sales**

| | | | | |
|----------------------------|--|--------------------------|--|-----------------------|
| Commissions | | 3.0% Gross Sales Revenue | | \$9,031,000 |
| Closing | | 2.0% Gross Sales Revenue | | 6,021,000 |
| Warranty | | 0.5% Gross Sales Revenue | | 1,505,000 |
| Total Cost of Sales | | | | (\$16,557,000) |

| | | | | |
|-------------------------|--|--|--|----------------------|
| III. Net Revenue | | | | \$284,482,000 |
|-------------------------|--|--|--|----------------------|

¹ Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$1,812 per square foot of saleable area.

² See APPENDIX B for the Affordable Sales Price calculations.

APPENDIX F - EXHIBIT VI - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
NEWPORT CENTER PROTOTYPE
20% MODERATE INCOME SCENARIO
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|--|---|--|-----------------------|
| I. <u>Funds Available for Development Costs</u> | | | |
| Net Revenue | See APPENDIX F - EXHIBIT VI - TABLE 2 | | \$284,482,000 |
| (Less) Threshold Developer Profit | ¹ 16.3% Total Development Cost | | (\$49,207,000) |
| Total Funds Available for Development Costs | | | \$235,275,000 |
| | | | |
| II. Total Development Cost | See APPENDIX F - EXHIBIT VI - TABLE 1 | | \$302,680,000 |
| | | | |
| III. <u>Total Financial Impact</u> | | | (\$67,405,000) |
| Property Acquisition Cost Reduction | 69% of Estimated Current Acquisition Prices | | |
| % Price Increase to Offset Impact | 22.7% Market Rate Units | | |

¹ Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

ATTACHMENT 4

**APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX A

RENT SURVEYS

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX A - EXHIBIT I

**RENT SURVEY
AIRPORT AREA
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| Name | Address | | | # of Units | Unit Size (SF) | Average Effective Rent | | Year Built |
|------------------------------|---------------------|---------------|-------|------------|-------------------|------------------------|--------|---------------|
| | | | | | | Total | Per SF | |
| I. Studio Units | | | | | | | | |
| The Alton | 2501 Alton Pky | Irvine | 92606 | 16 | 516 | \$2,589 | \$5.02 | 2017 |
| The Cartwright | 17600 Cartwright Rd | Irvine | 92614 | 30 | 568 | \$2,630 | \$4.63 | 2021 |
| Skyloft | 2700 Main St | Irvine | 92614 | 31 | 571 | \$2,766 | \$4.84 | 2019 |
| Broadstone Edition | 1100 Steely | Irvine | 92614 | 33 | 571 | \$2,806 | \$4.91 | 2023 |
| One Uptown Newport | 4201 Jamboree Rd | Newport Beach | 92660 | 44 | 586 | \$3,045 | \$5.20 | 2019 |
| The Royce Park Place | 3301 Michelson Dr | Irvine | 92612 | 140 | 587 | \$2,906 | \$4.95 | 2018 |
| Rize Irvine | 1100 Synergy | Irvine | 92614 | 20 | 597 | \$2,537 | \$4.25 | 2018 |
| Baker Block | 125 Baker St E | Costa Mesa | 92626 | 31 | 623 | \$2,971 | \$4.77 | 2018 |
| Fusion | 17321 Murphy Ave | Irvine | 92614 | 55 | 666 | \$2,558 | \$3.84 | 2018 |
| Residences on Jamboree | 2801 Kelvin Ave | Irvine | 92614 | 102 | 667 | \$2,368 | \$3.55 | 2017 |
| Metropolis | 2100 Sullivan | Irvine | 92614 | 19 | 704 | \$2,683 | \$3.81 | 2017 |
| Avalon Irvine | 2777 Alton Pky | Irvine | 92606 | 207 | 886 | \$3,809 | \$4.30 | 2016 / |
| | Minimum | | | | 516 | \$2,368 | \$3.55 | |
| | Maximum | | | | 886 | \$3,809 | \$5.20 | |
| | Weighted Average | | | | 690 | \$3,027 | \$4.43 | |
| II. One-Bedroom Units | | | | | | | | |
| One Uptown Newport | 4201 Jamboree Rd | Newport Beach | 92660 | 44 | 586 | \$3,045 | \$5.20 | |
| The Alton | 2501 Alton Pky | Irvine | 92606 | 207 | 668 | \$2,781 | \$4.16 | |
| Fusion | 17321 Murphy Ave | Irvine | 92614 | 155 | 722 | \$2,607 | \$3.61 | |
| The Cartwright | 17600 Cartwright Rd | Irvine | 92614 | 118 | 741 | \$2,887 | \$3.90 | |
| Rize Irvine | 1100 Synergy | Irvine | 92614 | 204 | 745 | \$2,852 | \$3.83 | |
| The Royce Park Place | 3301 Michelson Dr | Irvine | 92612 | 24 | 747 | \$3,221 | \$4.31 | |
| Residences on Jamboree | 2801 Kelvin Ave | Irvine | 92614 | 143 | 750 | \$2,839 | \$3.79 | |
| Skyloft | 2700 Main St | Irvine | 92614 | 207 | 764 | \$3,180 | \$4.16 | |
| Avalon Irvine | 2777 Alton Pky | Irvine | 92606 | 206 | 769 | \$2,999 | \$3.90 | |
| Elements - Wood Building | 2000 Elements Way | Irvine | 92612 | 190 | 771 | \$3,295 | \$4.27 | 2023 |
| Broadstone Edition | 1100 Steely | Irvine | 92614 | 129 | 775 | \$2,915 | \$3.76 | |
| The Kelvin | 2850 Kelvin Ave | Irvine | 92614 | 137 | 788 | \$2,889 | \$3.67 | |
| Baker Block | 125 Baker St E | Costa Mesa | 92626 | 108 | 789 | \$3,163 | \$4.01 | |
| The Murphy | 16101 Murphy Ave | Irvine | 92606 | 81 | 797 | \$3,215 | \$4.03 | 2019 |
| Metropolis | 2100 Sullivan | Irvine | 92614 | 157 | 869 | \$2,865 | \$3.30 | |
| Elements | 1000 Elements Way | Irvine | 92612 | 208 | 931 | \$3,330 | \$3.58 | 2019 |
| | Minimum | | | | 586 | \$2,607 | \$3.30 | |
| | Maximum | | | | 931 | \$3,330 | \$5.20 | |
| | Weighted Average | | | | 773 | \$2,993 | \$3.89 | |

APPENDIX A - EXHIBIT I

RENT SURVEY
AIRPORT AREA
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

| Name | Address | # of Units | Unit Size (SF) | Average Effective Rent | | Year Built |
|--------------------------------|---------------------|---------------|----------------|------------------------|--------|----------------|
| | | | | Total | Per SF | |
| III. Two-Bedroom Units | | | | | | |
| The Alton | 2501 Alton Pky | Irvine | 92606 | 121 | 1,041 | \$3,500 \$3.36 |
| Fusion | 17321 Murphy Ave | Irvine | 92614 | 70 | 1,058 | \$3,395 \$3.21 |
| Broadstone Edition | 1100 Steely | Irvine | 92614 | 89 | 1,122 | \$4,257 \$3.79 |
| Baker Block | 125 Baker St E | Costa Mesa | 92626 | 93 | 1,124 | \$3,672 \$3.27 |
| Skyloft | 2700 Main St | Irvine | 92614 | 141 | 1,135 | \$4,127 \$3.64 |
| The Cartwright | 17600 Cartwright Rd | Irvine | 92614 | 124 | 1,145 | \$3,891 \$3.40 |
| Residences on Jamboree | 2801 Kelvin Ave | Irvine | 92614 | 116 | 1,152 | \$3,383 \$2.94 |
| The Royce Park Place | 3301 Michelson Dr | Irvine | 92612 | 92 | 1,158 | \$4,082 \$3.53 |
| Rize Irvine | 1100 Synergy | Irvine | 92614 | 135 | 1,158 | \$3,639 \$3.14 |
| The Kelvin | 2850 Kelvin Ave | Irvine | 92614 | 57 | 1,172 | \$3,885 \$3.31 |
| One Uptown Newport | 4201 Jamboree Rd | Newport Beach | 92660 | 115 | 1,173 | \$5,011 \$4.27 |
| Avalon Irvine | 2777 Alton Pky | Irvine | 92606 | 201 | 1,224 | \$3,751 \$3.06 |
| Elements - Wood Building | 2000 Elements Way | Irvine | 92612 | 100 | 1,242 | \$4,299 \$3.46 |
| Elements | 1000 Elements Way | Irvine | 92612 | 170 | 1,256 | \$4,094 \$3.26 |
| The Murphy | 16101 Murphy Ave | Irvine | 92606 | 89 | 1,273 | \$4,036 \$3.17 |
| Metropolis | 2100 Sullivan | Irvine | 92614 | 259 | 1,278 | \$3,750 \$2.93 |
| | Minimum | | | | 1,041 | \$3,383 \$2.93 |
| | Maximum | | | | 1,278 | \$5,011 \$4.27 |
| | Weighted Average | | | | 1,183 | \$3,911 \$3.31 |
| IV. Three-Bedroom Units | | | | | | |
| Broadstone Edition | 1100 Steely | Irvine | 92614 | 13 | 1,285 | \$4,398 \$3.42 |
| Elements - Wood Building | 2000 Elements Way | Irvine | 92612 | 22 | 1,362 | \$4,763 \$3.50 |
| Rize Irvine | 1100 Synergy | Irvine | 92614 | 4 | 1,382 | \$5,522 \$4.00 |
| Skyloft | 2700 Main St | Irvine | 92614 | 9 | 1,438 | \$4,887 \$3.40 |
| Residences on Jamboree | 2801 Kelvin Ave | Irvine | 92614 | 20 | 1,442 | \$4,440 \$3.08 |
| Baker Block | 125 Baker St E | Costa Mesa | 92626 | 8 | 1,452 | \$4,246 \$2.92 |
| Elements | 1000 Elements Way | Irvine | 92612 | 10 | 1,485 | \$5,039 \$3.39 |
| Metropolis | 2100 Sullivan | Irvine | 92614 | 22 | 1,539 | \$4,476 \$2.91 |
| | Minimum | | | | 1,285 | \$4,246 \$2.91 |
| | Maximum | | | | 1,539 | \$5,522 \$4.00 |
| | Weighted Average | | | | 1,429 | \$4,626 \$3.25 |

¹ Source: CoStar. Based on a February 2025 survey of apartment developments constructed after 2014 and that were rated 4+ stars in the CoStar rating system.

APPENDIX A - EXHIBIT II

RENT SURVEY ¹
 COYOTE CANYON AREA
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| Name | Address | | | # of Units | Unit Size (SF) | Average Effective Rent | | Year Built |
|--------------------------------|----------------------|---------------|-------|------------|-------------------|------------------------|--------|---------------|
| | | | | | | Total | Per SF | |
| I. Studio Units | | | | | | | | |
| Newport Bluffs | 100 Vilaggio | Newport Beach | 92660 | 35 | 549 | \$2,429 | \$4.42 | 1999 |
| II. One-Bedroom Units | | | | | | | | |
| Bordeaux | 1 Ambroise | Newport Beach | 92657 | 3 | 582 | \$3,307 | \$5.68 | 2001 |
| Turtle Ridge | 100 Turtle Crest Dr | Irvine | 92603 | 236 | 732 | \$3,063 | \$4.18 | 2003 |
| Newport Bluffs | 100 Vilaggio | Newport Beach | 92660 | 391 | 791 | \$3,153 | \$3.99 | |
| Turtle Rock Canyon | 100 Stonecliff Aisle | Irvine | 92612 | 30 | 830 | \$3,023 | \$3.64 | 1991 |
| Baypointe | 2500 Baypointe Dr | Newport Beach | 92660 | 93 | 841 | \$3,534 | \$4.20 | 1998 |
| Newport Ridge | 1 White Cap Ln | Newport Beach | 92657 | 167 | 873 | \$3,574 | \$4.09 | 1994 |
| | Minimum | | | | 582 | \$3,023 | \$3.64 | |
| | Maximum | | | | 873 | \$3,574 | \$5.68 | |
| | Weighted Average | | | | 796 | \$3,241 | \$4.07 | |
| III. Two-Bedroom Units | | | | | | | | |
| Turtle Ridge | 100 Turtle Crest Dr | Irvine | 92603 | 200 | 1,088 | \$4,030 | \$3.70 | |
| Newport Ridge | 1 White Cap Ln | Newport Beach | 92657 | 345 | 1,110 | \$3,911 | \$3.52 | |
| Turtle Rock Canyon | 100 Stonecliff Aisle | Irvine | 92612 | 165 | 1,116 | \$3,758 | \$3.37 | |
| Newport Bluffs | 100 Vilaggio | Newport Beach | 92660 | 469 | 1,129 | \$3,946 | \$3.50 | |
| Baypointe | 2500 Baypointe Dr | Newport Beach | 92660 | 207 | 1,141 | \$4,071 | \$3.57 | |
| Bordeaux | 1 Ambroise | Newport Beach | 92657 | 108 | 1,401 | \$4,558 | \$3.25 | |
| | Minimum | | | | 1,088 | \$3,758 | \$3.25 | |
| | Maximum | | | | 1,401 | \$4,558 | \$3.70 | |
| | Weighted Average | | | | 1,139 | \$3,990 | \$3.51 | |
| IV. Three-Bedroom Units | | | | | | | | |
| Turtle Rock Canyon | 100 Stonecliff Aisle | Irvine | 92612 | 22 | 1,309 | \$4,653 | \$3.55 | |
| Newport Bluffs | 100 Vilaggio | Newport Beach | 92660 | 157 | 1,355 | \$4,992 | \$3.68 | |
| Bordeaux | 1 Ambroise | Newport Beach | 92657 | 80 | 1,656 | \$5,327 | \$3.22 | |
| | Minimum | | | | 1,309 | \$4,653 | \$3.22 | |
| | Maximum | | | | 1,656 | \$5,327 | \$3.68 | |
| | Weighted Average | | | | 1,444 | \$5,067 | \$3.53 | |

¹ Source: CoStar. Based on a February 2025 survey of apartment developments that were rated 4+ stars in the CoStar rating system.

APPENDIX A - EXHIBIT III

RENT SURVEY

WEST NEWPORT MESA & BANNING RANCH AREA ¹

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

| Name | Address | | | # of Units | Unit Size (SF) | Average Effective Rent | | Year Built |
|-------------------------------|----------------------|------------|-------|------------|-------------------|------------------------|--------|---------------|
| | | | | | | Total | Per SF | |
| I. Studio Units | | | | | | | | |
| | | | | | | | | 1979 |
| 27 Seventy Five Mesa Verde | 2775 Mesa Verde Dr | Costa Mesa | 92626 | 64 | 480 | \$2,035 | \$4.24 | (2014) |
| 580 Anton | 580 Anton Blvd | Costa Mesa | 92626 | 5 | 506 | \$2,720 | \$5.38 | 2018 |
| | Minimum | | | | 480 | \$2,035 | \$4.24 | |
| | Maximum | | | | 506 | \$2,720 | \$5.38 | |
| | Weighted Average | | | | 482 | \$2,085 | \$4.32 | |
| II. One-Bedroom Units | | | | | | | | |
| 580 Anton | 580 Anton Blvd | Costa Mesa | 92626 | 165 | 745 | \$3,104 | \$4.17 | |
| Halcyon House | 585 Anton Blvd | Costa Mesa | 92626 | 221 | 741 | \$3,278 | \$4.42 | 2022 |
| Blue Sol | 421 Bernard St | Costa Mesa | 92627 | 73 | 771 | \$2,781 | \$3.61 | 2014 |
| Lux Costa Mesa | 2277 Harbor Blvd | Costa Mesa | 92626 | 155 | 745 | \$2,949 | \$3.96 | 2024 |
| Azulon at Mesa Verde | 1500 Mesa Verde Dr E | Costa Mesa | 92626 | 132 | 779 | \$2,813 | \$3.61 | 2014 |
| 27 Seventy Five Mesa Verde | 2775 Mesa Verde Dr | Costa Mesa | 92626 | 468 | 780 | \$2,579 | \$3.31 | 2014 |
| | Minimum | | | | 741 | \$2,579 | \$3.31 | |
| | Maximum | | | | 780 | \$3,278 | \$4.42 | |
| | Weighted Average | | | | 763 | \$2,862 | \$3.76 | |
| III. Two-Bedroom Units | | | | | | | | |
| 580 Anton | 580 Anton Blvd | Costa Mesa | 92626 | 80 | 1,144 | \$3,973 | \$3.47 | |
| Halcyon House | 585 Anton Blvd | Costa Mesa | 92626 | 172 | 1,230 | \$4,635 | \$3.77 | |
| Blue Sol | 421 Bernard St | Costa Mesa | 92627 | 30 | 1,110 | \$3,606 | \$3.25 | |
| Lux Costa Mesa | 2277 Harbor Blvd | Costa Mesa | 92626 | 45 | 980 | \$3,652 | \$3.73 | |
| Azulon at Mesa Verde | 1500 Mesa Verde Dr E | Costa Mesa | 92626 | 83 | 1,075 | \$3,319 | \$3.09 | |
| 27 Seventy Five Mesa Verde | 2775 Mesa Verde Dr | Costa Mesa | 92626 | 408 | 1,119 | \$3,183 | \$2.84 | |
| | Minimum | | | | 980 | \$3,183 | \$2.84 | |
| | Maximum | | | | 1,230 | \$4,635 | \$3.77 | |
| | Weighted Average | | | | 1,132 | \$3,621 | \$3.19 | |

APPENDIX A - EXHIBIT III

RENT SURVEY

WEST NEWPORT MESA & BANNING RANCH AREA ¹

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

| Name | Address | | | # of Units | Unit Size (SF) | Average Effective Rent | | Year Built |
|--------------------------------|--------------------|------------|-------|------------|-------------------|------------------------|--------|---------------|
| | | | | | | Total | Per SF | |
| IV. Three-Bedroom Units | | | | | | | | |
| Blue Sol | 421 Bernard St | Costa Mesa | 92627 | 10 | 1,448 | \$4,485 | \$3.10 | |
| 27 Seventy Five Mesa Verde | 2775 Mesa Verde Dr | Costa Mesa | 92626 | 24 | 1,456 | \$4,212 | \$2.89 | |
| | Minimum | | | | 1,448 | \$4,212 | \$2.89 | |
| | Maximum | | | | 1,456 | \$4,485 | \$3.10 | |
| | Weighted Average | | | | 1,454 | \$4,292 | \$2.95 | |

¹ Source: CoStar. Based on a February 2025 survey of apartment developments that were rated 4+ stars in the CoStar rating system. Costa Mesa projects constructed after 2014 were used as a surrogate due to a lack of new development in the subarea.

APPENDIX A - EXHIBIT IV

**RENT SURVEY
NEWPORT CENTER AREA
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| Name | Address | # of Units | Unit Size (SF) | Average Effective Rent | | Year Built |
|---------------------------------|----------------------|---------------------|----------------|------------------------|---------|-------------|
| | | | | Total | Per SF | |
| I. One-Bedroom Units | | | | | | |
| Promontory Point | 200 Promontory Dr W | Newport Beach 92660 | 190 | 891 | \$4,110 | 1973 / 2015 |
| Villas Fashion Island | 1000 San Joaquin Plz | Newport Beach 92660 | 199 | 1,032 | \$5,703 | 2017 |
| Colony at Fashion Island | 5100 Colony Plz | Newport Beach 92660 | 51 | 1,068 | \$4,265 | 1997 |
| | Minimum | | | 891 | \$4,110 | \$3.99 |
| | Maximum | | | 1,068 | \$5,703 | \$5.53 |
| | Weighted Average | | | 975 | \$4,848 | \$4.95 |
| II. Two-Bedroom Units | | | | | | |
| Promontory Point | 200 Promontory Dr W | Newport Beach 92660 | 330 | 1,247 | \$4,696 | \$3.77 |
| Villas Fashion Island | 1000 San Joaquin Plz | Newport Beach 92660 | 234 | 1,349 | \$7,115 | \$5.27 |
| Colony at Fashion Island | 5100 Colony Plz | Newport Beach 92660 | 194 | 1,391 | \$5,543 | \$3.98 |
| | Minimum | | | 1,247 | \$4,696 | \$3.77 |
| | Maximum | | | 1,391 | \$7,115 | \$5.27 |
| | Weighted Average | | | 1,315 | \$5,660 | \$4.29 |
| III. Three-Bedroom Units | | | | | | |
| Villas Fashion Island | 1000 San Joaquin Plz | Newport Beach 92660 | 91 | 1,389 | \$8,519 | \$6.13 |

¹ Source: CoStar. Based on a February 2025 survey of apartment developments that were rated 4+ stars in the CoStar rating system.

APPENDIX B

**AFFORDABLE RENT CALCULATIONS
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX B

AFFORDABLE RENT CALCULATIONS
 2024 INCOME STANDARDS
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | Studio Units | One-Bedroom Units | Two-Bedroom Units | Three- Bedroom Units |
|---|---|--------------|----------------------|----------------------|-------------------------|
| I. General Assumptions | | | | | |
| Area Median Income (AMI) | 1 | \$90,300 | \$103,200 | \$116,100 | \$129,000 |
| Monthly Utilities Allowance | 2 | \$98 | \$116 | \$161 | \$203 |
| II. Affordable Rent Calculations | 3 | | | | |
| A. Low Income - Rent Based on 60% AMI | | | | | |
| Benchmark Annual Household Income | | \$54,180 | \$61,920 | \$69,660 | \$77,400 |
| Percentage of Income Allotted to Housing Expenses | | 30% | 30% | 30% | 30% |
| Monthly Income Available for Housing Expenses | | \$1,355 | \$1,548 | \$1,742 | \$1,935 |
| (Less) Monthly Utilities Allowance | | (98) | (116) | (161) | (203) |
| Maximum Allowable Rent | | \$1,257 | \$1,432 | \$1,581 | \$1,732 |
| B. Very Low Income - Rent Based on 50% AMI | | | | | |
| Benchmark Annual Household Income | | \$45,150 | \$51,600 | \$58,050 | \$64,500 |
| Percentage of Income Allotted to Housing Expenses | | 30% | 30% | 30% | 30% |
| Monthly Income Available for Housing Expenses | | \$1,129 | \$1,290 | \$1,451 | \$1,613 |
| (Less) Monthly Utilities Allowance | | (98) | (116) | (161) | (203) |
| Maximum Allowable Rent | | \$1,031 | \$1,174 | \$1,290 | \$1,410 |

¹ Based on the 2024 Orange County household incomes published by the California Housing & Community Development Department (HCD). The benchmark household size is set at the number of bedrooms in the unit plus one.

² Based on the Orange County Housing Authority utilities allowances effective as of 10/1/24. Assumes: Electric Cooking, Electric Heating, and Electric Water Heater; Basic Electric; and Air Conditioning.

³ Based on the California Health & Safety Code Section 50053 calculation methodology.

APPENDIX C

PRO FORMA ANALYSES AIRPORT AREA PROTOTYPE APARTMENT DEVELOPMENT INCLUSIONARY HOUSING: FINANCIAL EVALUATION NEWPORT BEACH, CALIFORNIA

APPENDIX C - EXHIBIT I

PRO FORMA ANALYSIS

MARKET RATE SCENARIO

AIRPORT AREA PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX C - EXHIBIT I - TABLE 1

**ESTIMATED DEVELOPMENT COSTS
MARKET RATE SCENARIO
AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|--------------|
| I. Property Acquisition Costs | 1 | 102,366 | Sf of Land | \$180 /Sf of Land | | \$18,426,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 102,366 | Sf of Land | \$30 /Sf of Land | | \$3,071,000 |
| Parking | 3 | | | | | |
| Above-Ground Spaces | | 110 | Spaces | \$35,000 /Space | | 3,850,000 |
| 1st Level Subterranean | | 207 | Spaces | \$50,000 /Space | | 10,350,000 |
| Building Costs | | 113,942 | Sf of GLA | \$200 /Sf of GLA | | 22,788,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 8,012,000 |
| Total Direct Costs | | 113,942 | Sf of GBA | \$422 /Sf of GBA | | \$48,071,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$2,884,000 |
| Public Permits & Fees | 5 | 118 | Units | \$88,300 /Unit | | 10,419,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 961,000 |
| Marketing | | 118 | Units | \$2,500 /Unit | | 295,000 |
| Developer Fee | | 5% | Direct Costs | | | 2,404,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 848,000 |
| Total Indirect Costs | | | | | | \$17,811,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$18,426,000 | Cost | 6.2% Avg Rate | | \$1,714,000 |
| Construction | 7 | \$71,744,000 | Cost | 6.2% Avg Rate | | 3,336,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 812,000 |
| Total Financing Costs | | | | | | \$5,862,000 |
| V. Total Construction Cost | | 118 | Units | \$608,000 /Unit | | \$71,744,000 |
| Total Development Cost | | 118 | Units | \$764,000 /Unit | | \$90,170,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX C - EXHIBIT I - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 MARKET RATE SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units**

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 12 Units @ | \$2,621 /Unit/Month | \$377,000 |
| One-Bedroom Units | 53 Units @ | \$3,379 /Unit/Month | 2,149,000 |
| Two-Bedroom Units | 47 Units @ | \$4,798 /Unit/Month | 2,706,000 |
| Three-Bedroom Units | 6 Units @ | \$5,339 /Unit/Month | 384,000 |

B. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 118 Units @ | \$75 /Unit/Month | 106,000 |
|-------------|------------------|---------|

Total Gross Income

\$5,722,000

Vacancy & Collection Allowance

5% Gross Income

(286,000)

II. **Effective Gross Income**

\$5,436,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 118 Units @ | \$4,500 /Unit | \$531,000 |
| Property Taxes | 118 Units @ | \$8,100 /Unit | 960,000 |
| Replacement Reserve Deposits | 118 Units @ | \$150 /Unit | 18,000 |

Total Operating Expenses

(\$1,509,000)

IV. **Stabilized Net Operating Income**

\$3,927,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT I. The weighted average monthly rent equates to \$4.11 per square foot of leasable area.

APPENDIX C - EXHIBIT I - TABLE 3

**ESTIMATED STABILIZED RETURN ON INVESTMENT
MARKET RATE SCENARIO
AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|------|--|--------------------------------------|---------------------|
| I. | Stabilized Net Operating Income | See APPENDIX C - EXHIBIT I - TABLE 2 | \$3,927,000 |
| II. | Total Development Cost | See APPENDIX C - EXHIBIT I - TABLE 1 | <u>\$90,170,000</u> |
| III. | Estimated Stabilized Return on Investment | | 4.4% |

APPENDIX C - EXHIBIT II

PRO FORMA ANALYSIS

RECOMMENDED REQUIREMENT: 8% LOW INCOME UNITS

AIRPORT AREA PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX C - EXHIBIT II - TABLE 1

**ESTIMATED DEVELOPMENT COSTS
RECOMMENDED REQUIREMENT: 8% LOW INCOME UNITS
AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | | | | |
|--|--------------|--------------|----------------------|-------------------|--|--------------|
| I. Property Acquisition Costs | ¹ | 102,366 | Sf of Land | \$180 /Sf of Land | | \$18,426,000 |
| II. Direct Costs | ² | | | | | |
| On-Site Improvements/Landscaping | | 102,366 | Sf of Land | \$30 /Sf of Land | | \$3,071,000 |
| Parking | ³ | | | | | |
| Above-Ground Spaces | | 110 | Spaces | \$35,000 /Space | | 3,850,000 |
| 1st Level Subterranean | | 207 | Spaces | \$50,000 /Space | | 10,350,000 |
| Building Costs | | 113,942 | Sf of GLA | \$200 /Sf of GLA | | 22,788,000 |
| Contractor/DC Contingency Allow | ⁴ | 20% | Other Direct Costs | | | 8,012,000 |
| Total Direct Costs | | 113,942 | Sf of GBA | \$422 /Sf of GBA | | \$48,071,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$2,884,000 |
| Public Permits & Fees | ⁵ | 118 | Units | \$88,300 /Unit | | 10,419,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 961,000 |
| Marketing | | 118 | Units | \$2,500 /Unit | | 295,000 |
| Developer Fee | | 5% | Direct Costs | | | 2,404,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 848,000 |
| Total Indirect Costs | | | | | | \$17,811,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | ⁶ | \$18,426,000 | Cost | 6.2% Avg Rate | | \$1,714,000 |
| Construction | ⁷ | \$71,744,000 | Cost | 6.2% Avg Rate | | 3,336,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 812,000 |
| Total Financing Costs | | | | | | \$5,862,000 |
| V. Total Construction Cost | | 118 | Units | \$608,000 /Unit | | \$71,744,000 |
| Total Development Cost | | 118 | Units | \$764,000 /Unit | | \$90,170,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX C - EXHIBIT II - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 RECOMMENDED REQUIREMENT: 8% LOW INCOME UNITS
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 11 Units @ | \$2,621 /Unit/Month | \$346,000 |
| One-Bedroom Units | 49 Units @ | \$3,379 /Unit/Month | 1,987,000 |
| Two-Bedroom Units | 43 Units @ | \$4,798 /Unit/Month | 2,476,000 |
| Three-Bedroom Units | 6 Units @ | \$5,339 /Unit/Month | 384,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|--------|
| Studio Units | 1 Unit @ | \$1,257 /Unit/Month | 15,000 |
| One-Bedroom Units | 4 Units @ | \$1,432 /Unit/Month | 69,000 |
| Two-Bedroom Units | 4 Units @ | \$1,581 /Unit/Month | 76,000 |
| Three-Bedroom Units | 0 Units @ | \$1,732 /Unit/Month | 0 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 118 Units @ | \$75 /Unit/Month | 106,000 |
|-------------|------------------|---------|

Total Gross Income

\$5,459,000

Vacancy & Collection Allowance

5% Gross Income

(273,000)

II. **Effective Gross Income**

\$5,186,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 118 Units @ | \$4,500 /Unit | \$531,000 |
| Property Taxes | 118 Units @ | \$7,700 /Unit | 911,000 |
| Replacement Reserve Deposits | 118 Units @ | \$150 /Unit | 18,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 118 Units @ | \$12,373 /Unit | (\$1,460,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,726,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT I. The weighted average monthly rent equates to \$4.11 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX C - EXHIBIT II - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 RECOMMENDED REQUIREMENT: 8% LOW INCOME UNITS
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|--------------------------------------|---|----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX C - EXHIBIT II - TABLE 2 | \$3,726,000 |
| | Threshold Return on Total Investment | ¹ | 4.36% |
| | Total Supportable Investment | | \$85,555,000 |
| II. | Total Development Cost | See APPENDIX C - EXHIBIT II - TABLE 1 | \$90,170,000 |
| III. | Total Financial Impact | | (\$4,615,000) |
| | Property Acquisition Cost Reduction | 23% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 5.2% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX C - EXHIBIT III

PRO FORMA ANALYSIS

DENSITY BONUS SCENARIO

AIRPORT AREA PROTOTYPE: 50% SECTION 65915 DENSITY BONUS

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX C - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 DENSITY BONUS SCENARIO
 AIRPORT AREA PROTOTYPE: 50% SECTION 65915 DENSITY BONUS
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|--|---|---------------|----------------------|-------------------|---------------|
| I. Property Acquisition Costs | 1 | 102,366 | Sf of Land | \$180 /Sf of Land | \$18,426,000 |
| II. Direct Costs | 2 | | | | |
| On-Site Improvements/Landscaping | | 102,366 | Sf of Land | \$30 /Sf of Land | \$3,071,000 |
| Parking | 3 | | | | |
| Above-Ground Spaces | | 110 | Spaces | \$35,000 /Space | 3,850,000 |
| 1st Level Subterranean | | 200 | Spaces | \$50,000 /Space | 10,000,000 |
| Building Costs | | 171,165 | Sf of GLA | \$250 /Sf of GLA | 42,791,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 11,942,000 |
| Total Direct Costs | | 171,165 | Sf of GBA | \$419 /Sf of GBA | \$71,654,000 |
| III. Indirect Costs | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$4,299,000 |
| Public Permits & Fees | 5 | 177 | Units | \$88,200 /Unit | 15,611,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,433,000 |
| Marketing | | 177 | Units | \$2,500 /Unit | 443,000 |
| Developer Fee | | 5% | Direct Costs | | 3,583,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,268,000 |
| Total Indirect Costs | | | | | \$26,637,000 |
| IV. Financing Costs | | | | | |
| Interest During Construction | | | | | |
| Land | 6 | \$18,426,000 | Cost | 6.2% Avg Rate | \$1,714,000 |
| Construction | 7 | \$106,057,000 | Cost | 6.2% Avg Rate | 4,932,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 1,120,000 |
| Total Financing Costs | | | | | \$7,766,000 |
| V. Total Construction Cost | | 177 | Units | \$599,000 /Unit | \$106,057,000 |
| Total Development Cost | | 177 | Units | \$703,000 /Unit | \$124,483,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Section 65915 (p) requires jurisdictions to allow projects to meet statutorily established parking standards. For marketability reasons, KMA set the parking standards at 1.0 space per Studio Units unit; 1.0 space per One-Bedroom Units unit; 2.0 spaces per Two-Bedroom Units unit; Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁴ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX C - EXHIBIT III - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 DENSITY BONUS SCENARIO
 AIRPORT AREA PROTOTYPE: 50% SECTION 65915 DENSITY BONUS
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 16 Units @ | \$2,621 /Unit/Month | \$503,000 |
| One-Bedroom Units | 71 Units @ | \$3,379 /Unit/Month | 2,879,000 |
| Two-Bedroom Units | 64 Units @ | \$4,798 /Unit/Month | 3,685,000 |
| Three-Bedroom Units | 8 Units @ | \$5,339 /Unit/Month | 513,000 |

B. **Density Bonus Units** ²

| | | | |
|---------------------|-----------|---------------------|---------|
| Studio Units | 2 Units @ | \$1,031 /Unit/Month | 25,000 |
| One-Bedroom Units | 8 Units @ | \$1,174 /Unit/Month | 113,000 |
| Two-Bedroom Units | 7 Units @ | \$1,290 /Unit/Month | 108,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,410 /Unit/Month | 17,000 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 177 Units @ | \$75 /Unit/Month | 159,000 |
|-------------|------------------|---------|

Total Gross Income

\$8,002,000

Vacancy & Collection Allowance

5% Gross Income

(400,000)

II. **Effective Gross Income**

\$7,602,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 177 Units @ | \$4,500 /Unit | \$796,500 |
| Property Taxes | 177 Units @ | \$7,500 /Unit | 1,332,000 |
| Replacement Reserve Deposits | 177 Units @ | \$150 /Unit | 27,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 177 Units @ | \$12,178 /Unit | (\$2,155,500) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$5,446,500

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT I. The weighted average monthly rent equates to \$4.11 per square foot of leasable area.

² Under Section 65915 (f) (2), 15% of the Base Units are set aside for very-low income households. Section 65915 (c) (1) (B) (i) calculates very low income rents based on household income at 50% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX C - EXHIBIT III - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 DENSITY BONUS SCENARIO
 AIRPORT AREA PROTOTYPE: 50% SECTION 65915 DENSITY BONUS
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|--|--|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX C - EXHIBIT III - TABLE 2 | \$5,446,500 |
| | Threshold Return on Total Investment ¹ | | 4.36% |
| | Total Supportable Investment | | <u>\$125,060,000</u> |
| II. | Total Development Cost | See APPENDIX C - EXHIBIT III - TABLE 1 | <u>\$124,483,000</u> |
| III. | Total Financial Impact | | \$577,000 |
| | Property Acquisition Cost Reduction | | 0% of Estimated Current Acquisition Prices |
| | % Rent Increase to Offset Impact | | 0.0% Market Rate Units |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX C - EXHIBIT IV

PRO FORMA ANALYSIS

5% LOW INCOME SCENARIO

AIRPORT AREA PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX C - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 5% LOW INCOME SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | | |
|------|--|---|--------------|-------------------------|-------------------|--|--------------|
| I. | Property Acquisition Costs | 1 | 102,366 | Sf of Land | \$180 /Sf of Land | | \$18,426,000 |
| II. | Direct Costs | 2 | | | | | |
| | On-Site Improvements/Landscaping | | 102,366 | Sf of Land | \$30 /Sf of Land | | \$3,071,000 |
| | Parking | 3 | | | | | |
| | Above-Ground Spaces | | 110 | Spaces | \$35,000 /Space | | 3,850,000 |
| | 1st Level Subterranean | | 207 | Spaces | \$50,000 /Space | | 10,350,000 |
| | Building Costs | | 113,942 | Sf of GLA | \$200 /Sf of GLA | | 22,788,000 |
| | Contractor/DC Contingency Allow | 4 | | 20% Other Direct Costs | | | 8,012,000 |
| | Total Direct Costs | | 113,942 | Sf of GBA | \$422 /Sf of GBA | | \$48,071,000 |
| III. | Indirect Costs | | | | | | |
| | Architecture, Engineering & Consulting | | | 6% Direct Costs | | | \$2,884,000 |
| | Public Permits & Fees | 5 | 118 | Units | \$88,300 /Unit | | 10,419,000 |
| | Taxes, Insurance, Legal & Accounting | | | 2% Direct Costs | | | 961,000 |
| | Marketing | | 118 | Units | \$2,500 /Unit | | 295,000 |
| | Developer Fee | | | 5% Direct Costs | | | 2,404,000 |
| | Soft Cost Contingency Allowance | | | 5% Other Indirect Costs | | | 848,000 |
| | Total Indirect Costs | | | | | | \$17,811,000 |
| IV. | Financing Costs | | | | | | |
| | Interest During Construction | | | | | | |
| | Land | 6 | \$18,426,000 | Cost | 6.2% Avg Rate | | \$1,714,000 |
| | Construction | 7 | \$71,744,000 | Cost | 6.2% Avg Rate | | 3,336,000 |
| | Loan Origination Fees | | | 60% Loan to Cost | 1.5 Points | | 812,000 |
| | Total Financing Costs | | | | | | \$5,862,000 |
| V. | Total Construction Cost | | 118 | Units | \$608,000 /Unit | | \$71,744,000 |
| | Total Development Cost | | 118 | Units | \$764,000 /Unit | | \$90,170,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX C - EXHIBIT IV - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 5% LOW INCOME SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 11 Units @ | \$2,621 /Unit/Month | \$346,000 |
| One-Bedroom Units | 50 Units @ | \$3,379 /Unit/Month | 2,027,000 |
| Two-Bedroom Units | 45 Units @ | \$4,798 /Unit/Month | 2,591,000 |
| Three-Bedroom Units | 6 Units @ | \$5,339 /Unit/Month | 384,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|--------|
| Studio Units | 1 Unit @ | \$1,257 /Unit/Month | 15,000 |
| One-Bedroom Units | 3 Units @ | \$1,432 /Unit/Month | 52,000 |
| Two-Bedroom Units | 2 Units @ | \$1,581 /Unit/Month | 38,000 |
| Three-Bedroom Units | 0 Units @ | \$1,732 /Unit/Month | 0 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 118 Units @ | \$75 /Unit/Month | 106,000 |
|-------------|------------------|---------|

Total Gross Income

\$5,559,000

Vacancy & Collection Allowance

5% Gross Income

(278,000)

II. **Effective Gross Income**

\$5,281,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 118 Units @ | \$4,500 /Unit | \$531,000 |
| Property Taxes | 118 Units @ | \$7,900 /Unit | 930,000 |
| Replacement Reserve Deposits | 118 Units @ | \$150 /Unit | 18,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 118 Units @ | \$12,534 /Unit | (\$1,479,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,802,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT I. The weighted average monthly rent equates to \$4.10 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX C - EXHIBIT IV - TABLE 3

INCLUSIONARY HOUSING IMPACTS

5% LOW INCOME SCENARIO

AIRPORT AREA PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

I. Supportable Investment

| | | |
|---|---------------------------------------|-------------|
| Stabilized Net Operating Income | See APPENDIX C - EXHIBIT IV - TABLE 2 | \$3,802,000 |
| Threshold Return on Total Investment ¹ | | 4.36% |

Total Supportable Investment \$87,300,000

II. Total Development Cost \$90,170,000

| | | |
|-------------------------------------|---|---------------|
| III. Total Financial Impact | | (\$2,870,000) |
| Property Acquisition Cost Reduction | 16% of Estimated Current Acquisition Prices | |
| % Rent Increase to Offset Impact | 3.1% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX C - EXHIBIT V

PRO FORMA ANALYSIS

10% LOW INCOME SCENARIO

AIRPORT AREA PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX C - EXHIBIT V - TABLE 1

**ESTIMATED DEVELOPMENT COSTS
10% LOW INCOME SCENARIO
AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|--------------|
| I. Property Acquisition Costs | 1 | 102,366 | Sf of Land | \$180 /Sf of Land | | \$18,426,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 102,366 | Sf of Land | \$30 /Sf of Land | | \$3,071,000 |
| Parking | 3 | | | | | |
| Above-Ground Spaces | | 110 | Spaces | \$35,000 /Space | | 3,850,000 |
| 1st Level Subterranean | | 207 | Spaces | \$50,000 /Space | | 10,350,000 |
| Building Costs | | 113,942 | Sf of GLA | \$200 /Sf of GLA | | 22,788,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 8,012,000 |
| Total Direct Costs | | 113,942 | Sf of GBA | \$422 /Sf of GBA | | \$48,071,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$2,884,000 |
| Public Permits & Fees | 5 | 118 | Units | \$88,300 /Unit | | 10,419,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 961,000 |
| Marketing | | 118 | Units | \$2,500 /Unit | | 295,000 |
| Developer Fee | | 5% | Direct Costs | | | 2,404,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 848,000 |
| Total Indirect Costs | | | | | | \$17,811,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$18,426,000 | Cost | 6.2% Avg Rate | | \$1,714,000 |
| Construction | 7 | \$71,744,000 | Cost | 6.2% Avg Rate | | 3,336,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 812,000 |
| Total Financing Costs | | | | | | \$5,862,000 |
| V. Total Construction Cost | | 118 | Units | \$608,000 /Unit | | \$71,744,000 |
| Total Development Cost | | 118 | Units | \$764,000 /Unit | | \$90,170,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX C - EXHIBIT V - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 10% LOW INCOME SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 11 Units @ | \$2,621 /Unit/Month | \$346,000 |
| One-Bedroom Units | 48 Units @ | \$3,379 /Unit/Month | 1,946,000 |
| Two-Bedroom Units | 42 Units @ | \$4,798 /Unit/Month | 2,418,000 |
| Three-Bedroom Units | 5 Units @ | \$5,339 /Unit/Month | 320,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|--------|
| Studio Units | 1 Unit @ | \$1,257 /Unit/Month | 15,000 |
| One-Bedroom Units | 5 Units @ | \$1,432 /Unit/Month | 86,000 |
| Two-Bedroom Units | 5 Units @ | \$1,581 /Unit/Month | 95,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,732 /Unit/Month | 21,000 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 118 Units @ | \$75 /Unit/Month | 106,000 |
|-------------|------------------|---------|

Total Gross Income

\$5,353,000

Vacancy & Collection Allowance

5% Gross Income

(268,000)

II. **Effective Gross Income**

\$5,085,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 118 Units @ | \$4,500 /Unit | \$531,000 |
| Property Taxes | 118 Units @ | \$7,600 /Unit | 891,000 |
| Replacement Reserve Deposits | 118 Units @ | \$150 /Unit | 18,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 118 Units @ | \$12,203 /Unit | (\$1,440,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,645,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT I. The weighted average monthly rent equates to \$4.11 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX C - EXHIBIT V - TABLE 3

INCLUSIONARY HOUSING IMPACTS

10% LOW INCOME SCENARIO

AIRPORT AREA PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

I. Supportable Investment

| | | |
|--------------------------------------|--------------------------------------|-------------|
| Stabilized Net Operating Income | See APPENDIX C - EXHIBIT V - TABLE 2 | \$3,645,000 |
| Threshold Return on Total Investment | ¹ | 4.36% |

Total Supportable Investment \$83,695,000

II. Total Development Cost

See APPENDIX C - EXHIBIT V - TABLE 1 \$90,170,000

III. Total Financial Impact

(\$6,475,000)

| | |
|-------------------------------------|--|
| Property Acquisition Cost Reduction | 35% of Estimated Current Acquisition Prices |
| Developer Return | 4.0% Based on Estimated Current Property Acquisition Costs |
| % Rent Increase to Offset Impact | 7.5% Market Rate Units |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX C - EXHIBIT VI

PRO FORMA ANALYSIS

15% LOW INCOME SCENARIO

AIRPORT AREA PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX C - EXHIBIT VI - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 15% LOW INCOME SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | | |
|------|--|---|--------------|-------------------------|-------------------|--|--------------|
| I. | Property Acquisition Costs | 1 | 102,366 | Sf of Land | \$180 /Sf of Land | | \$18,426,000 |
| II. | Direct Costs | 2 | | | | | |
| | On-Site Improvements/Landscaping | | 102,366 | Sf of Land | \$30 /Sf of Land | | \$3,071,000 |
| | Parking | 3 | | | | | |
| | Above-Ground Spaces | | 110 | Spaces | \$35,000 /Space | | 3,850,000 |
| | 1st Level Subterranean | | 207 | Spaces | \$50,000 /Space | | 10,350,000 |
| | Building Costs | | 113,942 | Sf of GLA | \$200 /Sf of GLA | | 22,788,000 |
| | Contractor/DC Contingency Allow | 4 | | 20% Other Direct Costs | | | 8,012,000 |
| | Total Direct Costs | | 113,942 | Sf of GBA | \$422 /Sf of GBA | | \$48,071,000 |
| III. | Indirect Costs | | | | | | |
| | Architecture, Engineering & Consulting | | | 6% Direct Costs | | | \$2,884,000 |
| | Public Permits & Fees | 5 | 118 | Units | \$88,300 /Unit | | 10,419,000 |
| | Taxes, Insurance, Legal & Accounting | | | 2% Direct Costs | | | 961,000 |
| | Marketing | | 118 | Units | \$2,500 /Unit | | 295,000 |
| | Developer Fee | | | 5% Direct Costs | | | 2,404,000 |
| | Soft Cost Contingency Allowance | | | 5% Other Indirect Costs | | | 848,000 |
| | Total Indirect Costs | | | | | | \$17,811,000 |
| IV. | Financing Costs | | | | | | |
| | Interest During Construction | | | | | | |
| | Land | 6 | \$18,426,000 | Cost | 6.2% Avg Rate | | \$1,714,000 |
| | Construction | 7 | \$71,744,000 | Cost | 6.2% Avg Rate | | 3,336,000 |
| | Loan Origination Fees | | | 60% Loan to Cost | 1.5 Points | | 812,000 |
| | Total Financing Costs | | | | | | \$5,862,000 |
| V. | Total Construction Cost | | 118 | Units | \$608,000 /Unit | | \$71,744,000 |
| | Total Development Cost | | 118 | Units | \$764,000 /Unit | | \$90,170,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX C - EXHIBIT VI - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 15% LOW INCOME SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 10 Units @ | \$2,621 /Unit/Month | \$315,000 |
| One-Bedroom Units | 45 Units @ | \$3,379 /Unit/Month | 1,825,000 |
| Two-Bedroom Units | 40 Units @ | \$4,798 /Unit/Month | 2,303,000 |
| Three-Bedroom Units | 5 Units @ | \$5,339 /Unit/Month | 320,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|---------|
| Studio Units | 2 Units @ | \$1,257 /Unit/Month | 30,000 |
| One-Bedroom Units | 8 Units @ | \$1,432 /Unit/Month | 137,000 |
| Two-Bedroom Units | 7 Units @ | \$1,581 /Unit/Month | 133,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,732 /Unit/Month | 21,000 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 118 Units @ | \$75 /Unit/Month | 106,000 |
|-------------|------------------|---------|

Total Gross Income

\$5,190,000

Vacancy & Collection Allowance

5% Gross Income

(260,000)

II. **Effective Gross Income**

\$4,930,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 118 Units @ | \$4,500 /Unit | \$531,000 |
| Property Taxes | 118 Units @ | \$7,300 /Unit | 861,000 |
| Replacement Reserve Deposits | 118 Units @ | \$150 /Unit | 18,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 118 Units @ | \$11,949 /Unit | (\$1,410,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,520,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT I. The weighted average monthly rent equates to \$4.11 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX C - EXHIBIT VI - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 15% LOW INCOME SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX C - EXHIBIT VI - TABLE 2 | \$3,520,000 |
| | Threshold Return on Total Investment ¹ | | 4.36% |
| | Total Supportable Investment | | \$80,825,000 |
| II. | Total Development Cost | See APPENDIX C - EXHIBIT VI - TABLE 1 | \$90,170,000 |
| III. | Total Financial Impact | | (\$9,345,000) |
| | Property Acquisition Cost Reduction | 51% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 11.4% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX C - EXHIBIT VII

PRO FORMA ANALYSIS

20% LOW INCOME SCENARIO

AIRPORT AREA PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX C - EXHIBIT VII - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 20% LOW INCOME SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|--------------|
| I. Property Acquisition Costs | 1 | 102,366 | Sf of Land | \$180 /Sf of Land | | \$18,426,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 102,366 | Sf of Land | \$30 /Sf of Land | | \$3,071,000 |
| Parking | 3 | | | | | |
| Above-Ground Spaces | | 110 | Spaces | \$35,000 /Space | | 3,850,000 |
| 1st Level Subterranean | | 207 | Spaces | \$50,000 /Space | | 10,350,000 |
| Building Costs | | 113,942 | Sf of GLA | \$200 /Sf of GLA | | 22,788,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 8,012,000 |
| Total Direct Costs | | 113,942 | Sf of GBA | \$422 /Sf of GBA | | \$48,071,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$2,884,000 |
| Public Permits & Fees | 5 | 118 | Units | \$88,300 /Unit | | 10,419,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 961,000 |
| Marketing | | 118 | Units | \$2,500 /Unit | | 295,000 |
| Developer Fee | | 5% | Direct Costs | | | 2,404,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 848,000 |
| Total Indirect Costs | | | | | | \$17,811,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$18,426,000 | Cost | 6.2% Avg Rate | | \$1,714,000 |
| Construction | 7 | \$71,744,000 | Cost | 6.2% Avg Rate | | 3,336,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 812,000 |
| Total Financing Costs | | | | | | \$5,862,000 |
| V. Total Construction Cost | | 118 | Units | \$608,000 /Unit | | \$71,744,000 |
| Total Development Cost | | 118 | Units | \$764,000 /Unit | | \$90,170,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX C - EXHIBIT VII - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 20% LOW INCOME SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 10 Units @ | \$2,621 /Unit/Month | \$315,000 |
| One-Bedroom Units | 41 Units @ | \$3,379 /Unit/Month | 1,663,000 |
| Two-Bedroom Units | 38 Units @ | \$4,798 /Unit/Month | 2,188,000 |
| Three-Bedroom Units | 5 Units @ | \$5,339 /Unit/Month | 320,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|------------|---------------------|---------|
| Studio Units | 2 Units @ | \$1,257 /Unit/Month | 30,000 |
| One-Bedroom Units | 12 Units @ | \$1,432 /Unit/Month | 206,000 |
| Two-Bedroom Units | 9 Units @ | \$1,581 /Unit/Month | 171,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,732 /Unit/Month | 21,000 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 118 Units @ | \$75 /Unit/Month | 106,000 |
|-------------|------------------|---------|

Total Gross Income

\$5,020,000

Vacancy & Collection Allowance

5% Gross Income

(251,000)

II. **Effective Gross Income**

\$4,769,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 118 Units @ | \$4,500 /Unit | \$531,000 |
| Property Taxes | 118 Units @ | \$7,000 /Unit | 829,000 |
| Replacement Reserve Deposits | 118 Units @ | \$150 /Unit | 18,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 118 Units @ | \$11,678 /Unit | (\$1,378,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,391,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT I. The weighted average monthly rent equates to \$4.10 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX C - EXHIBIT VII - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 20% LOW INCOME SCENARIO
 AIRPORT AREA PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|--------------------------------------|---|-----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX C - EXHIBIT VII - TABLE 2 | \$3,391,000 |
| | Threshold Return on Total Investment | ¹ | 4.36% |
| | Total Supportable Investment | | \$77,863,000 |
| II. | Total Development Cost | See APPENDIX C - EXHIBIT VII - TABLE 1 | \$90,170,000 |
| III. | Total Financial Impact | | (\$12,307,000) |
| | Property Acquisition Cost Reduction | 67% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 16.0% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX D

**PRO FORMA ANALYSES
COYOTE CANYON PROTOTYPE
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT I

PRO FORMA ANALYSIS

MARKET RATE SCENARIO

COYOTE CANYON PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX D - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 MARKET RATE SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|--|---|--------------|----------------------|-------------------|---------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$180 /Sf of Land | \$19,602,000 |
| II. Direct Costs | 2 | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$40 /Sf of Land | \$4,356,000 |
| Parking | 3 | | | | |
| At-Grade Spaces | | 75 | Spaces | \$5,000 /Space | 375,000 |
| Above-Ground Spaces | | 300 | Spaces | \$35,000 /Space | 10,500,000 |
| Building Costs | | 157,820 | Sf of GLA | \$215 /Sf of GLA | 33,931,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 9,832,000 |
| Total Direct Costs | | 157,820 | Sf of GBA | \$374 /Sf of GBA | \$58,994,000 |
| III. Indirect Costs | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$3,540,000 |
| Public Permits & Fees | 5 | 150 | Units | \$91,400 /Unit | 13,710,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,180,000 |
| Marketing | | 150 | Units | \$1,000 /Unit | 150,000 |
| Developer Fee | | 5% | Direct Costs | | 2,950,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,077,000 |
| Total Indirect Costs | | | | | \$22,607,000 |
| IV. Financing Costs | | | | | |
| Interest During Construction | | | | | |
| Land | 6 | \$19,602,000 | Cost | 6.2% Avg Rate | \$1,823,000 |
| Construction | 7 | \$88,513,000 | Cost | 6.2% Avg Rate | 4,116,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 973,000 |
| Total Financing Costs | | | | | \$6,912,000 |
| V. Total Construction Cost | | 150 | Units | \$590,000 /Unit | \$88,513,000 |
| Total Development Cost | | 150 | Units | \$721,000 /Unit | \$108,115,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX D - EXHIBIT I - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 MARKET RATE SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units**

¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 52 Units @ | \$3,258 /Unit/Month | 2,033,000 |
| Two-Bedroom Units | 83 Units @ | \$3,999 /Unit/Month | 3,983,000 |
| Three-Bedroom Units | 15 Units @ | \$5,081 /Unit/Month | 915,000 |

B. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 150 Units @ | \$75 /Unit/Month | 135,000 |
|-------------|------------------|---------|

Total Gross Income

\$7,066,000

Vacancy & Collection Allowance

5% Gross Income

(353,000)

II. **Effective Gross Income**

\$6,713,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 150 Units @ | \$4,500 /Unit | \$675,000 |
| Property Taxes | 150 Units @ | \$7,900 /Unit | 1,182,000 |
| Replacement Reserve Deposits | 150 Units @ | \$150 /Unit | 23,000 |

Total Operating Expenses

(\$1,880,000)

IV. **Stabilized Net Operating Income**

\$4,833,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT II. The weighted average monthly rent equates to \$3.66 per square foot of leasable area.

APPENDIX D - EXHIBIT I - TABLE 3

**ESTIMATED STABILIZED RETURN ON INVESTMENT
MARKET RATE SCENARIO
COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|------|--|--------------------------------------|----------------------|
| I. | Stabilized Net Operating Income | See APPENDIX D - EXHIBIT I - TABLE 2 | \$4,833,000 |
| II. | Total Development Cost | See APPENDIX D - EXHIBIT I - TABLE 1 | <u>\$108,115,000</u> |
| III. | Estimated Stabilized Return on Investment | | 4.5% |

APPENDIX D - EXHIBIT II

PRO FORMA ANALYSIS

RECOMMENDED REQUIREMENT: 7% LOW INCOME UNITS

COYOTE CANYON PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX D - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 RECOMMENDED REQUIREMENT: 7% LOW INCOME UNITS
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|--|---|--------------|----------------------|-------------------|---------------|
| I. | Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$180 /Sf of Land | \$19,602,000 |
| II. | Direct Costs | 2 | | | | |
| | On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$40 /Sf of Land | \$4,356,000 |
| | Parking | 3 | | | | |
| | At-Grade Spaces | | 75 | Spaces | \$5,000 /Space | 375,000 |
| | Above-Ground Spaces | | 300 | Spaces | \$35,000 /Space | 10,500,000 |
| | Building Costs | | 157,820 | Sf of GLA | \$215 /Sf of GLA | 33,931,000 |
| | Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 9,832,000 |
| | Total Direct Costs | | 157,820 | Sf of GBA | \$374 /Sf of GBA | \$58,994,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$3,540,000 |
| | Public Permits & Fees | 5 | 150 | Units | \$91,400 /Unit | 13,710,000 |
| | Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,180,000 |
| | Marketing | | 150 | Units | \$1,000 /Unit | 150,000 |
| | Developer Fee | | 5% | Direct Costs | | 2,950,000 |
| | Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,077,000 |
| | Total Indirect Costs | | | | | \$22,607,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction | | | | | |
| | Land | 6 | \$19,602,000 | Cost | 6.2% Avg Rate | \$1,823,000 |
| | Construction | 7 | \$88,513,000 | Cost | 6.2% Avg Rate | 4,116,000 |
| | Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 973,000 |
| | Total Financing Costs | | | | | \$6,912,000 |
| V. | Total Construction Cost | | 150 | Units | \$590,000 /Unit | \$88,513,000 |
| | Total Development Cost | | 150 | Units | \$721,000 /Unit | \$108,115,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX D - EXHIBIT II - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 RECOMMENDED REQUIREMENT: 7% LOW INCOME UNITS
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 48 Units @ | \$3,258 /Unit/Month | 1,877,000 |
| Two-Bedroom Units | 77 Units @ | \$3,999 /Unit/Month | 3,695,000 |
| Three-Bedroom Units | 14 Units @ | \$5,081 /Unit/Month | 854,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 4 Units @ | \$1,432 /Unit/Month | 69,000 |
| Two-Bedroom Units | 6 Units @ | \$1,581 /Unit/Month | 114,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,732 /Unit/Month | 21,000 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 150 Units @ | \$75 /Unit/Month | 135,000 |
|-------------|------------------|---------|

Total Gross Income

\$6,765,000

Vacancy & Collection Allowance

5% Gross Income

(338,000)

II. **Effective Gross Income**

\$6,427,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 150 Units @ | \$4,500 /Unit | \$675,000 |
| Property Taxes | 150 Units @ | \$7,500 /Unit | 1,125,000 |
| Replacement Reserve Deposits | 150 Units @ | \$150 /Unit | 23,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 150 Units @ | \$12,153 /Unit | (\$1,823,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$4,604,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT II. The weighted average monthly rent equates to \$3.66 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX D - EXHIBIT II - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 RECOMMENDED REQUIREMENT: 7% LOW INCOME UNITS
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX D - EXHIBIT II - TABLE 2 | \$4,604,000 |
| | Threshold Return on Total Investment ¹ | | 4.47% |
| | Total Supportable Investment | | <u>\$102,992,000</u> |
| II. | Total Development Cost | See APPENDIX D - EXHIBIT II - TABLE 1 | <u>\$108,115,000</u> |
| III. | Total Financial Impact | | (\$5,123,000) |
| | Property Acquisition Cost Reduction | 26% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 4.7% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX D - EXHIBIT III

PRO FORMA ANALYSIS

5% LOW INCOME SCENARIO

COYOTE CANYON PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX D - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 5% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|---------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$180 /Sf of Land | | \$19,602,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$40 /Sf of Land | | \$4,356,000 |
| Parking | 3 | | | | | |
| At-Grade Spaces | | 75 | Spaces | \$5,000 /Space | | 375,000 |
| Above-Ground Spaces | | 300 | Spaces | \$35,000 /Space | | 10,500,000 |
| Building Costs | | 157,820 | Sf of GLA | \$215 /Sf of GLA | | 33,931,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 9,832,000 |
| Total Direct Costs | | 157,820 | Sf of GBA | \$374 /Sf of GBA | | \$58,994,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$3,540,000 |
| Public Permits & Fees | 5 | 150 | Units | \$91,400 /Unit | | 13,710,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 1,180,000 |
| Marketing | | 150 | Units | \$1,000 /Unit | | 150,000 |
| Developer Fee | | 5% | Direct Costs | | | 2,950,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 1,077,000 |
| Total Indirect Costs | | | | | | \$22,607,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$19,602,000 | Cost | 6.2% Avg Rate | | \$1,823,000 |
| Construction | 7 | \$88,513,000 | Cost | 6.2% Avg Rate | | 4,116,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 973,000 |
| Total Financing Costs | | | | | | \$6,912,000 |
| V. Total Construction Cost | | 150 | Units | \$590,000 /Unit | | \$88,513,000 |
| Total Development Cost | | 150 | Units | \$721,000 /Unit | | \$108,115,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX D - EXHIBIT III - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 5% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 49 Units @ | \$3,258 /Unit/Month | 1,916,000 |
| Two-Bedroom Units | 79 Units @ | \$3,999 /Unit/Month | 3,791,000 |
| Three-Bedroom Units | 14 Units @ | \$5,081 /Unit/Month | 854,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|--------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 3 Units @ | \$1,432 /Unit/Month | 52,000 |
| Two-Bedroom Units | 4 Units @ | \$1,581 /Unit/Month | 76,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,732 /Unit/Month | 21,000 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 150 Units @ | \$75 /Unit/Month | 135,000 |
|-------------|------------------|---------|

Total Gross Income

\$6,845,000

Vacancy & Collection Allowance

5% Gross Income

(342,000)

II. **Effective Gross Income**

\$6,503,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 150 Units @ | \$4,500 /Unit | \$675,000 |
| Property Taxes | 150 Units @ | \$7,600 /Unit | 1,140,000 |
| Replacement Reserve Deposits | 150 Units @ | \$150 /Unit | 23,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 150 Units @ | \$12,253 /Unit | (\$1,838,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$4,665,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT II. The weighted average monthly rent equates to \$3.66 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX D - EXHIBIT III - TABLE 3

INCLUSIONARY HOUSING IMPACTS
 5% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | |
|-------------|---|---|----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX D - EXHIBIT III - TABLE 2 | \$4,665,000 |
| | Threshold Return on Total Investment ¹ | | 4.47% |
| | Total Supportable Investment | | \$104,357,000 |
| II. | Total Development Cost | See APPENDIX D - EXHIBIT III - TABLE 1 | \$108,115,000 |
| III. | Total Financial Impact | | (\$3,758,000) |
| | Property Acquisition Cost Reduction | 19% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 3.4% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX D - EXHIBIT IV

PRO FORMA ANALYSIS

10% LOW INCOME SCENARIO

COYOTE CANYON PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX D - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 10% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | | |
|------|--|---|--------------|----------------------|-------------------|-------------|---------------|
| I. | Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$180 /Sf of Land | | \$19,602,000 |
| II. | Direct Costs | 2 | | | | | |
| | On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$40 /Sf of Land | \$4,356,000 | |
| | Parking | 3 | | | | | |
| | At-Grade Spaces | | 75 | Spaces | \$5,000 /Space | 375,000 | |
| | Above-Ground Spaces | | 300 | Spaces | \$35,000 /Space | 10,500,000 | |
| | Building Costs | | 157,820 | Sf of GLA | \$215 /Sf of GLA | 33,931,000 | |
| | Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 9,832,000 | |
| | Total Direct Costs | | 157,820 | Sf of GBA | \$374 /Sf of GBA | | \$58,994,000 |
| III. | Indirect Costs | | | | | | |
| | Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$3,540,000 | |
| | Public Permits & Fees | 5 | 150 | Units | \$91,400 /Unit | 13,710,000 | |
| | Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,180,000 | |
| | Marketing | | 150 | Units | \$1,000 /Unit | 150,000 | |
| | Developer Fee | | 5% | Direct Costs | | 2,950,000 | |
| | Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,077,000 | |
| | Total Indirect Costs | | | | | | \$22,607,000 |
| IV. | Financing Costs | | | | | | |
| | Interest During Construction | | | | | | |
| | Land | 6 | \$19,602,000 | Cost | 6.2% Avg Rate | \$1,823,000 | |
| | Construction | 7 | \$88,513,000 | Cost | 6.2% Avg Rate | 4,116,000 | |
| | Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 973,000 | |
| | Total Financing Costs | | | | | | \$6,912,000 |
| V. | Total Construction Cost | | 150 | Units | \$590,000 /Unit | | \$88,513,000 |
| | Total Development Cost | | 150 | Units | \$721,000 /Unit | | \$108,115,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX D - EXHIBIT IV - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 10% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 47 Units @ | \$3,258 /Unit/Month | 1,838,000 |
| Two-Bedroom Units | 75 Units @ | \$3,999 /Unit/Month | 3,599,000 |
| Three-Bedroom Units | 13 Units @ | \$5,081 /Unit/Month | 793,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 5 Units @ | \$1,432 /Unit/Month | 86,000 |
| Two-Bedroom Units | 8 Units @ | \$1,581 /Unit/Month | 152,000 |
| Three-Bedroom Units | 2 Units @ | \$1,732 /Unit/Month | 42,000 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 150 Units @ | \$75 /Unit/Month | 135,000 |
|-------------|------------------|---------|

Total Gross Income

\$6,645,000

Vacancy & Collection Allowance

5% Gross Income

(332,000)

II. **Effective Gross Income**

\$6,313,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 150 Units @ | \$4,500 /Unit | \$675,000 |
| Property Taxes | 150 Units @ | \$7,400 /Unit | 1,103,000 |
| Replacement Reserve Deposits | 150 Units @ | \$150 /Unit | 23,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 150 Units @ | \$12,007 /Unit | (\$1,801,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$4,512,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT II. The weighted average monthly rent equates to \$3.66 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX D - EXHIBIT IV - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 10% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|--------------------------------------|---|----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX D - EXHIBIT IV - TABLE 2 | \$4,512,000 |
| | Threshold Return on Total Investment | ¹ | 4.47% |
| | Total Supportable Investment | | \$100,934,000 |
| II. | Total Development Cost | See APPENDIX D - EXHIBIT IV - TABLE 1 | \$108,115,000 |
| III. | Total Financial Impact | | (\$7,181,000) |
| | Property Acquisition Cost Reduction | 37% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 6.8% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX D - EXHIBIT V

PRO FORMA ANALYSIS

15% LOW INCOME SCENARIO

COYOTE CANYON PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX D - EXHIBIT V - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 15% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|--|---|--------------|----------------------|-------------------|---------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$180 /Sf of Land | \$19,602,000 |
| II. Direct Costs | 2 | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$40 /Sf of Land | \$4,356,000 |
| Parking | 3 | | | | |
| At-Grade Spaces | | 75 | Spaces | \$5,000 /Space | 375,000 |
| Above-Ground Spaces | | 300 | Spaces | \$35,000 /Space | 10,500,000 |
| Building Costs | | 157,820 | Sf of GLA | \$215 /Sf of GLA | 33,931,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 9,832,000 |
| Total Direct Costs | | 157,820 | Sf of GBA | \$374 /Sf of GBA | \$58,994,000 |
| III. Indirect Costs | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$3,540,000 |
| Public Permits & Fees | 5 | 150 | Units | \$91,400 /Unit | 13,710,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,180,000 |
| Marketing | | 150 | Units | \$1,000 /Unit | 150,000 |
| Developer Fee | | 5% | Direct Costs | | 2,950,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,077,000 |
| Total Indirect Costs | | | | | \$22,607,000 |
| IV. Financing Costs | | | | | |
| Interest During Construction | | | | | |
| Land | 6 | \$19,602,000 | Cost | 6.2% Avg Rate | \$1,823,000 |
| Construction | 7 | \$88,513,000 | Cost | 6.2% Avg Rate | 4,116,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 973,000 |
| Total Financing Costs | | | | | \$6,912,000 |
| V. Total Construction Cost | | 150 | Units | \$590,000 /Unit | \$88,513,000 |
| Total Development Cost | | 150 | Units | \$721,000 /Unit | \$108,115,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX D - EXHIBIT V - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 15% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 44 Units @ | \$3,258 /Unit/Month | 1,720,000 |
| Two-Bedroom Units | 70 Units @ | \$3,999 /Unit/Month | 3,359,000 |
| Three-Bedroom Units | 13 Units @ | \$5,081 /Unit/Month | 793,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|------------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 8 Units @ | \$1,432 /Unit/Month | 137,000 |
| Two-Bedroom Units | 13 Units @ | \$1,581 /Unit/Month | 247,000 |
| Three-Bedroom Units | 2 Units @ | \$1,732 /Unit/Month | 42,000 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 150 Units @ | \$75 /Unit/Month | 135,000 |
|-------------|------------------|---------|

Total Gross Income

\$6,433,000

Vacancy & Collection Allowance

5% Gross Income

(322,000)

II. **Effective Gross Income**

\$6,111,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 150 Units @ | \$4,500 /Unit | \$675,000 |
| Property Taxes | 150 Units @ | \$7,100 /Unit | 1,063,000 |
| Replacement Reserve Deposits | 150 Units @ | \$150 /Unit | 23,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 150 Units @ | \$11,740 /Unit | (\$1,761,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$4,350,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT II. The weighted average monthly rent equates to \$3.66 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX D - EXHIBIT V - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
15% LOW INCOME SCENARIO
COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|---|---|-------------|-----------------------|
| I. Supportable Investment | | | |
| Stabilized Net Operating Income | See APPENDIX D - EXHIBIT V - TABLE 2 | \$4,350,000 | |
| Threshold Return on Total Investment ¹ | | 4.47% | |
| Total Supportable Investment | | | \$97,310,000 |
| II. Total Development Cost | See APPENDIX D - EXHIBIT V - TABLE 1 | | \$108,115,000 |
| III. Total Financial Impact | | | (\$10,805,000) |
| Property Acquisition Cost Reduction | 55% of Estimated Current Acquisition Prices | | |
| % Rent Increase to Offset Impact | 10.9% Market Rate Units | | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX D - EXHIBIT VI

PRO FORMA ANALYSIS

20% LOW INCOME SCENARIO

COYOTE CANYON PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX D - EXHIBIT VI - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 20% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|---------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$180 /Sf of Land | | \$19,602,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$40 /Sf of Land | | \$4,356,000 |
| Parking | 3 | | | | | |
| At-Grade Spaces | | 75 | Spaces | \$5,000 /Space | | 375,000 |
| Above-Ground Spaces | | 300 | Spaces | \$35,000 /Space | | 10,500,000 |
| Building Costs | | 157,820 | Sf of GLA | \$215 /Sf of GLA | | 33,931,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 9,832,000 |
| Total Direct Costs | | 157,820 | Sf of GBA | \$374 /Sf of GBA | | \$58,994,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$3,540,000 |
| Public Permits & Fees | 5 | 150 | Units | \$91,400 /Unit | | 13,710,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 1,180,000 |
| Marketing | | 150 | Units | \$1,000 /Unit | | 150,000 |
| Developer Fee | | 5% | Direct Costs | | | 2,950,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 1,077,000 |
| Total Indirect Costs | | | | | | \$22,607,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$19,602,000 | Cost | 6.2% Avg Rate | | \$1,823,000 |
| Construction | 7 | \$88,513,000 | Cost | 6.2% Avg Rate | | 4,116,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 973,000 |
| Total Financing Costs | | | | | | \$6,912,000 |
| V. Total Construction Cost | | 150 | Units | \$590,000 /Unit | | \$88,513,000 |
| Total Development Cost | | 150 | Units | \$721,000 /Unit | | \$108,115,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX D - EXHIBIT VI - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 20% LOW INCOME SCENARIO
 COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 42 Units @ | \$3,258 /Unit/Month | 1,642,000 |
| Two-Bedroom Units | 66 Units @ | \$3,999 /Unit/Month | 3,167,000 |
| Three-Bedroom Units | 12 Units @ | \$5,081 /Unit/Month | 732,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|------------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 10 Units @ | \$1,432 /Unit/Month | 172,000 |
| Two-Bedroom Units | 17 Units @ | \$1,581 /Unit/Month | 322,000 |
| Three-Bedroom Units | 3 Units @ | \$1,732 /Unit/Month | 62,000 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 150 Units @ | \$75 /Unit/Month | 135,000 |
|-------------|------------------|---------|

Total Gross Income

\$6,232,000

Vacancy & Collection Allowance

5% Gross Income

(312,000)

II. **Effective Gross Income**

\$5,920,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 150 Units @ | \$4,500 /Unit | \$675,000 |
| Property Taxes | 150 Units @ | \$6,800 /Unit | 1,026,000 |
| Replacement Reserve Deposits | 150 Units @ | \$150 /Unit | 23,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 150 Units @ | \$11,493 /Unit | (\$1,724,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$4,196,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT II. The weighted average monthly rent equates to \$3.66 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX D - EXHIBIT VI - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
20% LOW INCOME SCENARIO
COYOTE CANYON PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|--------------------------------------|---|-----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX D - EXHIBIT VI - TABLE 2 | \$4,196,000 |
| | Threshold Return on Total Investment | ¹ | 4.47% |
| | Total Supportable Investment | | \$93,865,000 |
| II. | Total Development Cost | See APPENDIX D - EXHIBIT VI - TABLE 1 | \$108,115,000 |
| III. | Total Financial Impact | | (\$14,250,000) |
| | Property Acquisition Cost Reduction | 73% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 15.2% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX E

PRO FORMA ANALYSES WEST NEWPORT MESA & BANNING RANCH PROTOTYPE APARTMENT DEVELOPMENT INCLUSIONARY HOUSING: FINANCIAL EVALUATION NEWPORT BEACH, CALIFORNIA

APPENDIX E - EXHIBIT I

PRO FORMA ANALYSIS

MARKET RATE SCENARIO

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE:

ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX E - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 MARKET RATE SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|--------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$210 /Sf of Land | | \$22,869,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$30 /Sf of Land | | \$3,267,000 |
| Parking | 3 | | | | | |
| At-Grade Spaces | | 63 | Spaces | \$5,000 /Space | | 315,000 |
| Above-Ground Spaces | | 156 | Spaces | \$35,000 /Space | | 5,460,000 |
| Building Costs | | 113,200 | Sf of GLA | \$200 /Sf of GLA | | 22,640,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 6,336,000 |
| Total Direct Costs | | 113,200 | Sf of GBA | \$336 /Sf of GBA | | \$38,018,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$2,281,000 |
| Public Permits & Fees | 5 | 125 | Units | \$88,100 /Unit | | 11,013,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 760,000 |
| Marketing | | 125 | Units | \$1,000 /Unit | | 125,000 |
| Developer Fee | | 5% | Direct Costs | | | 1,901,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 804,000 |
| Total Indirect Costs | | | | | | \$16,884,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$22,869,000 | Cost | 6.2% Avg Rate | | \$2,127,000 |
| Construction | 7 | \$60,598,000 | Cost | 6.2% Avg Rate | | 2,818,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 751,000 |
| Total Financing Costs | | | | | | \$5,696,000 |
| V. Total Construction Cost | | 125 | Units | \$485,000 /Unit | | \$60,598,000 |
| Total Development Cost | | 125 | Units | \$668,000 /Unit | | \$83,467,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX E - EXHIBIT I - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 MARKET RATE SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units**

¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 6 Units @ | \$2,269 /Unit/Month | \$163,000 |
| One-Bedroom Units | 69 Units @ | \$3,159 /Unit/Month | 2,616,000 |
| Two-Bedroom Units | 50 Units @ | \$3,682 /Unit/Month | 2,209,000 |
| Three-Bedroom Units | 0 Units @ | \$0 /Unit/Month | 0 |

B. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 125 Units @ | \$75 /Unit/Month | 113,000 |
|-------------|------------------|---------|

Total Gross Income

\$5,101,000

Vacancy & Collection Allowance

5% Gross Income

(255,000)

II. **Effective Gross Income**

\$4,846,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 125 Units @ | \$4,500 /Unit | \$563,000 |
| Property Taxes | 125 Units @ | \$6,700 /Unit | 838,000 |
| Replacement Reserve Deposits | 125 Units @ | \$150 /Unit | 19,000 |

Total Operating Expenses

(\$1,420,000)

IV. **Stabilized Net Operating Income**

\$3,426,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT III. The weighted average monthly rent equates to \$3.67 per square foot of leasable area.

APPENDIX E - EXHIBIT I - TABLE 3

ESTIMATED STABILIZED RETURN ON INVESTMENT
MARKET RATE SCENARIO
WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA

| | | | |
|------|--|--------------------------------------|---------------------|
| I. | Stabilized Net Operating Income | See APPENDIX E - EXHIBIT I - TABLE 2 | \$3,426,000 |
| II. | Total Development Cost | See APPENDIX E - EXHIBIT I - TABLE 1 | <u>\$83,467,000</u> |
| III. | Estimated Stabilized Return on Investment | | 4.1% |

APPENDIX E - EXHIBIT II

PRO FORMA ANALYSIS

RECOMMENDED REQUIREMENT: 8% LOW INCOME UNITS

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE:

ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX E - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 RECOMMENDED REQUIREMENT: 8% LOW INCOME UNITS
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|--------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$210 /Sf of Land | | \$22,869,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$30 /Sf of Land | | \$3,267,000 |
| Parking | 3 | | | | | |
| At-Grade Spaces | | 63 | Spaces | \$5,000 /Space | | 315,000 |
| Above-Ground Spaces | | 156 | Spaces | \$35,000 /Space | | 5,460,000 |
| Building Costs | | 113,200 | Sf of GLA | \$200 /Sf of GLA | | 22,640,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 6,336,000 |
| Total Direct Costs | | 113,200 | Sf of GBA | \$336 /Sf of GBA | | \$38,018,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$2,281,000 |
| Public Permits & Fees | 5 | 125 | Units | \$88,100 /Unit | | 11,013,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 760,000 |
| Marketing | | 125 | Units | \$1,000 /Unit | | 125,000 |
| Developer Fee | | 5% | Direct Costs | | | 1,901,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 804,000 |
| Total Indirect Costs | | | | | | \$16,884,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$22,869,000 | Cost | 6.2% Avg Rate | | \$2,127,000 |
| Construction | 7 | \$60,598,000 | Cost | 6.2% Avg Rate | | 2,818,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 751,000 |
| Total Financing Costs | | | | | | \$5,696,000 |
| V. Total Construction Cost | | 125 | Units | \$485,000 /Unit | | \$60,598,000 |
| Total Development Cost | | 125 | Units | \$668,000 /Unit | | \$83,467,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX E - EXHIBIT II - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 RECOMMENDED REQUIREMENT: 8% LOW INCOME UNITS
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 6 Units @ | \$2,269 /Unit/Month | \$163,000 |
| One-Bedroom Units | 63 Units @ | \$3,159 /Unit/Month | 2,388,000 |
| Two-Bedroom Units | 46 Units @ | \$3,682 /Unit/Month | 2,033,000 |
| Three-Bedroom Units | 0 Units @ | \$0 /Unit/Month | 0 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 6 Units @ | \$1,432 /Unit/Month | 103,000 |
| Two-Bedroom Units | 4 Units @ | \$1,581 /Unit/Month | 76,000 |
| Three-Bedroom Units | 0 Units @ | \$1,732 /Unit/Month | 0 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 125 Units @ | \$75 /Unit/Month | 113,000 |
|-------------|------------------|---------|

Total Gross Income

\$4,876,000

Vacancy & Collection Allowance

5% Gross Income

(244,000)

II. **Effective Gross Income**

\$4,632,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 125 Units @ | \$4,500 /Unit | \$563,000 |
| Property Taxes | 125 Units @ | \$6,400 /Unit | 796,000 |
| Replacement Reserve Deposits | 125 Units @ | \$150 /Unit | 19,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 125 Units @ | \$11,024 /Unit | (\$1,378,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,254,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT III. The weighted average monthly rent equates to \$3.67 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX E - EXHIBIT II - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 RECOMMENDED REQUIREMENT: 8% LOW INCOME UNITS
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX E - EXHIBIT II - TABLE 2 | \$3,254,000 |
| | Threshold Return on Total Investment ¹ | | 4.10% |
| | Total Supportable Investment | | \$79,277,000 |
| II. | Total Development Cost | See APPENDIX E - EXHIBIT II - TABLE 1 | \$83,467,000 |
| III. | Total Financial Impact | | (\$4,190,000) |
| | Property Acquisition Cost Reduction | 18% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 5.1% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX E - EXHIBIT III

PRO FORMA ANALYSIS

5% LOW INCOME SCENARIO

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE:

ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX E - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS

5% LOW INCOME SCENARIO

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|--------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$210 /Sf of Land | | \$22,869,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$30 /Sf of Land | | \$3,267,000 |
| Parking | 3 | | | | | |
| At-Grade Spaces | | 63 | Spaces | \$5,000 /Space | | 315,000 |
| Above-Ground Spaces | | 156 | Spaces | \$35,000 /Space | | 5,460,000 |
| Building Costs | | 113,200 | Sf of GLA | \$200 /Sf of GLA | | 22,640,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 6,336,000 |
| Total Direct Costs | | 113,200 | Sf of GBA | \$336 /Sf of GBA | | \$38,018,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$2,281,000 |
| Public Permits & Fees | 5 | 125 | Units | \$88,100 /Unit | | 11,013,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 760,000 |
| Marketing | | 125 | Units | \$1,000 /Unit | | 125,000 |
| Developer Fee | | 5% | Direct Costs | | | 1,901,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 804,000 |
| Total Indirect Costs | | | | | | \$16,884,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$22,869,000 | Cost | 6.2% Avg Rate | | \$2,127,000 |
| Construction | 7 | \$60,598,000 | Cost | 6.2% Avg Rate | | 2,818,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 751,000 |
| Total Financing Costs | | | | | | \$5,696,000 |
| V. Total Construction Cost | | 125 | Units | \$485,000 /Unit | | \$60,598,000 |
| Total Development Cost | | 125 | Units | \$668,000 /Unit | | \$83,467,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX E - EXHIBIT III - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 5% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 6 Units @ | \$2,269 /Unit/Month | \$163,000 |
| One-Bedroom Units | 66 Units @ | \$3,159 /Unit/Month | 2,502,000 |
| Two-Bedroom Units | 47 Units @ | \$3,682 /Unit/Month | 2,077,000 |
| Three-Bedroom Units | 0 Units @ | \$0 /Unit/Month | 0 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|--------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 3 Units @ | \$1,432 /Unit/Month | 52,000 |
| Two-Bedroom Units | 3 Units @ | \$1,581 /Unit/Month | 57,000 |
| Three-Bedroom Units | 0 Units @ | \$1,732 /Unit/Month | 0 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 125 Units @ | \$75 /Unit/Month | 113,000 |
|-------------|------------------|---------|

Total Gross Income

\$4,964,000

Vacancy & Collection Allowance

5% Gross Income

(248,000)

II. **Effective Gross Income**

\$4,716,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 125 Units @ | \$4,500 /Unit | \$563,000 |
| Property Taxes | 125 Units @ | \$6,500 /Unit | 812,000 |
| Replacement Reserve Deposits | 125 Units @ | \$150 /Unit | 19,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 125 Units @ | \$11,152 /Unit | (\$1,394,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,322,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT III. The weighted average monthly rent equates to \$3.68 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX E - EXHIBIT III - TABLE 3

INCLUSIONARY HOUSING IMPACTS

5% LOW INCOME SCENARIO

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

I. Supportable Investment

| | | |
|---|--|---------------------|
| Stabilized Net Operating Income | See APPENDIX E - EXHIBIT III - TABLE 2 | \$3,322,000 |
| Threshold Return on Total Investment ¹ | | 4.10% |
| Total Supportable Investment | | \$80,933,000 |

II. Total Development Cost

| | |
|--|---------------------|
| See APPENDIX E - EXHIBIT III - TABLE 1 | \$83,467,000 |
|--|---------------------|

III. Total Financial Impact

(\$2,534,000)

| | |
|-------------------------------------|---|
| Property Acquisition Cost Reduction | 11% of Estimated Current Acquisition Prices |
| % Rent Increase to Offset Impact | 3.0% Market Rate Units |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX E - EXHIBIT IV

PRO FORMA ANALYSIS

10% LOW INCOME SCENARIO

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE:

ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX E - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 10% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|--------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$210 /Sf of Land | | \$22,869,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$30 /Sf of Land | | \$3,267,000 |
| Parking | 3 | | | | | |
| At-Grade Spaces | | 63 | Spaces | \$5,000 /Space | | 315,000 |
| Above-Ground Spaces | | 156 | Spaces | \$35,000 /Space | | 5,460,000 |
| Building Costs | | 113,200 | Sf of GLA | \$200 /Sf of GLA | | 22,640,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 6,336,000 |
| Total Direct Costs | | 113,200 | Sf of GBA | \$336 /Sf of GBA | | \$38,018,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$2,281,000 |
| Public Permits & Fees | 5 | 125 | Units | \$88,100 /Unit | | 11,013,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 760,000 |
| Marketing | | 125 | Units | \$1,000 /Unit | | 125,000 |
| Developer Fee | | 5% | Direct Costs | | | 1,901,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 804,000 |
| Total Indirect Costs | | | | | | \$16,884,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$22,869,000 | Cost | 6.2% Avg Rate | | \$2,127,000 |
| Construction | 7 | \$60,598,000 | Cost | 6.2% Avg Rate | | 2,818,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 751,000 |
| Total Financing Costs | | | | | | \$5,696,000 |
| V. Total Construction Cost | | 125 | Units | \$485,000 /Unit | | \$60,598,000 |
| Total Development Cost | | 125 | Units | \$668,000 /Unit | | \$83,467,000 |

1 Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

2 Based on the estimated costs for similar uses.

3 The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

4 Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

5 Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

6 Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

7 Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX E - EXHIBIT IV - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 10% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 5 Units @ | \$2,269 /Unit/Month | \$136,000 |
| One-Bedroom Units | 62 Units @ | \$3,159 /Unit/Month | 2,351,000 |
| Two-Bedroom Units | 45 Units @ | \$3,682 /Unit/Month | 1,988,000 |
| Three-Bedroom Units | 0 Units @ | \$0 /Unit/Month | 0 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|---------|
| Studio Units | 1 Unit @ | \$1,257 /Unit/Month | 15,000 |
| One-Bedroom Units | 7 Units @ | \$1,432 /Unit/Month | 120,000 |
| Two-Bedroom Units | 5 Units @ | \$1,581 /Unit/Month | 95,000 |
| Three-Bedroom Units | 0 Units @ | \$1,732 /Unit/Month | 0 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 125 Units @ | \$75 /Unit/Month | 113,000 |
|-------------|------------------|---------|

Total Gross Income

\$4,818,000

Vacancy & Collection Allowance

5% Gross Income

(241,000)

II. **Effective Gross Income**

\$4,577,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 125 Units @ | \$4,500 /Unit | \$563,000 |
| Property Taxes | 125 Units @ | \$6,300 /Unit | 785,000 |
| Replacement Reserve Deposits | 125 Units @ | \$150 /Unit | 19,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 125 Units @ | \$10,936 /Unit | (\$1,367,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,210,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT III. The weighted average monthly rent equates to \$3.67 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX E - EXHIBIT IV - TABLE 3

INCLUSIONARY HOUSING IMPACTS
 10% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | |
|-------------|---|---|---------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX E - EXHIBIT IV - TABLE 2 | \$3,210,000 |
| | Threshold Return on Total Investment ¹ | | 4.10% |
| | Total Supportable Investment | | \$78,205,000 |
| II. | Total Development Cost | See APPENDIX E - EXHIBIT IV - TABLE 1 | \$83,467,000 |
| III. | Total Financial Impact | | (\$5,262,000) |
| | Property Acquisition Cost Reduction | 23% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 6.6% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX E - EXHIBIT V

PRO FORMA ANALYSIS

15% LOW INCOME SCENARIO

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE:

ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX E - EXHIBIT V - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 15% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|---|--------------|----------------------|-------------------|--|--------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$210 /Sf of Land | | \$22,869,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$30 /Sf of Land | | \$3,267,000 |
| Parking | 3 | | | | | |
| At-Grade Spaces | | 63 | Spaces | \$5,000 /Space | | 315,000 |
| Above-Ground Spaces | | 156 | Spaces | \$35,000 /Space | | 5,460,000 |
| Building Costs | | 113,200 | Sf of GLA | \$200 /Sf of GLA | | 22,640,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 6,336,000 |
| Total Direct Costs | | 113,200 | Sf of GBA | \$336 /Sf of GBA | | \$38,018,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$2,281,000 |
| Public Permits & Fees | 5 | 125 | Units | \$88,100 /Unit | | 11,013,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 760,000 |
| Marketing | | 125 | Units | \$1,000 /Unit | | 125,000 |
| Developer Fee | | 5% | Direct Costs | | | 1,901,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 804,000 |
| Total Indirect Costs | | | | | | \$16,884,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$22,869,000 | Cost | 6.2% Avg Rate | | \$2,127,000 |
| Construction | 7 | \$60,598,000 | Cost | 6.2% Avg Rate | | 2,818,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 751,000 |
| Total Financing Costs | | | | | | \$5,696,000 |
| V. Total Construction Cost | | 125 | Units | \$485,000 /Unit | | \$60,598,000 |
| Total Development Cost | | 125 | Units | \$668,000 /Unit | | \$83,467,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX E - EXHIBIT V - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 15% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 5 Units @ | \$2,269 /Unit/Month | \$136,000 |
| One-Bedroom Units | 59 Units @ | \$3,159 /Unit/Month | 2,237,000 |
| Two-Bedroom Units | 42 Units @ | \$3,682 /Unit/Month | 1,856,000 |
| Three-Bedroom Units | 0 Units @ | \$0 /Unit/Month | 0 |

B. **Low Income Units** ²

| | | | |
|---------------------|------------|---------------------|---------|
| Studio Units | 1 Unit @ | \$1,257 /Unit/Month | 15,000 |
| One-Bedroom Units | 10 Units @ | \$1,432 /Unit/Month | 172,000 |
| Two-Bedroom Units | 8 Units @ | \$1,581 /Unit/Month | 152,000 |
| Three-Bedroom Units | 0 Units @ | \$1,732 /Unit/Month | 0 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 125 Units @ | \$75 /Unit/Month | 113,000 |
|-------------|------------------|---------|

Total Gross Income

\$4,681,000

Vacancy & Collection Allowance

5% Gross Income

(234,000)

II. **Effective Gross Income**

\$4,447,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 125 Units @ | \$4,500 /Unit | \$563,000 |
| Property Taxes | 125 Units @ | \$6,100 /Unit | 759,000 |
| Replacement Reserve Deposits | 125 Units @ | \$150 /Unit | 19,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 125 Units @ | \$10,728 /Unit | (\$1,341,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,106,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT III. The weighted average monthly rent equates to \$3.67 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX E - EXHIBIT V - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 15% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|--------------------------------------|--------------------------------------|---|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX E - EXHIBIT V - TABLE 2 | \$3,106,000 |
| | Threshold Return on Total Investment | ¹ | 4.10% |
| | Total Supportable Investment | | \$75,671,000 |
| II. | Total Development Cost | See APPENDIX E - EXHIBIT V - TABLE 1 | \$83,467,000 |
| III. | Total Financial Impact | | (\$7,796,000) |
| | Property Acquisition Cost Reduction | | 34% of Estimated Current Acquisition Prices |
| | % Rent Increase to Offset Impact | | 10.3% Market Rate Units |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX E - EXHIBIT VI

PRO FORMA ANALYSIS

20% LOW INCOME SCENARIO

WEST NEWPORT MESA & BANNING RANCH PROTOTYPE:

ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX E - EXHIBIT VI - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 20% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|--|---|--------------|----------------------|-------------------|--------------|
| I. Property Acquisition Costs | 1 | 108,900 | Sf of Land | \$210 /Sf of Land | \$22,869,000 |
| II. Direct Costs | 2 | | | | |
| On-Site Improvements/Landscaping | | 108,900 | Sf of Land | \$30 /Sf of Land | \$3,267,000 |
| Parking | 3 | | | | |
| At-Grade Spaces | | 63 | Spaces | \$5,000 /Space | 315,000 |
| Above-Ground Spaces | | 156 | Spaces | \$35,000 /Space | 5,460,000 |
| Building Costs | | 113,200 | Sf of GLA | \$200 /Sf of GLA | 22,640,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 6,336,000 |
| Total Direct Costs | | 113,200 | Sf of GBA | \$336 /Sf of GBA | \$38,018,000 |
| III. Indirect Costs | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$2,281,000 |
| Public Permits & Fees | 5 | 125 | Units | \$88,100 /Unit | 11,013,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 760,000 |
| Marketing | | 125 | Units | \$1,000 /Unit | 125,000 |
| Developer Fee | | 5% | Direct Costs | | 1,901,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 804,000 |
| Total Indirect Costs | | | | | \$16,884,000 |
| IV. Financing Costs | | | | | |
| Interest During Construction | | | | | |
| Land | 6 | \$22,869,000 | Cost | 6.2% Avg Rate | \$2,127,000 |
| Construction | 7 | \$60,598,000 | Cost | 6.2% Avg Rate | 2,818,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 751,000 |
| Total Financing Costs | | | | | \$5,696,000 |
| V. Total Construction Cost | | 125 | Units | \$485,000 /Unit | \$60,598,000 |
| Total Development Cost | | 125 | Units | \$668,000 /Unit | \$83,467,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX E - EXHIBIT VI - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 20% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 5 Units @ | \$2,269 /Unit/Month | \$136,000 |
| One-Bedroom Units | 55 Units @ | \$3,159 /Unit/Month | 2,085,000 |
| Two-Bedroom Units | 40 Units @ | \$3,682 /Unit/Month | 1,768,000 |
| Three-Bedroom Units | 0 Units @ | \$0 /Unit/Month | 0 |

B. **Low Income Units** ²

| | | | |
|---------------------|------------|---------------------|---------|
| Studio Units | 1 Unit @ | \$1,257 /Unit/Month | 15,000 |
| One-Bedroom Units | 14 Units @ | \$1,432 /Unit/Month | 241,000 |
| Two-Bedroom Units | 10 Units @ | \$1,581 /Unit/Month | 190,000 |
| Three-Bedroom Units | 0 Units @ | \$1,732 /Unit/Month | 0 |

C. **Miscellaneous Income**

| | | |
|-------------|------------------|---------|
| 125 Units @ | \$75 /Unit/Month | 113,000 |
|-------------|------------------|---------|

Total Gross Income

\$4,548,000

Vacancy & Collection Allowance

5% Gross Income

(227,000)

II. **Effective Gross Income**

\$4,321,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 125 Units @ | \$4,500 /Unit | \$563,000 |
| Property Taxes | 125 Units @ | \$5,900 /Unit | 735,000 |
| Replacement Reserve Deposits | 125 Units @ | \$150 /Unit | 19,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 125 Units @ | \$10,536 /Unit | (\$1,317,000) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$3,004,000

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT III. The weighted average monthly rent equates to \$3.67 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX E - EXHIBIT VI - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 20% LOW INCOME SCENARIO
 WEST NEWPORT MESA & BANNING RANCH PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|--------------------------------------|---|-----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX E - EXHIBIT VI - TABLE 2 | \$3,004,000 |
| | Threshold Return on Total Investment | ¹ | 4.10% |
| | Total Supportable Investment | | \$73,186,000 |
| II. | Total Development Cost | See APPENDIX E - EXHIBIT VI - TABLE 1 | \$83,467,000 |
| III. | Total Financial Impact | | (\$10,281,000) |
| | Property Acquisition Cost Reduction | 45% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 14.5% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX F

**PRO FORMA ANALYSES
NEWPORT CENTER PROTOTYPE
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX F - EXHIBIT I

PRO FORMA ANALYSIS

MARKET RATE SCENARIO

NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX F - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 MARKET RATE SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|--------------|--------------|----------------------|-------------------|--|---------------|
| I. Property Acquisition Costs | ¹ | 117,612 | Sf of Land | \$480 /Sf of Land | | \$56,454,000 |
| II. Direct Costs | ² | | | | | |
| On-Site Improvements/Landscaping | | 117,612 | Sf of Land | \$100 /Sf of Land | | \$11,761,000 |
| Parking | ³ | | | | | |
| Above-Ground Spaces | | 178 | Spaces | \$35,000 /Space | | 6,230,000 |
| 1st Level Subterranean | | 58 | Spaces | \$50,000 /Space | | 2,900,000 |
| Building Costs | | 115,850 | Sf of GLA | \$250 /Sf of GLA | | 28,963,000 |
| Contractor/DC Contingency Allow | ⁴ | 20% | Other Direct Costs | | | 9,971,000 |
| Total Direct Costs | | 115,850 | Sf of GBA | \$516 /Sf of GBA | | \$59,825,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$3,590,000 |
| Public Permits & Fees | ⁵ | 135 | Units | \$88,600 /Unit | | 11,961,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 1,197,000 |
| Marketing | | 135 | Units | \$5,000 /Unit | | 675,000 |
| Developer Fee | | 5% | Direct Costs | | | 2,991,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 1,021,000 |
| Total Indirect Costs | | | | | | \$21,435,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | ⁶ | \$56,454,000 | Cost | 6.2% Avg Rate | | \$5,250,000 |
| Construction | ⁷ | \$92,131,000 | Cost | 6.2% Avg Rate | | 4,284,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | | 1,337,000 |
| Total Financing Costs | | | | | | \$10,871,000 |
| V. Total Construction Cost | | 135 | Units | \$682,000 /Unit | | \$92,131,000 |
| Total Development Cost | | 135 | Units | \$1,101,000 /Unit | | \$148,585,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX F - EXHIBIT I - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 MARKET RATE SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units**

¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 47 Units @ | \$4,830 /Unit/Month | 2,724,000 |
| Two-Bedroom Units | 81 Units @ | \$5,016 /Unit/Month | 4,876,000 |
| Three-Bedroom Units | 7 Units @ | \$8,770 /Unit/Month | 737,000 |

B. **Miscellaneous Income**

| | | |
|-------------|-------------------|---------|
| 135 Units @ | \$300 /Unit/Month | 486,000 |
|-------------|-------------------|---------|

Total Gross Income

\$8,823,000

Vacancy & Collection Allowance

5% Gross Income

(441,000)

II. **Effective Gross Income**

\$8,382,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|----------------|-----------|
| General Operating Expenses | 135 Units @ | \$4,500 /Unit | \$607,500 |
| Property Taxes | 135 Units @ | \$11,300 /Unit | 1,523,000 |
| Replacement Reserve Deposits | 135 Units @ | \$150 /Unit | 20,000 |

Total Operating Expenses

(\$2,150,500)

IV. **Stabilized Net Operating Income**

\$6,231,500

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT IV. The weighted average monthly rent equates to \$6.00 per square foot of leasable area.

APPENDIX F - EXHIBIT I - TABLE 3

**ESTIMATED STABILIZED RETURN ON INVESTMENT
MARKET RATE SCENARIO
NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|------|--|--------------------------------------|----------------------|
| I. | Stabilized Net Operating Income | See APPENDIX F - EXHIBIT I - TABLE 2 | \$6,231,500 |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT I - TABLE 1 | <u>\$148,585,000</u> |
| III. | Estimated Stabilized Return on Investment | | 4.2% |

APPENDIX F - EXHIBIT II

PRO FORMA ANALYSIS

RECOMMENDED REQUIREMENT: 7% LOW INCOME UNITS

NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX F - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 RECOMMENDED REQUIREMENT: 7% LOW INCOME UNITS
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|--|---|--------------|----------------------|-------------------|---------------|
| I. Property Acquisition Costs | 1 | 117,612 | Sf of Land | \$480 /Sf of Land | \$56,454,000 |
| II. Direct Costs | 2 | | | | |
| On-Site Improvements/Landscaping | | 117,612 | Sf of Land | \$100 /Sf of Land | \$11,761,000 |
| Parking | 3 | | | | |
| Above-Ground Spaces | | 178 | Spaces | \$35,000 /Space | 6,230,000 |
| 1st Level Subterranean | | 58 | Spaces | \$50,000 /Space | 2,900,000 |
| Building Costs | | 115,850 | Sf of GLA | \$250 /Sf of GLA | 28,963,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 9,971,000 |
| Total Direct Costs | | 115,850 | Sf of GBA | \$516 /Sf of GBA | \$59,825,000 |
| III. Indirect Costs | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$3,590,000 |
| Public Permits & Fees | 5 | 135 | Units | \$88,600 /Unit | 11,961,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,197,000 |
| Marketing | | 135 | Units | \$5,000 /Unit | 675,000 |
| Developer Fee | | 5% | Direct Costs | | 2,991,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,021,000 |
| Total Indirect Costs | | | | | \$21,435,000 |
| IV. Financing Costs | | | | | |
| Interest During Construction | | | | | |
| Land | 6 | \$56,454,000 | Cost | 6.2% Avg Rate | \$5,250,000 |
| Construction | 7 | \$92,131,000 | Cost | 6.2% Avg Rate | 4,284,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 1,337,000 |
| Total Financing Costs | | | | | \$10,871,000 |
| V. Total Construction Cost | | 135 | Units | \$682,000 /Unit | \$92,131,000 |
| Total Development Cost | | 135 | Units | \$1,101,000 /Unit | \$148,585,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX F - EXHIBIT II - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 RECOMMENDED REQUIREMENT: 7% LOW INCOME UNITS
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 44 Units @ | \$4,830 /Unit/Month | 2,550,000 |
| Two-Bedroom Units | 75 Units @ | \$5,016 /Unit/Month | 4,515,000 |
| Three-Bedroom Units | 7 Units @ | \$8,770 /Unit/Month | 737,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 3 Units @ | \$1,432 /Unit/Month | 52,000 |
| Two-Bedroom Units | 6 Units @ | \$1,581 /Unit/Month | 114,000 |
| Three-Bedroom Units | 0 Units @ | \$1,732 /Unit/Month | 0 |

C. **Miscellaneous Income**

| | | |
|-------------|-------------------|---------|
| 135 Units @ | \$300 /Unit/Month | 486,000 |
|-------------|-------------------|---------|

Total Gross Income

\$8,454,000

Vacancy & Collection Allowance

5% Gross Income

(423,000)

II. **Effective Gross Income**

\$8,031,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|----------------|-----------|
| General Operating Expenses | 135 Units @ | \$4,500 /Unit | \$607,500 |
| Property Taxes | 135 Units @ | \$10,800 /Unit | 1,454,000 |
| Replacement Reserve Deposits | 135 Units @ | \$150 /Unit | 20,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 135 Units @ | \$15,419 /Unit | (\$2,081,500) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$5,949,500

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT IV. The weighted average monthly rent equates to \$6.01 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX F - EXHIBIT II - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 RECOMMENDED REQUIREMENT: 7% LOW INCOME UNITS
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|---|----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX F - EXHIBIT II - TABLE 2 | \$5,949,500 |
| | Threshold Return on Total Investment ¹ | | 4.19% |
| | Total Supportable Investment | | <u>\$141,861,000</u> |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT II - TABLE 1 | <u>\$148,585,000</u> |
| III. | Total Financial Impact | | (\$6,724,000) |
| | Property Acquisition Cost Reduction | 12% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 4.9% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX F - EXHIBIT III

PRO FORMA ANALYSIS

DENSITY BONUS SCENARIO

NEWPORT CENTER PROTOTYPE: 50% SECTION 65915 DENSITY BONUS

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX F - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 DENSITY BONUS SCENARIO
 NEWPORT CENTER PROTOTYPE: 50% SECTION 65915 DENSITY BONUS
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|--|---|---------------|----------------------|-------------------|---------------|
| I. Property Acquisition Costs | 1 | 117,612 | Sf of Land | \$480 /Sf of Land | \$56,454,000 |
| II. Direct Costs | 2 | | | | |
| On-Site Improvements/Landscaping | | 117,612 | Sf of Land | \$100 /Sf of Land | \$11,761,000 |
| Parking | 3 | | | | |
| Above-Ground Spaces | | 178 | Spaces | \$35,000 /Space | 6,230,000 |
| 1st Level Subterranean | | 177 | Spaces | \$50,000 /Space | 8,850,000 |
| Building Costs | | 174,050 | Sf of GLA | \$310 /Sf of GLA | 53,956,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 16,159,000 |
| Total Direct Costs | | 174,050 | Sf of GBA | \$557 /Sf of GBA | \$96,956,000 |
| III. Indirect Costs | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$5,817,000 |
| Public Permits & Fees | 5 | 203 | Units | \$88,600 /Unit | 17,986,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,939,000 |
| Marketing | | 203 | Units | \$5,000 /Unit | 1,015,000 |
| Developer Fee | | 5% | Direct Costs | | 4,848,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,580,000 |
| Total Indirect Costs | | | | | \$33,185,000 |
| IV. Financing Costs | | | | | |
| Interest During Construction | | | | | |
| Land | 6 | \$56,454,000 | Cost | 6.2% Avg Rate | \$5,250,000 |
| Construction | 7 | \$143,885,000 | Cost | 6.2% Avg Rate | 6,691,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 1,803,000 |
| Total Financing Costs | | | | | \$13,744,000 |
| V. Total Construction Cost | | 203 | Units | \$709,000 /Unit | \$143,885,000 |
| Total Development Cost | | 203 | Units | \$987,000 /Unit | \$200,339,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ Section 65915 (p) requires jurisdictions to allow projects to meet statutorily established parking standards. For marketability reasons, KMA set the parking standards at 1.0 space per Studio Units unit; 1.0 space per One-Bedroom Units unit; 2.0 spaces per Two-Bedroom Units unit; Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁴ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX F - EXHIBIT III - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 DENSITY BONUS SCENARIO
 NEWPORT CENTER PROTOTYPE: 50% SECTION 65915 DENSITY BONUS
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|-------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 64 Units @ | \$4,830 /Unit/Month | 3,710,000 |
| Two-Bedroom Units | 109 Units @ | \$5,016 /Unit/Month | 6,562,000 |
| Three-Bedroom Units | 9 Units @ | \$8,770 /Unit/Month | 947,000 |

B. **Density Bonus Units** ²

| | | | |
|---------------------|------------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,031 /Unit/Month | 0 |
| One-Bedroom Units | 7 Units @ | \$1,174 /Unit/Month | 99,000 |
| Two-Bedroom Units | 13 Units @ | \$1,290 /Unit/Month | 201,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,410 /Unit/Month | 17,000 |

C. **Miscellaneous Income**

| | | |
|-------------|-------------------|---------|
| 203 Units @ | \$300 /Unit/Month | 731,000 |
|-------------|-------------------|---------|

Total Gross Income

\$12,267,000

Vacancy & Collection Allowance

5% Gross Income

(613,000)

II. **Effective Gross Income**

\$11,654,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|----------------|-----------|
| General Operating Expenses | 203 Units @ | \$4,500 /Unit | \$913,500 |
| Property Taxes | 203 Units @ | \$10,400 /Unit | 2,104,000 |
| Replacement Reserve Deposits | 203 Units @ | \$150 /Unit | 30,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 203 Units @ | \$15,012 /Unit | (\$3,047,500) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$8,606,500

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT IV. The weighted average monthly rent equates to \$5.99 per square foot of leasable area.

² Under Section 65915 (f) (2), 15% of the Base Units are set aside for very-low income households. Section 65915 (c) (1) (B) (i) calculates very low income rents based on household income at 50% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX F - EXHIBIT III - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 DENSITY BONUS SCENARIO
 NEWPORT CENTER PROTOTYPE: 50% SECTION 65915 DENSITY BONUS
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|---|--|----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX F - EXHIBIT III - TABLE 2 | \$8,606,500 |
| | Threshold Return on Total Investment ¹ | | 4.19% |
| | Total Supportable Investment | | \$205,215,000 |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT III - TABLE 1 | \$200,339,000 |
| III. | Total Financial Impact | | \$4,876,000 |
| | Property Acquisition Cost Reduction | 0% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 0.0% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX F - EXHIBIT IV

PRO FORMA ANALYSIS

5% LOW INCOME SCENARIO

NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX F - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 5% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|--|---|--------------|----------------------|-------------------|---------------|
| I. | Property Acquisition Costs | 1 | 117,612 | Sf of Land | \$480 /Sf of Land | \$56,454,000 |
| II. | Direct Costs | 2 | | | | |
| | On-Site Improvements/Landscaping | | 117,612 | Sf of Land | \$100 /Sf of Land | \$11,761,000 |
| | Parking | 3 | | | | |
| | Above-Ground Spaces | | 178 | Spaces | \$35,000 /Space | 6,230,000 |
| | 1st Level Subterranean | | 58 | Spaces | \$50,000 /Space | 2,900,000 |
| | Building Costs | | 115,850 | Sf of GLA | \$250 /Sf of GLA | 28,963,000 |
| | Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 9,971,000 |
| | Total Direct Costs | | 115,850 | Sf of GBA | \$516 /Sf of GBA | \$59,825,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$3,590,000 |
| | Public Permits & Fees | 5 | 135 | Units | \$88,600 /Unit | 11,961,000 |
| | Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,197,000 |
| | Marketing | | 135 | Units | \$5,000 /Unit | 675,000 |
| | Developer Fee | | 5% | Direct Costs | | 2,991,000 |
| | Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,021,000 |
| | Total Indirect Costs | | | | | \$21,435,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction | | | | | |
| | Land | 6 | \$56,454,000 | Cost | 6.2% Avg Rate | \$5,250,000 |
| | Construction | 7 | \$92,131,000 | Cost | 6.2% Avg Rate | 4,284,000 |
| | Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 1,337,000 |
| | Total Financing Costs | | | | | \$10,871,000 |
| V. | Total Construction Cost | | 135 | Units | \$682,000 /Unit | \$92,131,000 |
| | Total Development Cost | | 135 | Units | \$1,101,000 /Unit | \$148,585,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX F - EXHIBIT IV - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 5% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 45 Units @ | \$4,830 /Unit/Month | 2,608,000 |
| Two-Bedroom Units | 76 Units @ | \$5,016 /Unit/Month | 4,575,000 |
| Three-Bedroom Units | 7 Units @ | \$8,770 /Unit/Month | 737,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|--------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 2 Units @ | \$1,432 /Unit/Month | 34,000 |
| Two-Bedroom Units | 5 Units @ | \$1,581 /Unit/Month | 95,000 |
| Three-Bedroom Units | 0 Units @ | \$1,732 /Unit/Month | 0 |

C. **Miscellaneous Income**

| | | |
|-------------|-------------------|---------|
| 135 Units @ | \$300 /Unit/Month | 486,000 |
|-------------|-------------------|---------|

Total Gross Income

\$8,535,000

Vacancy & Collection Allowance

5% Gross Income

(427,000)

II. **Effective Gross Income**

\$8,108,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|----------------|-----------|
| General Operating Expenses | 135 Units @ | \$4,500 /Unit | \$607,500 |
| Property Taxes | 135 Units @ | \$10,900 /Unit | 1,469,000 |
| Replacement Reserve Deposits | 135 Units @ | \$150 /Unit | 20,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 135 Units @ | \$15,530 /Unit | (\$2,096,500) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$6,011,500

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT IV. The weighted average monthly rent equates to \$6.01 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX F - EXHIBIT IV - TABLE 3

INCLUSIONARY HOUSING IMPACTS
 5% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | |
|------|--------------------------------------|--|---------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX F - EXHIBIT IV - TABLE 2 | \$6,011,500 |
| | Threshold Return on Total Investment | ¹ | 4.19% |
| | Total Supportable Investment | | \$143,339,000 |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT IV - TABLE 1 | \$148,585,000 |
| III. | Total Financial Impact | | (\$5,246,000) |
| | Property Acquisition Cost Reduction | 9% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 3.8% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX F - EXHIBIT V

PRO FORMA ANALYSIS

10% LOW INCOME SCENARIO

NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX F - EXHIBIT V - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 10% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|------|--|---|--------------|----------------------|-------------------|---------------|
| I. | Property Acquisition Costs | 1 | 117,612 | Sf of Land | \$480 /Sf of Land | \$56,454,000 |
| II. | Direct Costs | 2 | | | | |
| | On-Site Improvements/Landscaping | | 117,612 | Sf of Land | \$100 /Sf of Land | \$11,761,000 |
| | Parking | 3 | | | | |
| | Above-Ground Spaces | | 178 | Spaces | \$35,000 /Space | 6,230,000 |
| | 1st Level Subterranean | | 58 | Spaces | \$50,000 /Space | 2,900,000 |
| | Building Costs | | 115,850 | Sf of GLA | \$250 /Sf of GLA | 28,963,000 |
| | Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 9,971,000 |
| | Total Direct Costs | | 115,850 | Sf of GBA | \$516 /Sf of GBA | \$59,825,000 |
| III. | Indirect Costs | | | | | |
| | Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$3,590,000 |
| | Public Permits & Fees | 5 | 135 | Units | \$88,600 /Unit | 11,961,000 |
| | Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,197,000 |
| | Marketing | | 135 | Units | \$5,000 /Unit | 675,000 |
| | Developer Fee | | 5% | Direct Costs | | 2,991,000 |
| | Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,021,000 |
| | Total Indirect Costs | | | | | \$21,435,000 |
| IV. | Financing Costs | | | | | |
| | Interest During Construction | | | | | |
| | Land | 6 | \$56,454,000 | Cost | 6.2% Avg Rate | \$5,250,000 |
| | Construction | 7 | \$92,131,000 | Cost | 6.2% Avg Rate | 4,284,000 |
| | Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 1,337,000 |
| | Total Financing Costs | | | | | \$10,871,000 |
| V. | Total Construction Cost | | 135 | Units | \$682,000 /Unit | \$92,131,000 |
| | Total Development Cost | | 135 | Units | \$1,101,000 /Unit | \$148,585,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX F - EXHIBIT V - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 10% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 42 Units @ | \$4,830 /Unit/Month | 2,434,000 |
| Two-Bedroom Units | 73 Units @ | \$5,016 /Unit/Month | 4,394,000 |
| Three-Bedroom Units | 6 Units @ | \$8,770 /Unit/Month | 631,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|-----------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 5 Units @ | \$1,432 /Unit/Month | 86,000 |
| Two-Bedroom Units | 8 Units @ | \$1,581 /Unit/Month | 152,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,732 /Unit/Month | 21,000 |

C. **Miscellaneous Income**

| | | |
|-------------|-------------------|---------|
| 135 Units @ | \$300 /Unit/Month | 486,000 |
|-------------|-------------------|---------|

Total Gross Income

\$8,204,000

Vacancy & Collection Allowance

5% Gross Income

(410,000)

II. **Effective Gross Income**

\$7,794,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|----------------|-----------|
| General Operating Expenses | 135 Units @ | \$4,500 /Unit | \$607,500 |
| Property Taxes | 135 Units @ | \$10,400 /Unit | 1,408,000 |
| Replacement Reserve Deposits | 135 Units @ | \$150 /Unit | 20,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 135 Units @ | \$15,078 /Unit | (\$2,035,500) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$5,758,500

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT IV. The weighted average monthly rent equates to \$5.99 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX F - EXHIBIT V - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
10% LOW INCOME SCENARIO
NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|---|---|-------------|-----------------------|
| I. Supportable Investment | | | |
| Stabilized Net Operating Income | See APPENDIX F - EXHIBIT V - TABLE 2 | \$5,758,500 | |
| Threshold Return on Total Investment ¹ | | 4.19% | |
| Total Supportable Investment | | | \$137,307,000 |
| II. Total Development Cost | See APPENDIX F - EXHIBIT V - TABLE 1 | | \$148,585,000 |
| III. Total Financial Impact | | | (\$11,278,000) |
| Property Acquisition Cost Reduction | 20% of Estimated Current Acquisition Prices | | |
| % Rent Increase to Offset Impact | 8.6% Market Rate Units | | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX F - EXHIBIT VI

PRO FORMA ANALYSIS

15% LOW INCOME SCENARIO

NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX F - EXHIBIT VI - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 15% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | |
|--|---|--------------|----------------------|-------------------|---------------|
| I. Property Acquisition Costs | 1 | 117,612 | Sf of Land | \$480 /Sf of Land | \$56,454,000 |
| II. Direct Costs | 2 | | | | |
| On-Site Improvements/Landscaping | | 117,612 | Sf of Land | \$100 /Sf of Land | \$11,761,000 |
| Parking | 3 | | | | |
| Above-Ground Spaces | | 178 | Spaces | \$35,000 /Space | 6,230,000 |
| 1st Level Subterranean | | 58 | Spaces | \$50,000 /Space | 2,900,000 |
| Building Costs | | 115,850 | Sf of GLA | \$250 /Sf of GLA | 28,963,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | 9,971,000 |
| Total Direct Costs | | 115,850 | Sf of GBA | \$516 /Sf of GBA | \$59,825,000 |
| III. Indirect Costs | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | \$3,590,000 |
| Public Permits & Fees | 5 | 135 | Units | \$88,600 /Unit | 11,961,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | 1,197,000 |
| Marketing | | 135 | Units | \$5,000 /Unit | 675,000 |
| Developer Fee | | 5% | Direct Costs | | 2,991,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | 1,021,000 |
| Total Indirect Costs | | | | | \$21,435,000 |
| IV. Financing Costs | | | | | |
| Interest During Construction | | | | | |
| Land | 6 | \$56,454,000 | Cost | 6.2% Avg Rate | \$5,250,000 |
| Construction | 7 | \$92,131,000 | Cost | 6.2% Avg Rate | 4,284,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 Points | 1,337,000 |
| Total Financing Costs | | | | | \$10,871,000 |
| V. Total Construction Cost | | 135 | Units | \$682,000 /Unit | \$92,131,000 |
| Total Development Cost | | 135 | Units | \$1,101,000 /Unit | \$148,585,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX F - EXHIBIT VI - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 15% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 40 Units @ | \$4,830 /Unit/Month | 2,319,000 |
| Two-Bedroom Units | 69 Units @ | \$5,016 /Unit/Month | 4,154,000 |
| Three-Bedroom Units | 6 Units @ | \$8,770 /Unit/Month | 631,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|------------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 7 Units @ | \$1,432 /Unit/Month | 120,000 |
| Two-Bedroom Units | 12 Units @ | \$1,581 /Unit/Month | 228,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,732 /Unit/Month | 21,000 |

C. **Miscellaneous Income**

| | | |
|-------------|-------------------|---------|
| 135 Units @ | \$300 /Unit/Month | 486,000 |
|-------------|-------------------|---------|

Total Gross Income

\$7,959,000

Vacancy & Collection Allowance

5% Gross Income

(398,000)

II. **Effective Gross Income**

\$7,561,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|----------------|-----------|
| General Operating Expenses | 135 Units @ | \$4,500 /Unit | \$607,500 |
| Property Taxes | 135 Units @ | \$10,100 /Unit | 1,362,000 |
| Replacement Reserve Deposits | 135 Units @ | \$150 /Unit | 20,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 135 Units @ | \$14,737 /Unit | (\$1,989,500) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$5,571,500

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT IV. The weighted average monthly rent equates to \$6.00 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX F - EXHIBIT VI - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
 15% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|--------------------------------------|---|-----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX F - EXHIBIT VI - TABLE 2 | \$5,571,500 |
| | Threshold Return on Total Investment | ¹ | 4.19% |
| | Total Supportable Investment | | \$132,848,000 |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT VI - TABLE 1 | \$148,585,000 |
| III. | Total Financial Impact | | (\$15,737,000) |
| | Property Acquisition Cost Reduction | 28% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 12.6% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

APPENDIX F - EXHIBIT VII

PRO FORMA ANALYSIS

20% LOW INCOME SCENARIO

NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT

APARTMENT DEVELOPMENT

INCLUSIONARY HOUSING: FINANCIAL EVALUATION

NEWPORT BEACH, CALIFORNIA

APPENDIX F - EXHIBIT VII - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 20% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | | | | | | |
|--|---|--------------|----------------------|-------------|-------------|---------------|
| I. Property Acquisition Costs | 1 | 117,612 | Sf of Land | \$480 | /Sf of Land | \$56,454,000 |
| II. Direct Costs | 2 | | | | | |
| On-Site Improvements/Landscaping | | 117,612 | Sf of Land | \$100 | /Sf of Land | \$11,761,000 |
| Parking | 3 | | | | | |
| Above-Ground Spaces | | 178 | Spaces | \$35,000 | /Space | 6,230,000 |
| 1st Level Subterranean | | 58 | Spaces | \$50,000 | /Space | 2,900,000 |
| Building Costs | | 115,850 | Sf of GLA | \$250 | /Sf of GLA | 28,963,000 |
| Contractor/DC Contingency Allow | 4 | 20% | Other Direct Costs | | | 9,971,000 |
| Total Direct Costs | | 115,850 | Sf of GBA | \$516 | /Sf of GBA | \$59,825,000 |
| III. Indirect Costs | | | | | | |
| Architecture, Engineering & Consulting | | 6% | Direct Costs | | | \$3,590,000 |
| Public Permits & Fees | 5 | 135 | Units | \$88,600 | /Unit | 11,961,000 |
| Taxes, Insurance, Legal & Accounting | | 2% | Direct Costs | | | 1,197,000 |
| Marketing | | 135 | Units | \$5,000 | /Unit | 675,000 |
| Developer Fee | | 5% | Direct Costs | | | 2,991,000 |
| Soft Cost Contingency Allowance | | 5% | Other Indirect Costs | | | 1,021,000 |
| Total Indirect Costs | | | | | | \$21,435,000 |
| IV. Financing Costs | | | | | | |
| Interest During Construction | | | | | | |
| Land | 6 | \$56,454,000 | Cost | 6.2% | Avg Rate | \$5,250,000 |
| Construction | 7 | \$92,131,000 | Cost | 6.2% | Avg Rate | 4,284,000 |
| Loan Origination Fees | | 60% | Loan to Cost | 1.5 | Points | 1,337,000 |
| Total Financing Costs | | | | | | \$10,871,000 |
| V. Total Construction Cost | | 135 | Units | \$682,000 | /Unit | \$92,131,000 |
| Total Development Cost | | 135 | Units | \$1,101,000 | /Unit | \$148,585,000 |

¹ Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

² Based on the estimated costs for similar uses.

³ The base requirement is for 2.0 spaces per unit plus 0.50 spaces per unit for guest parking.

⁴ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁵ Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

⁶ Based on an 18 month construction period following receipt of entitlements, and a 100% average outstanding loan balance.

⁷ Based on an 18 month construction period following receipt of entitlements, and a 50% average outstanding loan balance.

APPENDIX F - EXHIBIT VII - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
 20% LOW INCOME SCENARIO
 NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

I. **Gross Income**

A. **Market Rate Units** ¹

| | | | |
|---------------------|------------|---------------------|-----------|
| Studio Units | 0 Units @ | \$0 /Unit/Month | \$0 |
| One-Bedroom Units | 37 Units @ | \$4,830 /Unit/Month | 2,145,000 |
| Two-Bedroom Units | 65 Units @ | \$5,016 /Unit/Month | 3,913,000 |
| Three-Bedroom Units | 6 Units @ | \$8,770 /Unit/Month | 631,000 |

B. **Low Income Units** ²

| | | | |
|---------------------|------------|---------------------|---------|
| Studio Units | 0 Units @ | \$1,257 /Unit/Month | 0 |
| One-Bedroom Units | 10 Units @ | \$1,432 /Unit/Month | 172,000 |
| Two-Bedroom Units | 16 Units @ | \$1,581 /Unit/Month | 303,000 |
| Three-Bedroom Units | 1 Unit @ | \$1,732 /Unit/Month | 21,000 |

C. **Miscellaneous Income**

| | | |
|-------------|-------------------|---------|
| 135 Units @ | \$300 /Unit/Month | 486,000 |
|-------------|-------------------|---------|

Total Gross Income

\$7,671,000

Vacancy & Collection Allowance

5% Gross Income

(384,000)

II. **Effective Gross Income**

\$7,287,000

III. **Operating Expenses**

| | | | |
|------------------------------|-------------|---------------|-----------|
| General Operating Expenses | 135 Units @ | \$4,500 /Unit | \$607,500 |
| Property Taxes | 135 Units @ | \$9,700 /Unit | 1,308,000 |
| Replacement Reserve Deposits | 135 Units @ | \$150 /Unit | 20,000 |

Total Operating Expenses

| | | |
|-------------|----------------|---------------|
| 135 Units @ | \$14,337 /Unit | (\$1,935,500) |
|-------------|----------------|---------------|

IV. **Stabilized Net Operating Income**

\$5,351,500

¹ Based in part on the rent survey presented in APPENDIX A - EXHIBIT IV. The weighted average monthly rent equates to \$6.00 per square foot of leasable area.

² Under Section 50053, the low income rent calculations are based on household income at 60% of AMI, with 30% of income allotted to housing related expenses. See APPENDIX B.

APPENDIX F - EXHIBIT VII - TABLE 3

**INCLUSIONARY HOUSING IMPACTS
20% LOW INCOME SCENARIO
NEWPORT CENTER PROTOTYPE: ZONING COMPLIANT
APARTMENT DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | | |
|-------------|--------------------------------------|---|-----------------------|
| I. | Supportable Investment | | |
| | Stabilized Net Operating Income | See APPENDIX F - EXHIBIT VII - TABLE 2 | \$5,351,500 |
| | Threshold Return on Total Investment | ¹ | 4.19% |
| | Total Supportable Investment | | \$127,602,000 |
| II. | Total Development Cost | See APPENDIX F - EXHIBIT VII - TABLE 1 | \$148,585,000 |
| III. | Total Financial Impact | | (\$20,983,000) |
| | Property Acquisition Cost Reduction | 37% of Estimated Current Acquisition Prices | |
| | % Rent Increase to Offset Impact | 17.8% Market Rate Units | |

¹ Based on the Developer Return estimated to be generated by the ZONING COMPLIANT: MARKET RATE SCENARIO.

ATTACHMENT 5

**IN-LIEU FEE CALCULATIONS
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

APPENDIX A

IN-LIEU FEE CALCULATIONS OWNERSHIP HOUSING DEVELOPMENT INCLUSIONARY HOUSING: FINANCIAL EVALUATION NEWPORT BEACH, CALIFORNIA

APPENDIX A

**IN-LIEU FEE CALCULATIONS
OWNERSHIP HOUSING DEVELOPMENT
INCLUSIONARY HOUSING: FINANCIAL EVALUATION
NEWPORT BEACH, CALIFORNIA**

| | | Coyote Canyon Prototype | Dover Shores & Westcliff Prototype | West Newport Mesa & Banning Ranch Prototype | Newport Center Prototype |
|---|---|----------------------------|---------------------------------------|---|-----------------------------|
| I. Sales Price Difference | | | | | |
| A. Two-Bedroom Units | | | | | |
| Market Rate Sales Price | 1 | \$1,319,700 | | \$1,188,600 | \$4,717,800 |
| Affordable Sales Price | 2 | 433,200 | | 433,200 | 219,500 |
| Difference | | \$886,500 | | \$755,400 | \$4,498,300 |
| B. Three-Bedroom Units | | | | | |
| Market Rate Sales Price | 1 | \$1,663,900 | \$1,926,500 | \$1,554,800 | \$4,733,700 |
| Affordable Sales Price | 2 | 473,000 | 473,000 | 473,000 | 252,300 |
| Difference | | \$1,190,900 | \$1,453,500 | \$1,081,800 | \$4,481,400 |
| C. Four-Bedroom Units | | | | | |
| Market Rate Sales Price | 1 | | \$2,261,000 | \$2,290,900 | |
| Affordable Sales Price | 2 | | 500,400 | 500,400 | |
| Difference | | | \$1,760,600 | \$1,790,500 | |
| II. Distribution of Total Units | 3 | | | | |
| Two-Bedroom Units | | 50% | | 20% | 80% |
| Three-Bedroom Units | | 50% | 60% | 45% | 20% |
| Four-Bedroom Units | | | 40% | 35% | |
| III. Assumptions | | | | | |
| Total Units | | 90 | 30 | 120 | 79 |
| Gross Saleable Area | | 144,000 | 64,800 | 257,400 | 205,721 |
| Weighted Avg Unit Size (Sf) | | 1,600 | 2,160 | 2,150 | 2,600 |
| Inclusionary Housing Percentage | | 8% | 8% | 8% | 6% |
| Inclusionary Units | | 7 | 2 | 9 | 5 |
| Affordability Gap Per Inclusionary Unit | 4 | \$1,038,700 | \$1,576,300 | \$1,264,600 | \$4,494,900 |
| IV. In-Lieu Fee | | | | | |
| Total In-Lieu Fee | | \$7,270,900 | \$3,152,600 | \$11,381,400 | \$22,474,500 |
| Per Total Unit in the Project | | \$80,790 | \$105,090 | \$94,850 | \$284,490 |
| Per Sf of Gross Saleable Area | | \$50.50 | \$48.70 | \$44.20 | \$109.20 |

¹ The market rate sales prices are drawn from the pro forma analyses.

² See APPENDIX B - EXHIBIT I, APPENDIX B - EXHIBIT II, APPENDIX B - EXHIBIT III, and APPENDIX B - EXHIBIT IV.

³ Based on the unit mix distribution applied in the pro forma analyses.

⁴ Based on the weighted average difference between the market rate prices and the Affordable Sales Prices.

APPENDIX B

IN-LIEU FEE CALCULATIONS APARTMENT DEVELOPMENT INCLUSIONARY HOUSING: FINANCIAL EVALUATION NEWPORT BEACH, CALIFORNIA

APPENDIX B

IN-LIEU FEE CALCULATIONS
 APARTMENT DEVELOPMENT
 INCLUSIONARY HOUSING: FINANCIAL EVALUATION
 NEWPORT BEACH, CALIFORNIA

| | Airport Area Prototype | Coyote Canyon Prototype | West Newport Mesa & Banning Ranch Prototype | Newport Center Prototype |
|--|---------------------------|----------------------------|---|-----------------------------|
| I. Rent Difference | 1 | | | |
| A. Studio Units | | | | |
| Market Rate Units | \$2,621 | \$0 | \$2,269 | \$0 |
| Inclusionary Units | 1,257 | 0 | 1,257 | 0 |
| Difference | \$1,365 | \$0 | \$1,012 | \$0 |
| B. One-Bedroom Units | | | | |
| Market Rate Units | \$3,379 | \$3,258 | \$3,159 | \$4,830 |
| Inclusionary Units | 1,432 | 1,432 | 1,432 | 1,432 |
| Difference | \$1,947 | \$1,826 | \$1,727 | \$3,398 |
| C. Two-Bedroom Units | | | | |
| Market Rate Units | \$4,798 | \$3,999 | \$3,682 | \$5,016 |
| Inclusionary Units | 1,581 | 1,581 | 1,581 | 1,581 |
| Difference | \$3,217 | \$2,419 | \$2,102 | \$3,436 |
| D. Three-Bedroom Units | | | | |
| Market Rate Units | \$5,339 | \$5,081 | \$0 | \$8,770 |
| Inclusionary Units | 1,732 | 1,732 | 0 | 1,732 |
| Difference | \$3,607 | \$3,349 | \$0 | \$7,038 |
| II. Distribution of Total Units | 2 | | | |
| Studio Units | 10% | 0% | 5% | 0% |
| One-Bedroom Units | 45% | 35% | 55% | 35% |
| Two-Bedroom Units | 40% | 55% | 40% | 60% |
| Three-Bedroom Units | 5% | 10% | 0% | 5% |
| III. Annual Rent Difference Per Inclusionary Unit | \$29,759 | \$27,653 | \$22,097 | \$43,235 |
| Less: Property Tax Difference | 3 | | | |
| | (7,270) | (6,760) | (5,400) | (10,570) |
| Net Annual Rent Difference Per Inclusionary Ur | \$22,489 | \$20,893 | \$16,697 | \$32,665 |
| IV. Assumptions | | | | |
| Total Units | 118 | 150 | 125 | 135 |
| Gross Leasable Area | 113,942 | 157,820 | 113,200 | 115,850 |
| Weighted Average Unit Size (Sf) | 966 | 1,052 | 906 | 858 |
| Inclusionary Housing Percentage | 4 | | | |
| | 8% | 7% | 8% | 7% |
| Inclusionary Units | 9 | 11 | 10 | 9 |
| Affordability Gap Per Inclusionary Unit | 5 | | | |
| | \$516,400 | \$467,400 | \$406,800 | \$778,900 |
| V. In-Lieu Fee | | | | |
| Total In-Lieu Fee | \$4,647,600 | \$5,141,400 | \$4,068,000 | \$7,010,100 |
| Per Total Unit in the Project | \$39,390 | \$34,280 | \$32,540 | \$51,930 |
| Per Square Foot of Gross Leasable Area | \$40.80 | \$32.60 | \$35.90 | \$60.50 |

¹ The market rents are drawn from the pro forma analyses. The Affordable Rents are based on the H&SC Section 50053 calculation methodology. (See APPENDIX B).

² Based on the unit mix distribution applied in the pro forma analyses.

³ Based on the rent differential capitalized at a 4.5% rate to establish the value, and a 1.10% property tax rate.

⁴ Based on the Inclusionary Housing percentage obligation supported by the pro forma analyses.

⁵ Based on the Annual Rent Difference Per Inclusionary Unit capitalized at the Threshold Return on Total Investment.