bae urban economics

Transfer of Development Incentive Program: Financial Feasibility

Prepared for Tahoe Regional Planning Authority (TRPA)
May 2012

MEMORANDUM

To: John B. Hester, Planning Director, TRPA
From: Janet Smith-Heimer, MBA, Managing Principal, BAE
Re: Financial Feasibility Analysis of the Regional Plan Transfer of Development Incentive Program
Date: May 18, 2012 (Final)

Executive Summary

This memorandum analyzes the financial feasibility of the Regional Plan Transfer Incentive Program. The focus of the analysis is on testing the parameters of the program in terms of the range of incentive ratios offered under different scenarios, which vary by the nature and location of the "sending site."

The analysis uses a method known as static pro forma, which models hypothetical real estate development projects, including estimates of all development costs, financing costs, and developer profit. The resulting "bottom line" in the analysis is "residual land value," which represents the amount that a developer would be able to pay for land to build the project, given all of the other assumptions. If the residual land value is positive, and matches the range of land transaction costs available to developers, the project is considered "feasible," which means that it could be developed, yield sufficient developer profit, and accommodate the RP Incentive Program requirements.

Summary of Findings

The analysis found that the proposed Transfer Incentive Program provides sufficient ratios of new development "commodities" in some, but not all cases, and depends on the cost of each purchased development right. A range of prior "low-cost" to "high-cost" development rights were tested in the analysis, as described below.

In general, both the residential (condominium) and Tourist Accommodation Unit (TAU) projects were feasible, assuming today's market conditions improved slightly. Exceptions to this general finding were the cases where the project would be developed under a low incentive ratio (e.g., sending site is non-sensitive land located near the Lake), and also with a high purchase cost for the development rights; these scenarios all proved infeasible. In "real world" terms, this means that if the market in the region for new condominium or TAU projects were to experience a boom in demand, driving up development rights' prices to historically high levels, and the developer opted to purchase rights yielding low ratios of development transfer, these resulting projects would not be able to secure sites (land) at market prices to develop the projects. In practical terms, however, it should be noted that developers may still be able to develop feasible projects even under these conditions, by banking sites or by developing a luxury project that achieves higher price points (sale prices or hotel rates) than those assumed herein.

Because the projects modeled under a high incentive ratio (e.g., sending site is sensitive land) proved feasible, even with high costs to purchase those rights, the analysis illustrates that the combination of proposed incentive ratios meets the desired policy objective – to encourage retirement of sensitive lands distant from transportation facilities and the Lake. The analysis shows that, given the right set of conditions, there would be sufficient developer profit margins to stimulate development in the targeted locations.

The following memorandum describes the analysis, assumptions, findings, and conclusions in more detail. The pro forma models are included as a set of Appendices.

Purpose of Analysis

This memorandum outlines the analysis, findings, and conclusions regarding a financial feasibility analysis of the Regional Plan Transfer of Development Incentive Program ("Incentive Program"). The analysis of feasibility was commissioned to verify that the Regional Plan's proposed Development Incentive Program will improve the utilization of the concept of transferring development rights (TDR) to restore sensitive lands and concentrate new development in locations throughout the Tahoe region that can sustain additional projects with less environmental impact.

This memorandum assesses the financial feasibility of the proposed Incentive Program. Specifically this memorandum summarizes financial analysis to explore if the Incentive Program will provide sufficient financial return to a private developer to result in likely implementation.

Overview of Incentive Program

The Draft Regional Plan, released on March 28, 2012, outlines the Development Incentive Program designed to improve the feasibility of prior Transfer of Development Rights (TDR) initiatives first implemented by the previous Regional Plan. The proposed Development Incentive Program seeks to link desired environmental mitigation with new development/redevelopment land use goals, by both continuing to limit overall new development and also by providing a mix of incentives to encourage transferring development rights from distant, non-urbanized locations (especially near sensitive streams) to designated Town Centers, Regional Centers, and a High Density Tourist District.

Specifically, the Development Incentive Program offers the following incentives:

Table 1: Development Incentive Program

	Transfer Existing Development (ERU, CFA, TAU) to Town Centers, Regional Centers and/or the High Density Tourist District and restore and retire parcel	Transfer Development Right to Town Centers, Regional Centers and/or the High Density Tourist District and retire parcel
SEZ	**1:3**	1:1.5
Sensitive Lands (1a, 1c, 2 and 3)	1:2	1:1.25
Non-Sensitive lands (4, 5, 6 and 7)	**1:1**	**1:1**
Distance from Town Centers, Regional Centers, the High Density Tourist District and Primary Transit Routes.	Additional transfer ratio based on distance from non-residential support services and transit (only for transfers of Residential Development Rights and Existing Residential Units into Town Centers, Regional Centers and/or the High Density Tourist District)	
Less than ¼ Mile or on the Lake-ward side of primary transit routes.	**1:1**	
¼ Mile to ½ Mile	1:1.25	
½ Mile to 1 Mile	1:1.5	
1 Mile to 1½ Mile	1:1.75	
Greater than 1½ Mile	**1:2**	

"Bold" ratios above are used in the BAE analysis.
Source: TRPA, 2012.

It should be noted that the incentives related to the distance from transit'/lake are applicable only to residential development.

Transfer of Existing Development/Transfer of Development Rights

The above chart shows that transfer of existing development (e.g., when the sending site has existing development which is removed and the parcel is environmentally restored) is treated slightly differently than the transfer of a development right (e.g., when the sending parcel is retired and deed restricted, and the development right is transferred; these rights were granted in the original Regional Plan). The bonus units earned in both scenarios do not require an allocation from TRPA. The higher ratios are granted to the first column, when a sending site is both retired and structures are demolished to restore the site to its natural environment. If the sending site is located in a Stream Environmental Zone (SEZ), and is restored, the highest ratio is granted, (a total of 3 units for the existing 1 unit removed). It should be noted that this system applies to existing residential units (ERU), tourist accommodation units (TAU), and commercial floor area (CFA). Also, the receiving sites must be located in the districts in the Regional Plan Update designated as Town Center, Regional Center, or High Density Tourist Center.

Additional Transfer Ratio for Distance from Lake/Transit Routes

The additional "distance" factor is a new concept for this Development Incentive Program, seeking to encourage retiring and restoring formerly residential uses that are located furthest from the Lake and transit routes. Note that this additional development incentive is only applicable to residential projects, not to commercial or hotel projects. If obtained, this right is multiplicative, granting as much as 6 new residential units (i.e., 3 x 2) for every unit located on sensitive land that is also distant from the Lake.

Overview of Development Parameters

The financial analysis shown later in this memorandum is based on pro forma models of several hypothetical development projects. This section provides an overview of key development parameters imposed by the Regional Plan, which together shape the resulting possible development projects described later in this memorandum.

Density and Height Limits

The Regional Plan creates several "receiving site" land use classifications intended to encourage new development/redevelopment in locations which have transit, urban services, and the land capacity to support people. The following table shows the density and height limits by the receiving site zones subject to the Development Incentive Program. It should be noted that these density and height limits are all subject to approval of Area Plans which will accommodate the new projects in a sustainable manner.

Table 2: Development Parameters for Town Centers, Regional Centers, and High Density Tourist District

	Height Limit		Maximum Density		Maximum Site Coverage	
Location	Floors	Feet				
Town Center						
Residential MF	4	56	25	units/acre	70%	site coverage
Tourist Accomodation Units (TAUs)	4	56	40	units/acre	70%	site coverage
Regional Center						
Residential MF	6	95	25	units/acre	70%	site coverage
Tourist Accomodation Units (TAUs)	6	95	40	units/acre	70%	site coverage
High Density Tourist Center						
Residential MF	14	197	25	units/acre	70%	site coverage
Tourist Accomodation Units (TAUs)	14	197	40	units/acre	70%	site coverage

Sources: Based on Draft Regional Plan and Draft Environmental Impact Statement; BAE, 2012.

Site Coverage

The Regional Plan continues the prior framework regarding site coverage for redevelopment and new development, with no more than 70 percent site coverage allowable for any development project subject to TRPA approvals. The components of coverage are assumed to be sufficient to meet the requirements for site coverage shown in the pro forma models in the next section. However, it should be noted that the market for development rights, in some cases, includes a site coverage aspect as part of the purchase price for the development right; this theoretically can lead to a higher value in situations where the former coverage at the sending site is being reused at the receiving site.

Parking Requirements

TRPA jurisdiction within the Tahoe Region includes five counties and one incorporated city across the two-state area (Nevada and California). Parking requirements vary among these jurisdictions, and are governed by each jurisdiction through its own local plans, zoning codes, and related ordinances. Thus, for purposes of this analysis, a typical parking requirement is assumed for each project's pro forma, based on example requirements present in the Tahoe Region.

Impact Fees

The Tahoe Region, covering two states and many unincorporated areas across five counties, has a wide range of impact fees and other development fees charged to individual projects. To model the "worst-case" situation with the highest identified impact fees, the analysis used the fee structure applicable to unincorporated Placer County in California, which has a traffic mitigation fee in place, as well as a community facilities fee and other utility hookup charges (hookup charges applicable to just residential projects). In addition, TRPA charges an air quality mitigation fee to all new developments, depending on the amount of net new vehicle trips being generated by the increment of new development. For purposes of the analysis herein, it was assumed that all trips generated by the project being modeled were "net new" trips, in order to provide a conservative set of assumptions for financial feasibility testing.

Pro Forma Analysis

Methodology

The analysis conducted for this report is based on a static pro forma model, designed to yield a "bottom-line" dollar amount representing the residual land value of the new project. The static pro forma establishes a development program (e.g., number of units, size of units, etc.), and estimates all development costs for this project (excluding land), based on a variety of sources as footnoted in the examples included in the Appendices to this memorandum. The same model also estimates all development revenues accruing to the developer of the project. The final calculation subtracts all development costs from revenue, resulting in a "residual land value." This residual land value represents the value of the land on which the new project is built. It reflects the basic land economics premise that land values reflect what can be developed on the land, incorporating all fees, regulations, and development restrictions such as height, density, and site coverage. Feasibility is established by comparing these derived residual land values with actual sale prices for land parcels in similar locations under similar conditions. If the model's residual land value is within the same range as the actual land values experienced in the Tahoe region, the project with its associated development program and costs is considered feasible.

The pro forma models shown herein incorporate developer profit as a component of total development costs. Profit is estimated as 10 percent of hard costs (e.g., "return on cost"), which is a general standard of profit threshold utilized by medium to large developers. It should be noted that estimating profit using "return on cost" bypasses the aspect of leverage or other measures of return on equity investment, as these can vary substantially from developer to developer. For convenience, the actual dollar amount of this profit estimate is shown in each pro forma, along with assumptions regarding loan amount and requisite equity; the profit amount can be compared to equity investment as a secondary measure of feasibility in this approach.

The pro forma models were constructed to show a "Low Ratio- High Ratio" range of outcomes, related to the low and high end of the ranges of potential development right ratios shown on Table 1. In other words, the pro forma models bracket the low ratio (e,g,, non-sensitive sending sites already located near the lake/transit routes) and the high ratios proposed (e.g., sending sites located in Stream Environmental Zones, considered very environmentally sensitive, and also located far from lake/transit). This framework rewards the most development rights to the cases where the new project is residential multi-family, the sending site is in an SEZ, and the sending site is located far from urbanized areas. When all of these conditions are met, the development right ratio is multiplicative at a rate of 3 times 2, or 6 total rights received for every unit transferred from a sending site that is restored to a natural state. This framework is intended to place the highest value and return (by lowering the number of development rights to be purchased) on those projects which obtain the most distant SEZ rights, and retire and restore those sending sites.

Costs of Development Rights

The most challenging aspect of the pro forma analysis is estimating the future cost of development rights. The California Tahoe Conservancy, which serves as the California clearinghouse for TDRs (in Nevada, it is the State Division of State Lands), reports that they currently have existing development rights for residential units ranging from $17,000 to $20,000 per residential right. In addition, TRPA has collected information regarding past development rights purchase transactions. Its information indicates that past transactions for a sensitive lands retirement/restoration program ranged up to $80,000 per development right. Thus, these form the low end ($17,000) and high end ($80,000) of the assumed existing residential development right purchased in the pro forma model for development of condominiums.

For Tourist Accommodation Units (TAUs), available information suggests that development rights have ranged in the past from $25,000 to $65,000 per unit. It should be noted that the available information for TAU development right costs is somewhat limited, as few of these projects have gone through the TDR process and obtained development rights in recent years.

Commercial Floor Area (CFA) development rights reportedly cost approximately $30 to $40 per right (which is per square foot). However, it has been proposed in the draft RP that each community in the Regional Plan receive an allocation of new CFA from a total pool of 200,000 square feet for the region; this allocation would be at limited to no cost to the developer if he/she can obtain the allocation from the development project host community (some communities charge a small amount to the developer). However, due to the draft nature of this proposal, the analysis herein assumes that the CFA development rights would need to be acquired at "market rate" costs; thus, for the projects with commercial space in their development program (Mixed-Use with ground floor retail), the full range of $30 to $40 per square foot of CFA for all new space developed, is tested.

Framework for the Scenarios

The scenarios (development projects) tested in the following analysis follow a framework of testing both ends of the Incentive Program ratios (from non-sensitive lands in near-transit/Lake locations, to distant sensitive lands), In addition, both ends of the reported historical price ranges for each type of development right (e.g, residential, TAU, and CFA), were tested.

The first set of scenarios is constructed as "single-use" projects, across these ranges of low-high ratios and low-high costs for purchase of development rights. For these single-use projects, a common one acre receiving site was assumed, and the development parameters were applied to limit site coverage to no more than 70 percent, along with the density and height limits applicable to Town Centers and Regional Centers (e.g., maximum density of 25 residential units per acre, no more than four stories tall). For TAUs (hotel use), these same parameters were applied (e.g., maximum density of 40 rooms per acre, no more than four stories tall). In addition, due to the wide range of historical residential projects that TRPA has experienced, with many projects targeting large-unit buyers of up to 2,800 square feet or more average unit size within the project, the scenarios took the approach of testing a "small condo unit size" averaging 1,200 square feet, and separately, a "large condo unit size" of 2,800 square feet. All of these "single-use" projects fit on their receiving site utilizing wood frame construction (affected by height), and surface parking, provided that relatively low parking ratios are assumed (one parking space per residential unit). It should be noted that actual projects could vary significantly from these assumptions.

In addition to the above single-use development scenarios, the analysis also tested a mixed-use concept. For this set of scenarios, it was assumed that the project would contain ground floor retail with five stories of residential condominiums above, along with an at-grade structured parking garage behind the retail space, serving both the retail customers and the condominium buyers living above. To fit this scenario on the site and not exceed the site coverage limit, this set of scenarios requires utilizing the taller six-story height limit, thus changing to a more expensive steel frame (or reinforced concrete) type of construction to meet Uniform Building Code (UBC) standards for residential buildings over four stories. Therefore, the analysis increases the per-square-foot construction costs for this set of mixed-use scenarios, and assumes a six-story building. This mixed-use set of scenarios was tested for just the large size condominium unit assumptions.

Condominium Sale Prices and Hotel Room Rates

Appendix A shows market data regarding recent condominium sales in zip codes matching the receiving site locations able to be developed in the RP, for resale of units less than 15 years old (e.g., relatively new construction). Appendix A also shows the results of a recent query of Trulia for asking prices for both smaller and larger units. The resulting estimate of sale price used for the analysis herein was $450,000 for the 1,200 square foot "small condo unit size" and $850,000 for the 2,800 square foot "large condo unit size."

For hotel room rates, current asking rates were obtained from several travel sites for hotels with a 3-star rating or above. It is assumed that a new-construction hotel would be developed with a high set of amenities with at least this rating. A room rate averaging $200 per night was assumed for this analysis, which is at the higher end of the range of room rates found in the Tahoe Region, but below some of the most expensive full service newer hotels.

Summary of Findings

As shown below, the analysis yields a range of values for the hypothetical development projects tested. Assuming a constant developer profit measure of 10 percent of hard costs for each project, and the development programs for each project as outlined above and detailed in each model in the Appendix, the following residual land values are estimated:

Table 3: Summary of Financial Analysis

	Low TDR Cost				High TDR Cost			
	Low TDR Ratio		High TDR Ratio		Low TDR Ratio		High TDR Ratio	
	Land Value/Sq. Ft.	Feasible?	Land Value/Sq. Ft.	Feasible?	Land Value/Sq. Ft.	Feasible?	Land Value/Sq. Ft.	Feasible?
Single Use with Wood Frame Construction								
Residential For-Sale Project - Small Unit Sizes	$ 10.33	Y	$ 18.86	Y	$ (27.62)	N	$ 12.53	Y
Residential For-Sale Project - Large Unit Sizes	$ 12.34	Y	$ 20.87	Y	$ (39.24)	N	$ 0.92	N
Tourist Accomodation Unit Project	$ 3.35	N	$ 19.42	Y	$ (35.20)	N	$ 6.57	Y
Mixed-Use with Streel Frame Construction								
Retail/Residential For-Sale Project - Large Unit Sizes	$ 8.21	Y	$ 16.74	Y	$ (34.92)	N	$ 5.24	Y

The residual land values above were deemed feasible if they approach or exceed $5.00 per square foot of land, which is considered the low end of the range for developable land parcels in the Town Center, Regional Center, and High Density Tourist District locations shown in the Regional Plan.

It should be noted that many of the sites where projects would be developed within the Town Center, Regional Center, and High Density Tourist District locations are currently improved with aging, existing structures. This situation lends itself to redevelopment because the existing improvement would provide the requisite site coverage. However, since the sizes of the existing improvements may vary, demolition costs were not separately estimated; the residual land value should be considered as including the cost to demolish whatever improvements are not reusable in the new development project.

Single Use Projects with Wood Frame Construction and Surface Parking
As shown, for single use residential condominium projects at four stories or less, the range of ratios assuming a low cost for development rights result in feasible projects. This finding applies to both the small and large condo projects,.

When the high end of the development right purchase cost is assumed (e.g., $80,000 per unit), the findings are more mixed. The combination of a low TDR ratio and this high purchase price per TDR does not yield any feasible condominium projects. It should be noted that this situation may be improved if the sale prices of the condos (which would reflect the high TDR purchase cost under strong market conditions) were also increased. For example, if the large unit condo project paying $80,000 per development right were developed under the low end of the TDR ratio (e.g., sending site were non-sensitive land near transit/Lake), and a condominium sale price were increased to an average of $950,000 per unit (increase from the $850,000 sale price per unit assumed herein), the resulting land residual would return to a positive number of roughly $12.00 per square foot, yielding feasibility. Thus, to the extent that high cost TDRs occur during “boom” market conditions, also reflected in high sale prices, these projects could reflect feasible scenarios.

Looking at the high end of the proposed Incentive Program, with high TDR ratios, the assumed high cost per development right yields a feasible project if the units are small sizes on average. When analyzed for large unit sizes, the land residual is barely positive (.e.g., $0.92 per square foot of land), which falls below the threshold of $5.00 used to test feasibility in this analysis. However, again, it should be noted that slight shifts in size assumptions, or slightly higher sale prices for these larger condo units (or other land acquisition strategies) may yield feasible high TDR ratio – high TDR cost projects.

For single-use hotel scenarios, the low end of the TDR ratios do not create feasible projects, given the assumptions used for the analysis. However, the high end of the TDR ratio makes these projects feasible, even at the highest development right cost assumption level of $65,000 per TAU.

In general, the proposed TDR ratios do create feasible development scenarios, and can be made to achieve the objective of retiring sensitive land in distant locations.

Mixed-Use Retail + Large Size Condominiums with Steel Frame Construction and Parking Garage

This set of development scenarios analyzes a more densely developed project type of up to 6 stories, which would only apply to the Regional Center and the High Density Tourist District proposed for South Lake Tahoe, CA and Stateline, NV.

As described above, this set of scenarios assumes a building with ground floor retail and an at-grade parking garage behind it, fitting within the 70 percent or less total site coverage (see pro forma models, these scenarios meet this test by limiting retail space and accommodating the the required garage parking spaces as well). Above the ground floor retail and parking garage "footprint," steel frame construction is assumed to allow the project to fit large condominium units (e.g., average of 2,800 square feet plus common area).

For these scenarios, feasibility is achieved in all cases except the low TDR ratio – high TDR cost situation. Here, due to the high cost of the development rights purchased, and the low ratio provided in the non-sensitive lands closest to transit/Lake, feasibility is not achieved (e.g., negative residual land value). However, again it should be noted that if market conditions were very strong, sale prices for the condominiums would rise above those assumed herein, and feasible projects could likely be developed.

APPENDIX A: MARKET DATA FOR CONDOMINIUMS & RETAIL

Median Price of Condominiums Built 1997 - 2012 and Sold in the Past Year (a)

Zip Code	County, State	Community	Number of Sales Meeting Criteria	Median Sales Price
96150	El Dorado, CA	South Lake Tahoe	0	NA
96145	Placer, CA	Tahoe City	0	NA
96143	Placer, CA	Kings Beach	13	$214,500
89451	Washoe, NV	Incline Village	29	$402,000
89449	Douglas, NV	Stateline	1	$875,000

Note:
(a) This table shows the median price for condominiums that were built between 1997 and 2012, and sold between April 2011 and April 2012.

Source: Dataquick; BAE, 2012.

LoopNet
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South Lake Tahoe, CA Retail Properties For Lease – 12 Results Found

Start a New Search
Set Up Email Alerts
Save This Search

Refine Your Search
For Sale
For Lease
Sales Comps
Property Records

Location
South Lake Tahoe, CA GO
Polygon search
Draw Polygon

Property Types GO
☐ Industrial
☐ Office
☑ Retail
☐ Land
☐ Special Purpose
Show Property Subtypes

Space Avail. Range (SQFT)
to GO
Lease Rate Range ($/SF)
to GO
◉ Annual ○ Monthly
Keywords
GO
Date Entered
Any Date GO

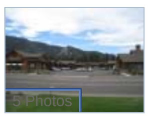
Sort By Default   Show Rent As Per Year   Page 1 of 1

☐ 0 Selected   Watch Properties   Create Report   NEW! Share/download listings by creating a report.

Showcase Listings – receive top placement learn more

Heavenly Village
South Lake Tahoe, CA
The Shops at Heavenly Village, located in the heart of Heavenly Village is Lake Tahoe's premier...

1,671 - 2,476 SF
Negotiable
3 Spaces
110,000 SF GLA
Specialty Center



Ski Run Center
South Lake Tahoe, CA
Brand new shopping center in a prime location. Winner of the "Best of Basin" award. Corner of...

815 - 2,445 SF
Negotiable
3 Spaces
19,700 SF GLA
Community Center

Featured Listings – Premium Listers Receive Priority Placement UPGRADE NOW!

The Pizzeria
South Lake Tahoe, CA
Here is your opportunity to own an established turnkey restaurant in the heart of Lake Tahoe, The...

1,000 SF
$36 /SF/Year
1 Space
1,000 SF Bldg
Restaurant

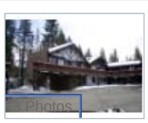
South Y Center
South Lake Tahoe, CA
Raley's and Big K-Mart Anchored shopping center in South Lake Tahoe. Surring tenants in the area...
NAI Alliance

1,025 - 6,740 SF
$18 -
$20.04 /SF/Year
5 Spaces
146,356 SF GLA
Community Center

Shops at the Y
South Lake Tahoe, CA
Great retail location at the Y in South Lake Tahoe. Available site is adjacent to Miller's Outpost...
NAI Alliance

13,410 SF
$22.32 /SF/Year
1 Space
13,410 SF Bldg
Free Standing Bldg

Standard Listings – Premium Subscribers can view all Standard Listings below: UPGRADE NOW!



Swiss Chalet Village
South Lake Tahoe, CA
Rare Investment Property: The Swiss Chalet: a landmark of S. Lake Tahoe The famous Swiss Chalet...

617 - 2,000 SF
$12 /SF/Year
1 Space
7,000 SF GLA
Strip Center

No Photo

Grocery Outlet
South Lake Tahoe, CA
Retail space available next to Grocery Outlet for complimentary "use" . busy store, heav traffic

2,000 SF
$14.40 /SF/Year
1 Space
33,000 SF Bldg
Retail Pad

No Photo

Previous Ace Hardware
South Lake Tahoe, CA
Free Standing building in great area for local business, construction related, thrift store,...

6,000 SF
$12 /SF/Year
1 Space
6,000 SF Bldg
Free Standing Bldg

No Photo

661 Emerald Bay Road
South Lake Tahoe, CA
Free standing restaurant on Emerald Bay Road, close to the entrance to the main beaches of Sout...

1,650 SF
$10.91 /SF/Year
1 Space
1,650 SF Bldg
Restaurant

☐	No Photo	**Subway Center** South Lake Tahoe, CA Small strip center anchored by Subway next to McDonalds, Factory Stores, Pier One, CVS	**960 SF** $18 /SF/Year 1 Space 5,000 SF GLA Strip Center
☐		**Factory Stores at the Y** South Lake Tahoe, CA Factory outlet mall with over 700 feet of highway frontage on the main corner of the Y in South...	**1,309 - 3,676 SF** Negotiable 7 Spaces 51,811 SF Bldg Retail (Other)
☐		**Commerce Park at the Tahoe Keys Marina** South Lake Tahoe, CA The 'Commerce Park at the Tahoe Keys Marina' is Tahoe's best kept secret. Available 'for lease' are...	**108 - 11,500 SF** $7.80 - $12 /SF/Year 5 Spaces 36,500 SF Bldg Office Showroom

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APPENDIX B: PRO FORMA MODELS

Single Use - Small Unit Residential For-Sale with Low TDR Incentive Ratio & Low TDR Cost

Sending Site - Non-sensitive Land & Close to Lake
Cost of Dev Right - Low end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	4
Dev rights to be purchased (c)	25.0
Residential Units (Condos)	
Avg. Unit Size (Sq. Ft.)	1,200
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	1,380
Total Units	25
Gross Building Area (Sq. Ft.)	34,500
Building Footprint (Gross div by Floors)	8,625
Parking - Surface Lot	
Spaces per Unit (d)	1.0
Total Parking Spaces	25
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint	8,625
Plus: Surface Parking	8,750
Total Footprint	17,375
Footrpint as % of Site	40%

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Hard Construction Cost / sq.ft. (e)		160
Parking Cost per Space (f)	$	2,800
On- and off-site costs/unit (g)		$5,000
Local Impact Fees per Unit (h)	$	28,000
AQ Impact Fee per Unit (i)	$	1,909
Other Soft Costs (as % of Hard)		20%
Cost per purchased Dev Right (j)	$	17,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	7,298,188
Equity Contribution	$	1,824,547
Profit as % of Hard Costs		10.0%
Revenues (f)		
Gross Sale Price Per Unit	$	450,000
Gross Sale Price/sq. ft. of unit	*$*	*375*

Development Costs

Hard Costs		
Residential Construction Costs	$	5,520,000
Parking Costs	$	980,000
On- and Off-site Costs	$	125,000
Subtotal Hard Costs	**$**	**6,625,000**
Soft Costs		
Impact Fees	$	700,000
AQ Impact Fee		47,736
Other Soft Costs	$	1,325,000
Dev Rights Cost	$	425,000
Subtotal Soft Costs	**$**	**2,497,736**
Total Dev Costs before Profit	**$**	**9,122,736**
Financing Costs		
Interest on Construction Loan	$	306,524
Points on Construction Loan	$	145,964
Subtotal Finance Costs	**$**	**452,488**
Profit as % of Hard Costs	**$**	**662,500**
Total Dev Costs	**$**	**10,237,723**
Cost/Unit	*$*	*409,509*
Cost/Sq.Ft. of Built Space	*$*	*297*

Residual Land Value Analysis

Revenues		
Gross Sales Revenue	$	11,250,000
Less Marketing Costs (k)	$	562,500
Net Revenue from Sales	**$**	**10,687,500**
Residual Land Value		
Net Revenue from Sales	$	10,687,500
Less: Total Dev Costs	$	10,237,723
Residual Land Value	**$**	**449,777**
Land Value/sq.ft. of Land	*$*	*10.33*

Notes:
a) per Draft RPU
b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus Units (minimum proposed)
Transfer of Development Right - Non-sensitive land (4, 5,6,7) 1.0 unit for every unit transferred and retired
Distance from Receiving Areas 1.0 unit for every unit transferred and retired
Bonus units are multiplicative. Total units for each unit purchased in this scenario =
Total developable units for each TDR purchased = 1.0 unit of new development
d) Parking requirements vary by local jurisdiction
Assumed for this analysis:
Spaces per Unit (up to 2 bedroom unit) 1.0 parking space
Space per additional bedroom 0.5 per addidtional bedroom
All units in this analysis assumed to be two-bedroom or smaller
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs
Hard cost assumes wood frame construction for this scenario.
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $5,000 per unit (estimate, assumes infill development)
h) Impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location
Impact fees assumed to be $ 28,000 average per multifamily unit
Impact fees include fire district, sewer hookup, roads, other infrastructure
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)
Trips per day = 5.86 average trips per weekday, residential condominium, per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 17,000 recent listed rights available for sale (during recession)
High Cost = $ 80,000 per residential unit retired through sensitive lands program
Assumes no additional cost for site coverage (due to combination of redeveloping existing site and transferred coverages from sending site
k) Marketing Cost = 5% of Gross Sales Revenue

Single Use - Large Unit Residential For-Sale with Low TDR Incentive Ratio & Low TDR Cost

Sending Site - Non-sensitive Land & Close to Lake
Cost of Dev Right - Low end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	4
Dev rights to be purchased (c)	25.0
Residential Units (Condos)	
Avg. Unit Size (Sq. Ft.)	2,800
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	3,220
Total Units	25
Gross Building Area (Sq. Ft.)	80,500
Building Footprint (Gross div by Floors)	20,125
Parking - Surface Lot	
Spaces per Unit (d)	1.0
Total Parking Spaces	25
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint	20,125
Plus: Surface Parking	8,750
Total Footprint	28,875
Footrpint as % of Site	66%

Cost & Revenue Assumptions

Construction	
Land Cost	$ -
Hard Construction Cost / sq.ft. (e)	160
Parking Cost per Space (f)	$ 2,800
On- and off-site costs/unit (g)	$5,000
Local Impact Fees per Unit (h)	$ 28,000
AQ Impact Fee per Unit (i)	$ 1,909
Other Soft Costs (as % of Hard)	20%
Cost per purchased Dev Right (j)	$ 17,000
Financing	
Loan to Cost Ratio	80%
Interest Rate	7.0%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	2.0%
Average Outstanding Balance	60%
Total Loan Amount	$14,363,788
Equity Contribution	$ 3,590,947
Profit as % of Hard Costs	10.0%
Revenues (f)	
Gross Sale Price Per Unit	$ 875,000
Gross Sale Price/sq. ft. of unit	*$ 313*

Development Costs

Hard Costs	
Residential Construction Costs	$ 12,880,000
Parking Costs	$ 980,000
On- and Off-site Costs	$ 125,000
Subtotal Hard Costs	**$ 13,985,000**
Soft Costs	
Impact Fees	$ 700,000
AQ Impact Fee	47,736
Other Soft Costs	$ 2,797,000
Dev Rights Cost	$ 425,000
Subtotal Soft Costs	**$ 3,969,736**
Total Dev Costs before Profit	**$ 17,954,736**
Financing Costs	
Interest on Construction Loan	$ 603,279
Points on Construction Loan	$ 287,276
Subtotal Finance Costs	**$ 890,555**
Profit as % of Hard Costs	**$ 1,398,500**
Total Dev Costs	**$ 20,243,790**
Cost/Unit	*$ 809,752*
Cost/Sq.Ft. of Built Space	*$ 251*

Residual Land Value Analysis

Revenues	
Gross Sales Revenue	$ 21,875,000
Less Marketing Costs (k)	$ 1,093,750
Net Revenue from Sales	**$ 20,781,250**
Residual Land Value	
Net Revenue from Sales	$ 20,781,250
Less: Total Dev Costs	$ 20,243,790
Residual Land Value	**$ 537,460**
Land Value/sq.ft. of Land	*$ 12.34*

Notes:
a) per Draft RPU
b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus Units (minimum proposed)
Transfer of Development Right - Non-sensitive land (4, 5,6,7) 1.0 unit for every unit transferred and retired
Distance from Receiving Areas 1.0 unit for every unit transferred and retired
Bonus units are multiplicative. Total units for each unit purchased in this scenario =
Total developable units for each TDR purchased = 1.0 unit of new development
d) Parking requirements vary by local jurisdiction
Assumed for this analysis:
Spaces per Unit (up to 2 bedroom unit) 1.0 parking space
Space per additional bedroom 0.5 per addidtional bedroom
All units in this analysis assumed to be two-bedroom or smaller
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs
Hard cost assumes wood frame construction for this scenario.
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $5,000 per unit (estimate, assumes infill development)
h) Impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location
Impact fees assumed to be $ 28,000 average per multifamily unit
Impact fees include fire district, sewer hookup, roads, other infrastructure
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)
Trips per day = 5.86 average trips per weekday, residential condominium, per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 17,000 recent listed rights available for sale (during recession)
High Cost = $ 80,000 per residential unit retired through sensitive lands program
Assumes no additional cost for site coverage (due to combination of redeveloping existing site and transferred coverages from sending site
k) Marketing Cost = 5% of Gross Sales Revenue

Singe Use - Small Unit Residential with High TDR Incentive Ratio and Low TDR Cost

Sending Site - SEZ & Far From Lake
Cost of Dev Right - Low end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	4
Dev rights to be purchased (c)	4.2
Residential Units (Condos)	
Avg. Unit Size (Sq. Ft.)	1,200
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	1,380
Total Units	25
Gross Building Area (Sq. Ft.)	34,500
Building Footprint (Gross div by Floors)	8,625
Parking - Surface Lot	
Spaces per Unit (d)	1.0
Total Parking Spaces	25
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint	8,625
Plus: Surface Parking	8,750
Total Footprint	17,375
Footprint as % of Site	40%

Cost & Revenue Assumptions

Construction	
Land Cost	$ -
Hard Construction Cost / sq.ft. (e)	160
Parking Cost per Space (f)	$ 2,800
On- and off-site costs/unit (g)	$5,000
Local Impact Fees per Unit (h)	$ 28,000
AQ Impact Fee per Unit (i)	$ 1,909
Other Soft Costs (as % of Hard)	20%
Cost per purchased Dev Right (j)	$ 17,000
Financing	
Loan to Cost Ratio	80%
Interest Rate	7.0%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	2.0%
Average Outstanding Balance	60%
Total Loan Amount	$ 7,014,855
Equity Contribution	$ 1,753,714
Profit as % of Hard Costs	10.0%
Revenues (f)	
Gross Sale Price Per Unit	$ 450,000
Gross Sale Price/sq. ft. of unit	*$ 375*

Development Costs

Hard Costs	
Residential Construction Costs	$ 5,520,000
Parking Costs	$ 980,000
On- and Off-site Costs	$ 125,000
Subtotal Hard Costs	**$ 6,625,000**
Soft Costs	
Impact Fees	$ 700,000
AQ Impact Fee	47,736
Other Soft Costs	$ 1,325,000
Dev Rights Cost	$ 70,833
Subtotal Soft Costs	**$ 2,143,569**
Total Dev Costs before Profit	**$ 8,768,569**
Financing Costs	
Interest on Construction Loan	$ 294,624
Points on Construction Loan	$ 140,297
Subtotal Finance Costs	**$ 434,921**
Profit as % of Hard Costs	**$ 662,500**
Total Dev Costs	**$ 9,865,990**
Cost/Unit	*$ 394,640*
Cost/Sq.Ft. of Built Space	*$ 286*

Residual Land Value Analysis

Revenues	
Gross Sales Revenue	$ 11,250,000
Less Marketing Costs (k)	$ 562,500
Net Revenue from Sales	**$ 10,687,500**
Residual Land Value	
Net Revenue from Sales	$ 10,687,500
Less: Total Dev Costs	$ 9,865,990
Residual Land Value	**$ 821,510**
Land Value/sq.ft. of Land	*$ 18.86*

Notes:
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b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus Units (minimum proposed)
Transfer of Development Right - from SEZ, existing developme 3.0 unit for every unit transferred and retired
Distance from Receiving Areas 2.0 unit for every unit transferred and retired
Bonus units are multiplicative. Total units for each unit purchased in this scenario =
Total developable units for each TDR purchased = 6.0 unit of new development
d) Parking requirements vary by local jurisdiction.
Assumed for this analysis:
Spaces per Unit (up to 2 bedroom unit) 1.0 parking space
Space per additional bedroom 0.5 per addidtional bedroom
All units in this analysis assumed to be two-bedroom or smaller.
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs.
Hard cost assumes wood frame construction for this scenario.
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $5,000 per unit (estimate, assumes infill development)
h) Impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location)
Impact fees assumed to be $ 28,000 average per multifamily unit
Impact fees include fire district, sewer hookup, roads, other infrastructure
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)
Trips per day = 5.86 average trips per weekday, residential condominium, per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 17,000 recent listed rights available for sale (during recession)
High Cost = $ 80,000 per residential unit retired through sensitive lands program
Assumes no additional cost for site coverage (due to combination of redeveloping existing site and transferred coverages from sending site
k) Marketing Cost = 5% of Gross Sales Revenue

Singe Use - Large Unit Residential with High TDR Incentive Ratio and Low TDR Cost

Sending Site - SEZ & Far From Lake
Cost of Dev Right - Low end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	4
Dev rights to be purchased (c)	4.2
Residential Units (Condos)	
Avg. Unit Size (Sq. Ft.)	2,800
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	3,220
Total Units	25
Gross Building Area (Sq. Ft.)	80,500
Building Footprint (Gross div by Floors)	20,125
Parking - Surface Lot	
Spaces per Unit (d)	1.0
Total Parking Spaces	25
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint	20,125
Plus: Surface Parking	8,750
Total Footprint	28,875
Footrpint as % of Site	66%

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Hard Construction Cost / sq.ft. (e)		160
Parking Cost per Space (f)	$	2,800
On- and off-site costs/unit (g)		$5,000
Local Impact Fees per Unit (h)	$	28,000
AQ Impact Fee per Unit (i)	$	1,909
Other Soft Costs (as % of Hard)		20%
Cost per purchased Dev Right (j)	$	17,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	14,080,455
Equity Contribution	$	3,520,114
Profit as % of Hard Costs		10.0%
Revenues (f)		
Gross Sale Price Per Unit	$	875,000
Gross Sale Price/sq. ft. of unit	*$*	*313*

Development Costs

Hard Costs		
Residential Construction Costs	$	12,880,000
Parking Costs	$	980,000
On- and Off-site Costs	$	125,000
Subtotal Hard Costs	**$**	**13,985,000**
Soft Costs		
Impact Fees	$	700,000
AQ Impact Fee		47,736
Other Soft Costs	$	2,797,000
Dev Rights Cost	$	70,833
Subtotal Soft Costs	**$**	**3,615,569**
Total Dev Costs before Profit	**$**	**17,600,569**
Financing Costs		
Interest on Construction Loan	$	591,379
Points on Construction Loan	$	281,609
Subtotal Finance Costs	**$**	**872,988**
Profit as % of Hard Costs	**$**	**1,398,500**
Total Dev Costs	**$**	**19,872,057**
Cost/Unit	*$*	*794,882*
Cost/Sq.Ft. of Built Space	*$*	*247*

Residual Land Value Analysis

Revenues		
Gross Sales Revenue	$	21,875,000
Less Marketing Costs (k)	$	1,093,750
Net Revenue from Sales	**$**	**20,781,250**
Residual Land Value		
Net Revenue from Sales	$	20,781,250
Less: Total Dev Costs	$	19,872,057
Residual Land Value	**$**	**909,193**
Land Value/sq.ft. of Land	*$*	*20.87*

Notes:
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b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus Units (minimum proposed)
Transfer of Development Right - from SEZ, existing development 3.0 unit for every unit transferred and retired
Distance from Receiving Areas 2.0 unit for every unit transferred and retired
Bonus units are multiplicative. Total units for each unit purchased in this scenario =
Total developable units for each TDR purchased = 6.0 unit of new development
d) Parking requirements vary by local jurisdiction
Assumed for this analysis:
Spaces per Unit (up to 2 bedroom unit) 1.0 parking space
Space per additional bedroom 0.5 per addidtional bedroom
All units in this analysis assumed to be two-bedroom or smaller
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs
Hard cost assumes wood frame construction for this scenario.
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $5,000 per unit (estimate, assumes infill development)
h) Impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location)
Impact fees assumed to be $ 28,000 average per multifamily unit
Impact fees include fire district, sewer hookup, roads, other infrastructure
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)
Trips per day = 5.86 average trips per weekday, residential condominium, per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 17,000 recent listed rights available for sale (during recession)
High Cost = $ 80,000 per residential unit retired through sensitive lands program
Assumes no additional cost for site coverage (due to combination of redeveloping existing site and transferred coverages from sending site)
k) Marketing Cost = 5% of Gross Sales Revenue

Single Use - Small Unit For-Sale Residential with Low TDR Incentive Ratio & HIgh TDR Cost

Sending Site - Non-sensitive Land & Close to Lake
Cost of Dev Right - High end of range experienced

Development Program Assumptions	
Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	4
Dev rights to be purchased (c)	25.0
Residential Units (Condos)	
Avg. Unit Size (Sq. Ft.)	1,200
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	1,380
Total Units	25
Gross Building Area (Sq. Ft.)	34,500
Building Footprint (Gross div by Floors)	8,625
Parking - Surface Lot	
Spaces per Unit (d)	1.0
Total Parking Spaces	25
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint	8,625
Plus: Surface Parking	8,750
Total Footprint	17,375
Footrpint as % of Site	40%

Cost & Revenue Assumptions		
Construction		
Land Cost	$	-
Hard Construction Cost / sq.ft. (e)		160
Parking Cost per Space (f)	$	2,800
On- and off-site costs/unit (g)		$5,000
Local Impact Fees per Unit (h)	$	28,000
AQ Impact Fee per Unit (i)	$	1,909
Other Soft Costs (as % of Hard)		20%
Cost per purchased Dev Right (j)	$	80,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	8,558,188
Equity Contribution	$	2,139,547
Profit as % of Hard Costs		10.0%
Revenues (f)		
Gross Sale Price Per Unit	$	450,000
Gross Sale Price/sq. ft. of unit	*$*	*375*

Development Costs		
Hard Costs		
Residential Construction Costs	$	5,520,000
Parking Costs	$	980,000
On- and Off-site Costs	$	125,000
Subtotal Hard Costs	**$**	**6,625,000**
Soft Costs		
Impact Fees	$	700,000
AQ Impact Fee		47,736
Other Soft Costs	$	1,325,000
Dev Rights Cost	$	2,000,000
Subtotal Soft Costs	**$**	**4,072,736**
Total Dev Costs before Profit	**$**	**10,697,736**
Financing Costs		
Interest on Construction Loan	$	359,444
Points on Construction Loan	$	171,164
Subtotal Finance Costs	**$**	**530,608**
Profit as % of Hard Costs	**$**	**662,500**
Total Dev Costs	**$**	**11,890,843**
Cost/Unit	*$*	*475,634*
Cost/Sq.Ft. of Built Space	*$*	*345*

Residual Land Value Analysis		
Revenues		
Gross Sales Revenue	$	11,250,000
Less Marketing Costs (k)	$	562,500
Net Revenue from Sales	**$**	**10,687,500**
Residual Land Value		
Net Revenue from Sales	$	10,687,500
Less: Total Dev Costs	$	11,890,843
Residual Land Value	**$**	**(1,203,343)**
Land Value/sq.ft. of Land	*$*	*(27.62)*

Notes:
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b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus Units (minimum proposed)
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Distance from Receiving Areas 1.0 unit for every unit transferred and retired
Bonus units are multiplicative. Total units for each unit purchased in this scenario =
Total developable units for each TDR purchased = 1.0 unit of new development
d) Parking requirements vary by local jurisdiction
Assumed for this analysis:
Spaces per Unit (up to 2 bedroom unit) 1.0 parking space
Space per additional bedroom 0.5 per addidtional bedroom
All units in this analysis assumed to be two-bedroom or smaller
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs
Hard cost assumes wood frame construction for this scenario.
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $5,000 per unit (estimate, assumes infill development)
h) Impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location
Impact fees assumed to be $ 28,000 average per multifamily unit
Impact fees include fire district, sewer hookup, roads, other infrastructure
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)
Trips per day = 5.86 average trips per weekday, residential condominium, per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 17,000 recent listed rights available for sale (during recession)
High Cost = $ 80,000 per residential unit retired through sensitive lands program
Assumes no additional cost for site coverage (due to combination of redeveloping existing site and transferred coverages from sending site
k) Marketing Cost = 5% of Gross Sales Revenue

Single Use - Large Unit For-Sale Residential with Low TDR Incentive Ratio & HIgh TDR Cost

Sending Site - Non-sensitive Land & Close to Lake
Cost of Dev Right - High end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	4
Dev rights to be purchased (c)	25.0
Residential Units (Condos)	
Avg. Unit Size (Sq. Ft.)	2,800
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	3,220
Total Units	25
Gross Building Area (Sq. Ft.)	80,500
Building Footprint (Gross div by Floors)	20,125
Parking - Surface Lot	
Spaces per Unit (d)	1.0
Total Parking Spaces	25
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint	20,125
Plus: Surface Parking	8,750
Total Footprint	28,875
Footrpint as % of Site	66%

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Hard Construction Cost / sq.ft. (e)		160
Parking Cost per Space (f)	$	2,800
On- and off-site costs/unit (g)		$5,000
Local Impact Fees per Unit (h)	$	28,000
AQ Impact Fee per Unit (i)	$	1,909
Other Soft Costs (as % of Hard)		20%
Cost per purchased Dev Right (j)	$	80,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	15,623,788
Equity Contribution	$	3,905,947
Profit as % of Hard Costs		10.0%
Revenues (f)		
Gross Sale Price Per Unit	$	850,000
Gross Sale Price/sq. ft. of unit	*$*	*304*

Development Costs

Hard Costs		
Residential Construction Costs	$	12,880,000
Parking Costs	$	980,000
On- and Off-site Costs	$	125,000
Subtotal Hard Costs	**$**	**13,985,000**
Soft Costs		
Impact Fees	$	700,000
AQ Impact Fee		47,736
Other Soft Costs	$	2,797,000
Dev Rights Cost	$	2,000,000
Subtotal Soft Costs	**$**	**5,544,736**
Total Dev Costs before Profit	**$**	**19,529,736**
Financing Costs		
Interest on Construction Loan	$	656,199
Points on Construction Loan	$	312,476
Subtotal Finance Costs	**$**	**968,675**
Profit as % of Hard Costs	**$**	**1,398,500**
Total Dev Costs	**$**	**21,896,910**
Cost/Unit	*$*	*875,876*
Cost/Sq.Ft. of Built Space	*$*	*272*

Residual Land Value Analysis

Revenues		
Gross Sales Revenue	$	21,250,000
Less Marketing Costs (k)	$	1,062,500
Net Revenue from Sales	**$**	**20,187,500**
Residual Land Value		
Net Revenue from Sales	$	20,187,500
Less: Total Dev Costs	$	21,896,910
Residual Land Value	**$**	**(1,709,410)**
Land Value/sq.ft. of Land	*$*	*(39.24)*

Notes:
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Distance from Receiving Areas 1.0 unit for every unit transferred and retired
Bonus units are multiplicative. Total units for each unit purchased in this scenario =
Total developable units for each TDR purchased = 1.0 unit of new development
d) Parking requirements vary by local jurisdiction
Assumed for this analysis:
Spaces per Unit (up to 2 bedroom unit) 1.0 parking space
Space per additional bedroom 0.5 per addidtional bedroom
All units in this analysis assumed to be two-bedroom or smaller
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs
Hard cost assumes wood frame construction for this scenario.
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $5,000 per unit (estimate, assumes infill development)
h) Impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location
Impact fees assumed to be $ 28,000 average per multifamily unit
Impact fees include fire district, sewer hookup, roads, other infrastructure
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)
Trips per day = 5.86 average trips per weekday, residential condominium, per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 17,000 recent listed rights available for sale (during recession)
High Cost = $ 80,000 per residential unit retired through sensitive lands program
Assumes no additional cost for site coverage (due to combination of redeveloping existing site and transferred coverages from sending site
k) Marketing Cost = 5% of Gross Sales Revenue

Single Use - Small Uni For-Sale Residential with High TDR Incentive Ratio & High TDR Cost

Sending Site - SEZ & Far From Lake
Cost of Dev Right - High end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	4
Dev rights to be purchased (c)	4.2
Residential Units (Condos)	
Avg. Unit Size (Sq. Ft.)	1,200
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	1,380
Total Units	25
Gross Building Area (Sq. Ft.)	34,500
Building Footprint (Gross div by Floors)	8,625
Parking - Surface Lot	
Spaces per Unit (d)	1.0
Total Parking Spaces	25
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint	8,625
Plus: Surface Parking	8,750
Total Footprint	17,375
Footrpint as % of Site	40%

Cost & Revenue Assumptions

Construction	
Land Cost	$ -
Hard Construction Cost / sq.ft. (e)	160
Parking Cost per Space (f)	$ 2,800
On- and off-site costs/unit (g)	$5,000
Local Impact Fees per Unit (h)	$ 28,000
AQ Impact Fee per Unit (i)	$ 1,909
Other Soft Costs (as % of Hard)	20%
Cost per purchased Dev Right (j)	$ 80,000
Financing	
Loan to Cost Ratio	80%
Interest Rate	7.0%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	2.0%
Average Outstanding Balance	60%
Total Loan Amount	$ 7,224,855
Equity Contribution	$ 1,806,214
Profit as % of Hard Costs	10.0%
Revenues (f)	
Gross Sale Price Per Unit	$ 450,000
Gross Sale Price/sq. ft. of unit	*$ 375*

Development Costs

Hard Costs	
Residential Construction Costs	$ 5,520,000
Parking Costs	$ 980,000
On- and Off-site Costs	$ 125,000
Subtotal Hard Costs	**$ 6,625,000**
Soft Costs	
Impact Fees	$ 700,000
AQ Impact Fee	47,736
Other Soft Costs	$ 1,325,000
Dev Rights Cost	$ 333,333
Subtotal Soft Costs	**$ 2,406,069**
Total Dev Costs before Profit	**$ 9,031,069**
Financing Costs	
Interest on Construction Loan	$ 303,444
Points on Construction Loan	$ 144,497
Subtotal Finance Costs	**$ 447,941**
Profit as % of Hard Costs	**$ 662,500**
Total Dev Costs	**$ 10,141,510**
Cost/Unit	*$ 405,660*
Cost/Sq.Ft. of Built Space	*$ 294*

Residual Land Value Analysis

Revenues	
Gross Sales Revenue	$ 11,250,000
Less Marketing Costs (k)	$ 562,500
Net Revenue from Sales	**$ 10,687,500**
Residual Land Value	
Net Revenue from Sales	$ 10,687,500
Less: Total Dev Costs	$ 10,141,510
Residual Land Value	**$ 545,990**
Land Value/sq.ft. of Land	*$ 12.53*

Notes:
a) per Draft RPU
b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus Units (minimum proposed)
Transfer of Development Right - from SEZ, existing development 3.0 unit for every unit transferred and retired
Distance from Receiving Areas 2.0 unit for every unit transferred and retired
Bonus units are multiplicative. Total units for each unit purchased in this scenario =
Total developable units for each TDR purchased = 6.0 unit of new development
d) Parking requirements vary by local jurisdiction
Assumed for this analysis:
Spaces per Unit (up to 2 bedroom unit) 1.0 parking space
Space per additional bedroom 0.5 per addidtional bedroom
All units in this analysis assumed to be two-bedroom or smaller
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs
Hard cost assumes wood frame construction for this scenario.
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $5,000 per unit (estimate, assumes infill development)
h) Impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location
Impact fees assumed to be $ 28,000 average per multifamily unit
Impact fees include fire district, sewer hookup, roads, other infrastructure
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)
Trips per day = 5.86 average trips per weekday, residential condominium, per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 17,000 recent listed rights available for sale (during recession)
High Cost = $ 80,000 per residential unit retired through sensitive lands program
Assumes no additional cost for site coverage (due to combination of redeveloping existing site and transferred coverages from sending site
k) Marketing Cost = 5% of Gross Sales Revenue

Single Use - Large Unit For-Sale Residential with High TDR Incentive Ratio & High TDR Costs

Sending Site - SEZ & Far From Lake
Cost of Dev Right - High end of range experienced

Development Program Assumptions	
Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	4
Dev rights to be purchased (c)	4.2
Residential Units (Condos)	
Avg. Unit Size (Sq. Ft.)	2,800
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	3,220
Total Units	25
Gross Building Area (Sq. Ft.)	80,500
Building Footprint (Gross div by Floors)	20,125
Parking - Surface Lot	
Spaces per Unit (d)	1.0
Total Parking Spaces	25
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint	20,125
Plus: Surface Parking	8,750
Total Footprint	28,875
Footrpint as % of Site	66%

Cost & Revenue Assumptions	
Construction	
Land Cost	$ -
Hard Construction Cost / sq.ft. (e)	160
Parking Cost per Space (f)	$ 2,800
On- and off-site costs/unit (g)	$5,000
Local Impact Fees per Unit (h)	$ 28,000
AQ Impact Fee per Unit (i)	$ 1,909
Other Soft Costs (as % of Hard)	20%
Cost per purchased Dev Right (j)	$ 80,000
Financing	
Loan to Cost Ratio	80%
Interest Rate	7.0%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	2.0%
Average Outstanding Balance	60%
Total Loan Amount	$14,290,455
Equity Contribution	$ 3,572,614
Profit as % of Hard Costs	10.0%
Revenues (f)	
Gross Sale Price Per Unit	$ 850,000
Gross Sale Price/sq. ft. of unit	*$ 304*

Development Costs	
Hard Costs	
Residential Construction Costs	$ 12,880,000
Parking Costs	$ 980,000
On- and Off-site Costs	$ 125,000
Subtotal Hard Costs	**$ 13,985,000**
Soft Costs	
Impact Fees	$ 700,000
AQ Impact Fee	47,736
Other Soft Costs	$ 2,797,000
Dev Rights Cost	$ 333,333
Subtotal Soft Costs	**$ 3,878,069**
Total Dev Costs before Profit	**$ 17,863,069**
Financing Costs	
Interest on Construction Loan	$ 600,199
Points on Construction Loan	$ 285,809
Subtotal Finance Costs	**$ 886,008**
Profit as % of Hard Costs	**$ 1,398,500**
Total Dev Costs	**$ 20,147,577**
Cost/Unit	*$ 805,903*
Cost/Sq.Ft. of Built Space	*$ 250*

Residual Land Value Analysis	
Revenues	
Gross Sales Revenue	$ 21,250,000
Less Marketing Costs (k)	$ 1,062,500
Net Revenue from Sales	**$ 20,187,500**
Residual Land Value	
Net Revenue from Sales	$ 20,187,500
Less: Total Dev Costs	$ 20,147,577
Residual Land Value	**$ 39,923**
Land Value/sq.ft. of Land	*$ 0.92*

Notes:
a) per Draft RPU
b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus Units (minimum proposed)
Transfer of Development Right - from SEZ, existing development 3.0 unit for every unit transferred and retired
Distance from Receiving Areas 2.0 unit for every unit transferred and retired
Bonus units are multiplicative. Total units for each unit purchased in this scenario =
Total developable units for each TDR purchased = 6.0 unit of new development
d) Parking requirements vary by local jurisdiction
Assumed for this analysis:
Spaces per Unit (up to 2 bedroom unit) 1.0 parking space
Space per additional bedroom 0.5 per addidtional bedroom
All units in this analysis assumed to be two-bedroom or smaller
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs
Hard cost assumes wood frame construction for this scenario.
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $5,000 per unit (estimate, assumes infill development)
h) Impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location
Impact fees assumed to be $ 28,000 average per multifamily unit
Impact fees include fire district, sewer hookup, roads, other infrastructure
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)
Trips per day = 5.86 average trips per weekday, residential condominium, per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 17,000 recent listed rights available for sale (during recession)
High Cost = $ 80,000 per residential unit retired through sensitive lands program
Assumes no additional cost for site coverage (due to combination of redeveloping existing site and transferred coverages from sending site
k) Marketing Cost = 5% of Gross Sales Revenue

Single Use - Tourist Accomodation TAUs (TAU) with Low TDR Incentive Ratio & Low TDR Cost

Sending Site - Non-sensitive Land & Close to Lake

Cost of Dev Right - Low end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (TAU/acre) (b)	40
Height Limit (floors)	4
Dev rights to be purchased (c)	40.0
TAU (Hotel)	
Avg. Room Size (sq.ft.)	450
Common Area	40.0%
Total TAU + Common Area (sq. ft.)	630
Total TAUs	40
Gross Building Area (Sq. Ft.)	25,200
Building Footprint (Gross div by Floors)	6,300
Parking - Surface Lot	
Spaces per Room (d)	1.25
Total Parking Spaces	50
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	17,500
Site Coverage	
Building Footprint	6,300
Plus: Surface Parking	17,500
Total Footprint	23,800
Footrpint as % of Site	55%

Assumes restaurant on-site leased to 3rd party operator at break even, not shown here

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Hard Construction Cost / sq.ft. (e)		230
Parking Cost per Space (f)	$	2,800
On- and off-site costs/TAU (g)		$3,000
Community Facilities Impact Fee/TAU (h)	$	328
Traffic Impact Fee per TAU (h)	$	2,890
AQ Impact Fee per TAU (i)	$	2,682
Other Soft Costs (as % of Hard)		20%
Cost per purchased Dev Right (j)	$	25,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	7,608,930
Equity Contribution	$	1,902,233
Profit as % of Hard Costs		10.0%
Operating Revenues and Costs		
Room Rate Per TAU/Day	$	200
Additional Revenue Per Room (f)		*33%*
Average Occupancy Rate		65.0%
Operating Expenses (% of Net Revenue)		70.0%
Capitalization Rate		7.0%

Development Costs

Hard Costs		
Hotel Construction Costs	$	5,796,000
Parking Costs	$	980,000
On- and Off-site Costs	$	120,000
Subtotal Hard Costs	**$**	**6,896,000**
Soft Costs		
Community Facilities Fee	$	13,104
Traffic Impact Fee	$	115,592
AQ Impact Fee		107,267
Other Soft Costs	$	1,379,200
Dev Rights Cost	$	1,000,000
Subtotal Soft Costs	**$**	**2,615,163**
Total Dev Costs before Pr	**$**	**9,511,163**
Financing Costs		
Interest on Construction Loa	$	319,575
Points on Construction Loan	$	152,179
Subtotal Finance Costs	**$**	**471,754**
Profit as % of Hard Costs	**$**	**689,600**
Total Dev Costs	**$**	**10,672,517**
Cost/TAU	*$*	*266,813*
Cost/Sq.Ft. of Built Space	*$*	*424*
Cost/TAU	*$*	*266,813*

Residual Land Value Analysis

Operating Revenues		
Gross Potential Room Revenues	$	2,920,000
Plus: Additional Rev Per Room	$	963,600
Total Potential Revenue	$	3,883,600
Less: Vacancy Loss	$	(1,359,260)
Net Revenue Per Year	**$**	**2,524,340**
Operating Expenses		
Operating Expenses	$	(1,767,038)
Net Operating Income (NOI)	$	757,302
Capitalized Value	**$**	**10,818,600**
Capitalzed Value/sq.ft. of TAU	*$*	*429*
Residual Land Value		
Capitalized Value of Project	$	10,818,600
Less: Total Dev Costs	$	10,672,517
Residual Land Value	**$**	**146,083**
Land Value/sq.ft. of Land	*$*	*3.35*

Notes:

a) per Draft RPU

b) Per Draft RPU, also see Table 2 in this memo.

c) Bonus TAUs (minimum proposed)

Transfer of Development Right - Non-sensitive land (4, 5,6,7)		1.0	TAU for every TAU transferred and retired
d) Parking requirements vary by local jurisdiction.			
Assumed for this analysis:			
Spaces per TAU		1.25	parking space
Visitor spaces per room		-	per room
All TAUs in this scenario assumed to be hotel rooms without kitchens			
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower			
Cost excludes architecture, engineering, and other soft costs.			
Hard cost assumes wood frame construction for this scenario. Hard costs include furniture and fixtures for hotel			
f) Parking Costs =		$8.00	per sq. ft.
		$2,800	per space (surface lot)
g) On- and Off-site Costs =		$3,000	per TAU (estimate, assumes infill development)
h) Include Placer County Community Facilities Impact Fee and Traffic Impact Fee			
Community Facilities Fee =	$	0.52	per square foot for commercial uses in unincorporated Placer County
Traffic Impact Fee =	$	4,587	per 1,000 sq. ft. times DUE (dwelling unit equivalent)
DUE based on peak hour trips generated by single family home =		1.0	trips at peak afternoon weekday hour, ITE Trip Generation 6th Edition
These fees do not include fire district, or sewer or water hookup charges			
i) TRPA Air Quality Impact Fee =	$	325.84	for each new trip above prior use (assumes all trips are new for this analysis)
Avg. trips per day =		8.23	avg, trips per hotel room per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights			
Low Cost =	$	25,000	per TRPA input
High Cost =	$	65,000	more recent example of TAU acquisition

Single Use - Tourist Accomodation TAUs (TAU) with High TDR Incentive Ratio & Low TDR Cost

Sending Site - SEZ & Far From Lake

Cost of Dev Right - Low end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (TAU/acre) (b)	40
Height Limit (floors)	4
Dev rights to be purchased (c)	13.3
TAU (Hotel)	
Avg. Room Size (sq.ft.)	450
Common Area	40.0%
Total TAU + Common Area (sq. ft.)	630
Total TAUs	40
Gross Building Area (Sq. Ft.)	25,200
Building Footprint (Gross div by Floors)	6,300
Parking - Surface Lot	
Spaces per Room (d)	1.25
Total Parking Spaces	50
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	17,500
Site Coverage	
Building Footprint	6,300
Plus: Surface Parking	17,500
Total Footprint	23,800
Footprint as % of Site	55%

Assumes restaurant on-site leased to 3rd party
operator at break even, not shown here

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Hard Construction Cost / sq.ft. (e)		230
Parking Cost per Space (f)	$	2,800
On- and off-site costs/TAU (g)		$3,000
Community Facilities Impact Fee/TAU (h)	$	328
Traffic Impact Fee per TAU (h)	$	2,890
AQ Impact Fee per TAU (i)	$	2,682
Other Soft Costs (as % of Hard)		20%
Cost per purchased Dev Right (j)	$	25,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	7,075,597
Equity Contribution	$	1,768,899
Profit as % of Hard Costs		10.0%
Operating Revenues and Costs		
Room Rate Per TAU/Day	$	200
Additional Revenue Per Room (f)		*33%*
Average Occupancy Rate		65.0%
Operating Expenses (% of Net Revenue)		70.0%
Capitalization Rate		7.0%

Development Costs

Hard Costs		
Hotel Construction Costs	$	5,796,000
Parking Costs	$	980,000
On- and Off-site Costs	$	120,000
Subtotal Hard Costs	**$**	**6,896,000**
Soft Costs		
Community Facilities Fee	$	13,104
Traffic Impact Fee	$	115,592
AQ Impact Fee		107,267
Other Soft Costs	$	1,379,200
Dev Rights Cost	$	333,333
Subtotal Soft Costs	**$**	**1,948,496**
Total Dev Costs before Pr	**$**	**8,844,496**
Financing Costs		
Interest on Construction Loa	$	297,175
Points on Construction Loan	$	141,512
Subtotal Finance Costs	**$**	**438,687**
Profit as % of Hard Costs	**$**	**689,600**
Total Dev Costs	**$**	**9,972,783**
Cost/TAU	*$*	*249,320*
Cost/Sq.Ft. of Built Space	*$*	*396*
Cost/TAU	*$*	*249,320*

Residual Land Value Analysis

Operating Revenues		
Gross Potential Room Revenues	$	2,920,000
Plus: Additional Rev Per Room	$	963,600
Total Potential Revenue	$	3,883,600
Less: Vacancy Loss	$	(1,359,260)
Net Revenue Per Year	**$**	**2,524,340**
Operating Expenses		
Operating Expenses	$	(1,767,038)
Net Operating Income (NOI)	$	757,302
Capitalized Value	**$**	**10,818,600**
Capitalzed Value/sq.ft. of TAU	*$*	*429*
Residual Land Value		
Capitalized Value of Project	$	10,818,600
Less: Total Dev Costs	$	9,972,783
Residual Land Value	**$**	**845,817**
Land Value/sq.ft. of Land	*$*	*19.42*

Notes:
a) per Draft RPU
b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus TAUs (minimum proposed)
Transfer of Development Right - from SEZ, existing development 3.0 TAU for every TAU transferred and retired
d) Parking requirements vary by local jurisdiction.
Assumed for this analysis:
Spaces per TAU 1.25 parking space
Visitor spaces per room - per room
All TAUs in this scenario assumed to be hotel rooms without kitchens
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs.
Hard cost assumes wood frame construction for this scenario. Hard costs include furniture and fixtures for hotel
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $3,000 per TAU (estimate, assumes infill development)
h) Include Placer County Community Facilities Impact Fee and Traffic Impact Fee
Community Facilities Fee = $ 0.52 per square foot for commercial uses in unincorporated Placer County
Traffic Impact Fee = $ 4,587 per 1,000 sq. ft. times DUE (dwelling unit equivalent)
DUE based on peak hour trips generated by single family home = 1.0 trips at peak afternoon weekday hour, ITE Trip Generation 6th Edition
These fees do not include fire district, or sewer or water hookup charges
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip above prior use (assumes all trips are new for this analysis)
Avg. trips per day = 8.23 avg, trips per hotel room per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 25,000 per TRPA input
High Cost = $ 65,000 more recent example of TAU acquisition

Single Use - Tourist Accomodation TAUs (TAU) with Low TDR Incentive Ratio & High TDR Cost

Sending Site - Non-sensitive Land & Close to Lake
Cost of Dev Right - High end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (TAU/acre) (b)	40
Height Limit (floors)	4
Dev rights to be purchased (c)	40.0
TAU (Hotel)	
Avg. Room Size (sq.ft.)	450
Common Area	40.0%
Total TAU + Common Area (sq. ft.)	630
Total TAUs	40
Gross Building Area (Sq. Ft.)	25,200
Building Footprint (Gross div by Floors)	6,300
Parking - Surface Lot	
Spaces per Room (d)	1.25
Total Parking Spaces	50
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	17,500
Site Coverage	
Building Footprint	6,300
Plus: Surface Parking	17,500
Total Footprint	23,800
Footprint as % of Site	55%

Assumes restaurant on-site leased to 3rd party operator at break even, not shown here

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Hard Construction Cost / sq.ft. (e)		230
Parking Cost per Space (f)	$	2,800
On- and off-site costs/TAU (g)		$3,000
Community Facilities Impact Fee/TAU (h)	$	328
Traffic Impact Fee per TAU (h)	$	2,890
AQ Impact Fee per TAU (i)	$	2,682
Other Soft Costs (as % of Hard)		20%
Cost per purchased Dev Right (j)	$	65,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	8,888,930
Equity Contribution	$	2,222,233
Profit as % of Hard Costs		10.0%
Operating Revenues and Costs		
Room Rate Per TAU/Day	$	200
Additional Revenue Per Room (f)		*33%*
Average Occupancy Rate		65.0%
Operating Expenses (% of Net Revenue)		70.0%
Capitalization Rate		7.0%

Development Costs

Hard Costs		
Hotel Construction Costs	$	5,796,000
Parking Costs	$	980,000
On- and Off-site Costs	$	120,000
Subtotal Hard Costs	**$**	**6,896,000**
Soft Costs		
Community Facilities Fee	$	13,104
Traffic Impact Fee	$	115,592
AQ Impact Fee		107,267
Other Soft Costs	$	1,379,200
Dev Rights Cost	$	2,600,000
Subtotal Soft Costs	**$**	**4,215,163**
Total Dev Costs before Pr	**$**	**11,111,163**
Financing Costs		
Interest on Construction Loa	$	373,335
Points on Construction Loan	$	177,779
Subtotal Finance Costs	**$**	**551,114**
Profit as % of Hard Costs	**$**	**689,600**
Total Dev Costs	**$**	**12,351,877**
Cost/TAU	*$*	*308,797*
Cost/Sq.Ft. of Built Space	*$*	*490*
Cost/TAU	*$*	*308,797*

Residual Land Value Analysis

Operating Revenues		
Gross Potential Room Revenues	$	2,920,000
Plus: Additional Rev Per Room	$	963,600
Total Potential Revenue	$	3,883,600
Less: Vacancy Loss	$	(1,359,260)
Net Revenue Per Year	**$**	**2,524,340**
Operating Expenses		
Operating Expenses	$	(1,767,038)
Net Operating Income (NOI)	$	757,302
Capitalized Value	**$**	**10,818,600**
Capitalzed Value/sq.ft. of TAU	*$*	*429*
Residual Land Value		
Capitalized Value of Project	$	10,818,600
Less: Total Dev Costs	$	12,351,877
Residual Land Value	**$**	**(1,533,277)**
Land Value/sq.ft. of Land	*$*	*(35.20)*

Notes:
a) per Draft RPU
b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus TAUs (minimum proposed)
Transfer of Development Right - Non-sensitive land (4, 5,6,7) 1.0 TAU for every TAU transferred and retired
d) Parking requirements vary by local jurisdiction.
Assumed for this analysis:
Spaces per TAU 1.25 parking space
Visitor spaces per room - per room
All TAUs in this scenario assumed to be hotel rooms without kitchens
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower
Cost excludes architecture, engineering, and other soft costs.
Hard cost assumes wood frame construction for this scenario. Hard costs include furniture and fixtures for hotel
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $3,000 per TAU (estimate, assumes infill development)
h) Include Placer County Community Facilities Impact Fee and Traffic Impact Fee
Community Facilities Fee = $ 0.52 per square foot for commercial uses in unincorporated Placer County
Traffic Impact Fee = $ 4,587 per 1,000 sq. ft. times DUE (dwelling unit equivalent)
DUE based on peak hour trips generated by single family home = 1.0 trips at peak afternoon weekday hour, ITE Trip Generation 6th Edition
These fees do not include fire district, or sewer or water hookup charges
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip above prior use (assumes all trips are new for this analysis)
Avg. trips per day = 8.23 avg, trips per hotel room per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 25,000 per TRPA input
High Cost = $ 65,000 more recent example of TAU acquisition

Single Use - Tourist Accomodation TAUs (TAU) with High TDR Incentive Ratio & High TDR Cost

Sending Site - SEZ & Far From Lake

Cost of Dev Right - High end of range experienced

Development Program Assumptions	
Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (TAU/acre) (b)	40
Height Limit (floors)	4
Dev rights to be purchased (c)	13.3
TAU (Hotel)	
Avg. Room Size (sq.ft.)	450
Common Area	40.0%
Total TAU + Common Area (sq. ft.)	630
Total TAUs	40
Gross Building Area (Sq. Ft.)	25,200
Building Footprint (Gross div by Floors)	6,300
Parking - Surface Lot	
Spaces per Room (d)	1.25
Total Parking Spaces	50
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	17,500
Site Coverage	
Building Footprint	6,300
Plus: Surface Parking	17,500
Total Footprint	23,800
Footrpint as % of Site	55%

Assumes restaurant on-site leased to 3rd party
operator at break even, not shown here

Cost & Revenue Assumptions		
Construction		
Land Cost	$	-
Hard Construction Cost / sq.ft. (e)		230
Parking Cost per Space (f)	$	2,800
On- and off-site costs/TAU (g)		$3,000
Community Facilities Impact Fee/TAU (h)	$	328
Traffic Impact Fee per TAU (h)	$	2,890
AQ Impact Fee per TAU (i)	$	2,682
Other Soft Costs (as % of Hard)		20%
Cost per purchased Dev Right (j)	$	65,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	7,502,264
Equity Contribution	$	1,875,566
Profit as % of Hard Costs		10.0%
Operating Revenues and Costs		
Room Rate Per TAU/Day	$	200
Additional Revenue Per Room (f)		*33%*
Average Occupancy Rate		65.0%
Operating Expenses (% of Net Revenue)		70.0%
Capitalization Rate		7.0%

Development Costs		
Hard Costs		
Hotel Construction Costs	$	5,796,000
Parking Costs	$	980,000
On- and Off-site Costs	$	120,000
Subtotal Hard Costs	**$**	**6,896,000**
Soft Costs		
Community Facilities Fee	$	13,104
Traffic Impact Fee	$	115,592
AQ Impact Fee		107,267
Other Soft Costs	$	1,379,200
Dev Rights Cost	$	866,667
Subtotal Soft Costs	**$**	**2,481,830**
Total Dev Costs before Pro	**$**	**9,377,830**
Financing Costs		
Interest on Construction Loa	$	315,095
Points on Construction Loan	$	150,045
Subtotal Finance Costs	**$**	**465,140**
Profit as % of Hard Costs	**$**	**689,600**
Total Dev Costs	**$**	**10,532,570**
Cost/TAU	*$*	*263,314*
Cost/Sq.Ft. of Built Space	*$*	*418*
Cost/TAU	*$*	*263,314*

Residual Land Value Analysis		
Operating Revenues		
Gross Potential Room Revenues	$	2,920,000
Plus: Additional Rev Per Room	$	963,600
Total Potential Revenue	$	3,883,600
Less: Vacancy Loss	$	(1,359,260)
Net Revenue Per Year	**$**	**2,524,340**
Operating Expenses		
Operating Expenses	$	(1,767,038)
Net Operating Income (NOI)	$	757,302
Capitalized Value	**$**	**10,818,600**
Capitalzed Value/sq.ft. of TAU	*$*	*429*
Residual Land Value		
Capitalized Value of Project	$	10,818,600
Less: Total Dev Costs	$	10,532,570
Residual Land Value	**$**	**286,030**
Land Value/sq.ft. of Land	*$*	*6.57*

Notes:
a) per Draft RPU
b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus TAUs (minimum proposed)
Transfer of Development Right - from SEZ, existing development 3.0 TAU for every TAU transferred and retired
d) Parking requirements vary by local jurisdiction.
Assumed for this analysis:
Spaces per TAU 1.25 parking space
Visitor spaces per room - per room
All TAUs in this scenario assumed to be hotel rooms without kitchens
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower.
Cost excludes architecture, engineering, and other soft costs.
Hard cost assumes wood frame construction for this scenario. Hard costs include furniture and fixtures for hotel.
f) Parking Costs = $8.00 per sq. ft.
$2,800 per space (surface lot)
g) On- and Off-site Costs = $3,000 per TAU (estimate, assumes infill development)
h) Include Placer County Community Facilities Impact Fee and Traffic Impact Fee
Community Facilities Fee = $ 0.52 per square foot for commercial uses in unincorporated Placer County
Traffic Impact Fee = $ 4,587 per 1,000 sq. ft. times DUE (dwelling unit equivalent)
DUE based on peak hour trips generated by single family home = 1.0 trips at peak afternoon weekday hour, ITE Trip Generation 6th Edition
These fees do not include fire district, or sewer or water hookup charges.
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip above prior use (assumes all trips are new for this analysis)
Avg. trips per day = 8.23 avg, trips per hotel room per ITE Trip Generation 6th Edition
j) Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 25,000 per TRPA input
High Cost = $ 65,000 more recent example of TAU acquisition

Mixed Use - Retail + Large Unit Residential For-Sale with Low TDR Incentive Ratio & Low TDR Cost

Sending Site - Non-sensitive Land & Close to Lake

Cost of Dev Right - Low end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	6
Residential dev rights to be purchased (c)	25.0
CFA dev rigths to be purchased (c)	21,500
Retail Program (Ground Floor)	
Ground Floor Gross sq. ft.	21,500
Common Area	10.0%
Leasable Retail Area	19,350
Condo Program (Above Retail)	
Avg. Unit Size (Sq. Ft.)	2,800
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	3,220
Total Units	25
Gross Sq. Ft. for Condo Component	80,500
Number of Floors for Condos	5
Sq.Ft. per Condo Floor	16,100
Parking - Structured (Garage behind retail)	
Retaill (d)	64
Condos (d)	25
Total Parking Spaces	89
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint: Retail + Garage	30,250
Footrpint as % of Site	69%

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Retail Hard Construction Cost / sq.ft. (e)		145
Condo Hard Construction Cost/sq.ft.(e)		175
Parking Cost per Space (f)	$	15,000
On- and off-site costs per condo unit (g)		$5,000
Community Facilities Impact Fee per CFA sq.ft. (h)	$	0.52
Traffic Impact Fee per CFA sq. ft. (h)	$	4.59
AQ Impact Fee per CFA sq.ft. (i)	$	13.36
Impact fees per condo unit (h)	$	28,000
AQ Impact Fee per Condo unit (h)	$	1,909
Other Soft Costs (as % of Hard)		20%
Cost per purchased CFA Dev Right (j)	$	30
Cost per purchased Condo Dev Right (j)	$	17,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	19,695,971
Equity Contribution	$	4,923,993
Profit as % of Hard Costs		10.0%
Retail Operating Revenues and Costs		
Lease Rate/month (NNN)	$	2.50
Vacancy Rate		5.0%
Capitalization Rate		7.0%
Gross Sale Price Per Unit	$	850,000

Development Costs

Hard Costs		
Retail Construction Costs	$	3,117,500
Condo Construction Costs	$	14,087,500
Parking Costs (garage)	$	1,341,000
On- and Off-site Costs	$	125,000
Subtotal Hard Costs	**$**	**18,671,000**
Soft Costs		
Retail - Community Fac Fee	$	11,180
Retail - Traffic Impact Fee	$	98,621
Condo - Impact Fees	$	700,000
Retail - AQ Fee	$	287,228
Condo - AQ Fee	$	47,736
CFA (retail) Dev Rights	$	645,000
Condo Dev Rights	$	425,000
Other Soft Costs	$	3,734,200
Subtotal Soft Costs	**$**	**5,948,964**
Total Dev Costs before Profit	**$**	**24,619,964**
Financing Costs		
Interest on Construction Loan	$	827,231
Points on Construction Loan	$	393,919
Subtotal Finance Costs	**$**	**1,221,150**
Profit as % of Hard Costs	**$**	**1,867,100**
Total Dev Costs	**$**	**27,708,214**
Cost/Sq.Ft. of Built Space	*$*	*272*

Residual Land Value Analysis

Retail Component:		
Gross Retail Lease Revenue	$	580,500
Less: Vacancy Loss	$	(29,025)
Net Operating Income (NOI)	**$**	**551,475**
Capitalized Value	**$**	**7,878,214**
Condo Component:		
Gross Revenue from Condo Sales		21,250,000
Less: Marketing Costs	$	(1,062,500)
Net Revenue from Condo Sales	**$**	**20,187,500**
Residual Land Value		
Total Project Value	$	28,065,714
Less: Total Dev Costs	$	(27,708,214)
Residual Land Value	**$**	**357,500**
Land Value/sq.ft. of Land	*$*	*8.21*

Notes:

a) per Draft RPU

b) Per Draft RPU, also see Table 2 in this memo.

c) Bonus TDRs (minimum proposed)

Transfer of Development Right - Non-sensitive land (4, 5,6,7) 1.0 res unit for every res unit transferred and retired

1.0 CFA sq. ft. for every CFA sq.ft. transferred and retired

d) Parking requirements vary by local jurisdiction.

Assumed for this analysis:

Spaces per 1,000 sq. ft. of retail 4.00 per 1,000 sq. ft.

Spaces per Unit (up to 2 bedroom unit) 1.0 parking space

Space per additional bedroom 0.5 per addidtional bedroom

All res units in this analysis assumed to be two-bedroom or smaller.

e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower.

Cost excludes architecture, engineering, and other soft costs.

Hard costs assume steel frame constriction to create six story project.

f) Parking Costs = $15,000 per garage space (at grade structured parking garage)

g) On- and Off-site Costs = $5,000 per condo unit

h) Residential impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location).

Residential impact fees assumed to be $ 28,000 average per multifamily unit

Res impact fees include fire district, sewer hookup, roads, other infrastructure.

Commercial impact fees include Placer County Community Facilities Impact Fee and Traffic Impact Fee

Community Facilities Fee = $ 0.52 per square foot for commercial uses in unincorporated Placer County

Traffic Impact Fee = $ 4,587 per 1,000 sq. ft. times DUE (dwelling unit equivalent)

DUE based on peak hour trips generated by single family home = 1.0 trips at peak afternoon weekday hour, ITE Trip Generation 6th Edition

These fees do not include fire district, or sewer or water hookup charges.

i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)

Retail Trips per day = 41 trips per 1,000 sq. ft of retail, weekly average, per ITE Trip Generation 6th Edition

Condo trips per day = 5.86 avg. trips per weekday, residential condominium, per ITE Trip Generation 6th Edition

j) CFA Development Right Cost based on review of low and high sales of development rights

Low Cost = $ 30 per sq. ft. per TRPA

High Cost = $ 40 per sq. ft. per TRPA

Condo Dev Rights based on review of low and high sales of development rights

Low Cost = $ 17,000 recent listed rights available for sale (during recession)

High Cost = $ 80,000 per residential unit retired through sensitive lands program

k) Marketing Cost = 5% of Gross Sales Revenue

Mixed Use - Retail + Large Unit Residential For-Sale with HIgh TDR Incentive Ratio & Low TDR Cost

Sending Site - SEZ & Far From Lake

Cost of Dev Right - Low end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	6
Residential dev rights to be purchased (c)	4.2
CFA dev rigths to be purchased (c)	21,500
Retail Program (Ground Floor)	
Ground Floor Gross sq. ft.	21,500
Common Area	10.0%
Leasable Retail Area	19,350
Condo Program (Above Retail)	
Avg. Unit Size (Sq. Ft.)	2,800
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	3,220
Total Units	25
Gross Sq. Ft. for Condo Component	80,500
Number of Floors for Condos	5
Sq.Ft. per Condo Floor	16,100
Parking - Structured (Garage behind retail)	
Retaill (d)	64
Condos (d)	25
Total Parking Spaces	89
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint: Retail + Garage	30,250
Footrpint as % of Site	69%

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Retail Hard Construction Cost / sq.ft. (e)		145
Condo Hard Construction Cost/sq.ft.(e)		175
Parking Cost per Space (f)	$	15,000
On- and off-site costs per condo unit (g)		$5,000
Community Facilities Impact Fee per CFA sq.ft. (h)	$	0.52
Traffic Impact Fee per CFA sq. ft. (h)	$	4.59
AQ Impact Fee per CFA sq.ft. (i)	$	13.36
Impact fees per condo unit (h)	$	28,000
AQ Impact Fee per Condo unit (h)	$	1,909
Other Soft Costs (as % of Hard)		20%
Cost per purchased CFA Dev Right (j)	$	30
Cost per purchased Condo Dev Right (j)	$	17,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	19,412,638
Equity Contribution	$	4,853,159
Profit as % of Hard Costs		10.0%
Retail Operating Revenues and Costs		
Lease Rate/month (NNN)	$	2.50
Vacancy Rate		5.0%
Capitalization Rate		7.0%
Gross Sale Price Per Unit	$	850,000

Development Costs

Hard Costs		
Retail Construction Costs	$	3,117,500
Condo Construction Costs	$	14,087,500
Parking Costs (garage)	$	1,341,000
On- and Off-site Costs	$	125,000
Subtotal Hard Costs	**$**	**18,671,000**
Soft Costs		
Retail - Community Fac Fee	$	11,180
Retail - Traffic Impact Fee	$	98,621
Condo - Impact Fees	$	700,000
Retail - AQ Fee	$	287,228
Condo - AQ Fee	$	47,736
CFA (retail) Dev Rights	$	645,000
Condo Dev Rights	$	70,833
Other Soft Costs	$	3,734,200
Subtotal Soft Costs	**$**	**5,594,797**
Total Dev Costs before Profit	**$**	**24,265,797**
Financing Costs		
Interest on Construction Loan	$	815,331
Points on Construction Loan	$	388,253
Subtotal Finance Costs	**$**	**1,203,584**
Profit as % of Hard Costs	**$**	**1,867,100**
Total Dev Costs	**$**	**27,336,481**
Cost/Sq.Ft. of Built Space	*$*	*268*

Residual Land Value Analysis

Retail Component:		
Gross Retail Lease Revenue	$	580,500
Less: Vacancy Loss	$	(29,025)
Net Operating Income (NOI)	**$**	**551,475**
Capitalized Value	**$**	**7,878,214**
Condo Component:		
Gross Revenue from Condo Sales		21,250,000
Less: Marketing Costs	$	(1,062,500)
Net Revenue from Condo Sales	**$**	**20,187,500**
Residual Land Value		
Total Project Value	$	28,065,714
Less: Total Dev Costs	$	(27,336,481)
Residual Land Value	**$**	**729,233**
Land Value/sq.ft. of Land	*$*	*16.74*

Notes:

a) per Draft RPU

b) Per Draft RPU, also see Table 2 in this memo.

c) Bonus TDRs (minimum proposed)

Res Transfer of Development Right - from SEZ, existing development 3.0 unit for every unit transferred and retired

Res Distance from Receiving Areas 2.0 unit for every unit transferred and retired

CFA Transfer of Dev Right - no bonus 1.0 CFA sq. ft. for every CFA sq.ft. transferred and retired

d) Parking requirements vary by local jurisdiction.

Assumed for this analysis:

Spaces per 1,000 sq. ft. of retail 4.00 per 1,000 sq. ft.

Spaces per Unit (up to 2 bedroom unit) 1.0 parking space

Space per additional bedroom 0.5 per addidtional bedroom

All res units in this analysis assumed to be two-bedroom or smaller.

e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower.

Cost excludes architecture, engineering, and other soft costs.

Hard costs assume steel frame constriction to create six story project.

f) Parking Costs = $15,000 per garage space (at grade structured parking garage)

g) On- and Off-site Costs = $5,000 per condo unit

h) Residential impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location).

Residential impact fees assumed to be $ 28,000 average per multifamily unit

Res impact fees include fire district, sewer hookup, roads, other infrastructure.

Commercial impact fees include Placer County Community Facilities Impact Fee and Traffic Impact Fee

Community Facilities Fee = $ 0.52 per square foot for commercial uses in unincorporated Placer County

Traffic Impact Fee = $ 4,587 per 1,000 sq. ft. times DUE (dwelling unit equivalent)

DUE based on peak hour trips generated by single family home = 1.0 trips at peak afternoon weekday hour, ITE Trip Generation 6th Edition

These fees do not include fire district, or sewer or water hookup charges.

i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)

Retail Trips per day = 41 trips per 1,000 sq. ft of retail, weekly average, per ITE Trip Generation 6th Edition

Condo trips per day = 5.86 avg. trips per weekday, residential condominium, per ITE Trip Generation 6th Edition

j) CFA Development Right Cost based on review of low and high sales of development rights

Low Cost = $ 30 per sq. ft. per TRPA

High Cost = $ 40 per sq. ft. per TRPA

Condo Dev Rights based on review of low and high sales of development rights

Low Cost = $ 17,000 recent listed rights available for sale (during recession)

High Cost = $ 80,000 per residential unit retired through sensitive lands program

k) Marketing Cost = 5% of Gross Sales Revenue

Mixed Use - Retail + Large Unit Residential For-Sale with Low TDR Incentive Ratio & High TDR Cost

Sending Site - Non-sensitive Land & Close to Lake
Cost of Dev Right - High end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	6
Residential dev rights to be purchased (c)	25.0
CFA dev rigths to be purchased (c)	21,500
Retail Program (Ground Floor)	
Ground Floor Gross sq. ft.	21,500
Common Area	10.0%
Leasable Retail Area	19,350
Condo Program (Above Retail)	
Avg. Unit Size (Sq. Ft.)	2,800
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	3,220
Total Units	25
Gross Sq. Ft. for Condo Component	80,500
Number of Floors for Condos	5
Sq.Ft. per Condo Floor	16,100
Parking - Structured (Garage behind retail)	
Retaill (d)	64
Condos (d)	25
Total Parking Spaces	89
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint: Retail + Garage	30,250
Footrpint as % of Site	69%

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Retail Hard Construction Cost / sq.ft. (e)		145
Condo Hard Construction Cost/sq.ft.(e)		175
Parking Cost per Space (f)	$	15,000
On- and off-site costs per condo unit (g)		$5,000
Community Facilities Impact Fee per CFA sq.ft. (h)	$	0.52
Traffic Impact Fee per CFA sq. ft. (h)	$	4.59
AQ Impact Fee per CFA sq.ft. (i)	$	13.36
Impact fees per condo unit (h)	$	28,000
AQ Impact Fee per Condo unit (h)	$	1,909
Other Soft Costs (as % of Hard)		20%
Cost per purchased CFA Dev Right (j)	$	40
Cost per purchased Condo Dev Right (j)	$	80,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	21,127,971
Equity Contribution	$	5,281,993
Profit as % of Hard Costs		10.0%
Retail Operating Revenues and Costs		
Lease Rate/month (NNN)	$	2.50
Vacancy Rate		5.0%
Capitalization Rate		7.0%
Gross Sale Price Per Unit	$	850,000

Development Costs

Hard Costs		
Retail Construction Costs	$	3,117,500
Condo Construction Costs	$	14,087,500
Parking Costs (garage)	$	1,341,000
On- and Off-site Costs	$	125,000
Subtotal Hard Costs	**$**	**18,671,000**
Soft Costs		
Retail - Community Fac Fee	$	11,180
Retail - Traffic Impact Fee	$	98,621
Condo - Impact Fees	$	700,000
Retail - AQ Fee	$	287,228
Condo - AQ Fee	$	47,736
CFA (retail) Dev Rights	$	860,000
Condo Dev Rights	$	2,000,000
Other Soft Costs	$	3,734,200
Subtotal Soft Costs	**$**	**7,738,964**
Total Dev Costs before Profit	**$**	**26,409,964**
Financing Costs		
Interest on Construction Loan	$	887,375
Points on Construction Loan	$	422,559
Subtotal Finance Costs	**$**	**1,309,934**
Profit as % of Hard Costs	**$**	**1,867,100**
Total Dev Costs	**$**	**29,586,998**
Cost/Sq.Ft. of Built Space	*$*	*290*

Residual Land Value Analysis

Retail Component:		
Gross Retail Lease Revenue	$	580,500
Less: Vacancy Loss	$	(29,025)
Net Operating Income (NOI)	**$**	**551,475**
Capitalized Value	**$**	**7,878,214**
Condo Component:		
Gross Revenue from Condo Sales		21,250,000
Less: Marketing Costs	$	(1,062,500)
Net Revenue from Condo Sales	**$**	**20,187,500**
Residual Land Value		
Total Project Value	$	28,065,714
Less: Total Dev Costs	$	(29,586,998)
Residual Land Value	**$**	**(1,521,284)**
Land Value/sq.ft. of Land	*$*	*(34.92)*

Notes:
a) per Draft RPU
b) Per Draft RPU, also see Table 2 in this memo.
c) Bonus TDRs (minimum proposed)
Transfer of Development Right - Non-sensitive land (4, 5,6,7) 1.0 res unit for every res unit transferred and retired
1.0 CFA sq. ft. for every CFA sq.ft. transferred and retired
d) Parking requirements vary by local jurisdiction.
Assumed for this analysis:
Spaces per 1,000 sq. ft. of retail 4.00 per 1,000 sq. ft.
Spaces per Unit (up to 2 bedroom unit) 1.0 parking space
Space per additional bedroom 0.5 per addidtional bedroom
All res units in this analysis assumed to be two-bedroom or smaller.
e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower.
Cost excludes architecture, engineering, and other soft costs.
Hard costs assume steel frame constriction to create six story project.
f) Parking Costs = $15,000 per garage space (at grade structured parking garage)
g) On- and Off-site Costs = $5,000 per condo unit
h) Residential impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location).
Residential impact fees assumed to be $ 28,000 average per multifamily unit
Res impact fees include fire district, sewer hookup, roads, other infrastructure.
Commercial impact fees include Placer County Community Facilities Impact Fee and Traffic Impact Fee
Community Facilities Fee = $ 0.52 per square foot for commercial uses in unincorporated Placer County
Traffic Impact Fee = $ 4,587 per 1,000 sq. ft. times DUE (dwelling unit equivalent)
DUE based on peak hour trips generated by single family home = 1.0 trips at peak afternoon weekday hour, ITE Trip Generation 6th Edition
These fees do not include fire district, or sewer or water hookup charges.
i) TRPA Air Quality Impact Fee = $ 325.84 for each new trip (above prior use)
Retail Trips per day = 41 trips per 1,000 sq. ft of retail, weekly average, per ITE Trip Generation 6th Edition
Condo trips per day = 5.86 avg. trips per weekday, residential condominium, per ITE Trip Generation 6th Edition
j) CFA Development Right Cost based on review of low and high sales of development rights
Low Cost = $ 30 per sq. ft. per TRPA
High Cost = $ 40 per sq. ft. per TRPA
Condo Dev Rights based on review of low and high sales of development rights
Low Cost = $ 17,000 recent listed rights available for sale (during recession)
High Cost = $ 80,000 per residential unit retired through sensitive lands program
k) Marketing Cost = 5% of Gross Sales Revenue

Mixed Use - Retail + Large Unit Residential For-Sale with HIgh TDR Incentive Ratio & HIgh TDR Cost

Sending Site - SEZ & Far From Lake

Cost of Dev Right - High end of range experienced

Development Program Assumptions

Site Assumptions	
Site Area (acre)	1.0
Site Area (sq. ft.)	43,560
Max. Site Coverage (a)	70%
Max. Site Coverage (sq. ft.)	30,492
Max. Density (units/acre) (b)	25
Height Limit (floors)	6
Residential dev rights to be purchased (c)	4.2
CFA dev rigths to be purchased (c)	21,500
Retail Program (Ground Floor)	
Ground Floor Gross sq. ft.	21,500
Common Area	10.0%
Leasable Retail Area	19,350
Condo Program (Above Retail)	
Avg. Unit Size (Sq. Ft.)	2,800
Common Area	15.0%
Total Unit + Common Area (sq. ft.)	3,220
Total Units	25
Gross Sq. Ft. for Condo Component	80,500
Number of Floors for Condos	5
Sq.Ft. per Condo Floor	16,100
Parking - Structured (Garage behind retail)	
Retaill (d)	64
Condos (d)	25
Total Parking Spaces	89
Parking Space Size (sq. ft.)	350
Total Parking Area (sq.ft.)	8,750
Site Coverage	
Building Footprint: Retail + Garage	30,250
Footrpint as % of Site	69%

Cost & Revenue Assumptions

Construction		
Land Cost	$	-
Retail Hard Construction Cost / sq.ft. (e)		145
Condo Hard Construction Cost/sq.ft.(e)		175
Parking Cost per Space (f)	$	15,000
On- and off-site costs per condo unit (g)		$5,000
Community Facilities Impact Fee per CFA sq.ft. (h)	$	0.52
Traffic Impact Fee per CFA sq. ft. (h)	$	4.59
AQ Impact Fee per CFA sq.ft. (i)	$	13.36
Impact fees per condo unit (h)	$	28,000
AQ Impact Fee per Condo unit (h)	$	1,909
Other Soft Costs (as % of Hard)		20%
Cost per purchased CFA Dev Right (j)	$	40
Cost per purchased Condo Dev Right (j)	$	80,000
Financing		
Loan to Cost Ratio		80%
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2.0%
Average Outstanding Balance		60%
Total Loan Amount	$	19,794,638
Equity Contribution	$	4,948,659
Profit as % of Hard Costs		10.0%
Retail Operating Revenues and Costs		
Lease Rate/month (NNN)	$	2.50
Vacancy Rate		5.0%
Capitalization Rate		7.0%
Gross Sale Price Per Unit	$	850,000

Development Costs

Hard Costs		
Retail Construction Costs	$	3,117,500
Condo Construction Costs	$	14,087,500
Parking Costs (garage)	$	1,341,000
On- and Off-site Costs	$	125,000
Subtotal Hard Costs	**$**	**18,671,000**
Soft Costs		
Retail - Community Fac Fee	$	11,180
Retail - Traffic Impact Fee	$	98,621
Condo - Impact Fees	$	700,000
Retail - AQ Fee	$	287,228
Condo - AQ Fee	$	47,736
CFA (retail) Dev Rights	$	860,000
Condo Dev Rights	$	333,333
Other Soft Costs	$	3,734,200
Subtotal Soft Costs	**$**	**6,072,297**
Total Dev Costs before Profit	**$**	**24,743,297**
Financing Costs		
Interest on Construction Loan	$	831,375
Points on Construction Loan	$	395,893
Subtotal Finance Costs	**$**	**1,227,268**
Profit as % of Hard Costs	**$**	**1,867,100**
Total Dev Costs	**$**	**27,837,665**
Cost/Sq.Ft. of Built Space	*$*	*273*

Residual Land Value Analysis

Retail Component:		
Gross Retail Lease Revenue	$	580,500
Less: Vacancy Loss	$	(29,025)
Net Operating Income (NOI)	**$**	**551,475**
Capitalized Value	**$**	**7,878,214**
Condo Component:		
Gross Revenue from Condo Sales		21,250,000
Less: Marketing Costs	$	(1,062,500)
Net Revenue from Condo Sales	**$**	**20,187,500**
Residual Land Value		
Total Project Value	$	28,065,714
Less: Total Dev Costs	$	(27,837,665)
Residual Land Value	**$**	**228,049**
Land Value/sq.ft. of Land	*$*	*5.24*

Notes:

a) per Draft RPU

b) Per Draft RPU, also see Table 2 in this memo.

c) Bonus TDRs (minimum proposed)

Res Transfer of Development Right - from SEZ, existing development	3.0	unit for every unit transferred and retired
Res Distance from Receiving Areas	2.0	unit for every unit transferred and retired
CFA Transfer of Dev Right - no bonus	1.0	CFA sq. ft. for every CFA sq.ft. transferred and retired

d) Parking requirements vary by local jurisdiction.

Assumed for this analysis:

Spaces per 1,000 sq. ft. of retail	4.00	per 1,000 sq. ft.
Spaces per Unit (up to 2 bedroom unit)	1.0	parking space
Space per additional bedroom	0.5	per addidtional bedroom

All res units in this analysis assumed to be two-bedroom or smaller.

e) Hard Consruction Costs based on RS Means for Sacramento. Costs in Nevada locations may be lower.

Cost excludes architecture, engineering, and other soft costs.

Hard costs assume steel frame constriction to create six story project.

f) Parking Costs = $15,000 per garage space (at grade structured parking garage)

g) On- and Off-site Costs = $5,000 per condo unit

h) Residential impact fees based on review of Placer County Housing Element, which estimates total fees for multifamily construction (varies by location).

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