



GROSVENOR

September 11, 2018

Department of Planning and Development
City of Berkeley
c/o Leslie Mendez
1947 Center Street
Berkeley, CA 94704

RE: 1951 Shattuck Avenue—Significant Community Benefits Economic Analysis

Dear Leslie:

We are fortunate to have the opportunity to propose a vibrant mixed-use project at 1951 Shattuck Avenue in downtown Berkeley. As you are aware, Berkeley’s Downtown Area Plan allows for two buildings in the downtown area up to 120 feet in height as long as the project provides “significant community benefits... beyond what would otherwise be required by the City.” Applicants must provide a supporting proforma analysis for both a hypothetical “base case” building of 75 feet and the actual proposed 120-foot project for comparison.

We are pleased to attach that analysis for the 1951 Shattuck Avenue project proposal, which was conducted and prepared by Economic and Planning Systems (EPS), a reputable economic consulting firm. The purpose of this letter is to summarize the community benefits that are stipulated by City fees for this specific project, the “significant” community benefits that we intend to offer beyond what is otherwise required by the City, and other economic benefits that the project would create for Berkeley.

These community benefits can be summarized as follows:

Community Benefits as Stipulated by City Fees

Affordable Housing Fee:	\$5,772,000
Public Art Fee	\$480,000
Street and Open Space Improvement Plan Fee	\$324,321
<u>Berkeley Unified School District Fee</u>	<u>\$551,590</u>
<i>Subtotal Fee-Based Community Benefits</i>	<i>\$7,127,911</i>

Additional, Significant Community Benefits

Project Labor Agreement (PLA)	\$3,885,819
<u>Additional Significant Community Benefit Residual</u>	<u>\$634,665</u>
<i>Subtotal Significant Community Benefits</i>	<i>\$4,520,484</i>

Total Community Benefit Package \$11,648,395

As you know, Berkeley City Council Resolution No. 67,172 provides guidance for satisfying the requirements for significant community benefits. Section C(3), Option A, contemplates contributions to labor, affordable housing, and one other category of significant benefits. Per Section C(5), the labor component is satisfied in our proposal through the PLA, which is valued by the resolution at 5% of the project's construction costs—\$3,885,819 for this project.

The analysis conducted by EPS projects a "residual" value of \$634,665 remaining for other significant community benefits. We are open-minded around how to program this funding, but our initial thought is to allocate 60% of it—\$380,799—as an additional contribution to the City's Affordable Housing Trust Fund. This would bring our total affordable housing contribution to \$6,152,799.

We would propose contributing the remaining amount of this residual (40%) to the Pathways Project's capital or operating costs in the amount of \$253,866. This particular contribution could be made *immediately* upon the issuance of building permits.

In addition to the aforementioned community benefits, the proposed project would create hundreds of full time jobs during its two year construction period and generate significant additional tax revenue for the City and other local government entities. The attached tax revenue summary estimates that the property could generate approximately \$2.3 million dollars in annual tax revenue, which is \$2 million more than the tax revenue generated by the existing property. Of this total, an estimated \$834,000 would be allocated annually to the City of Berkeley, and another \$238,000 would be allocated annually towards local education.

We are excited to contribute in a meaningful way to affordable housing, labor, homelessness reduction, civic art, streetscape and open space improvements, and public schools in Berkeley. If there are other ways your department or city leaders feel we could be a good partner, please let us know. Should you have any questions about this summary or the attached report, please feel free to contact me.

Thank you.

Sincerely,



Steve Buster
Senior Vice President, Development
Grosvenor Americas

MEMORANDUM

To: Grosvenor USA Limited

From: Benjamin C. Sigman, James Musbach, and Anisha Gade

Subject: 1951 Shattuck Ave. Community Benefits Feasibility Analysis;
EPS #181010

Date: July 25, 2018

The Economics of Land Use



Grosvenor USA Limited (Grosvenor) retained Economic & Planning Systems, Inc. (EPS) to perform a market review and pro forma financial analysis of the proposed development at 1951 Shattuck Avenue in Berkeley, California. The purpose of this analysis is to assess the economic feasibility of the development and the appropriate funding level for community benefits.

Under Berkeley's Downtown Area Plan (DAP), Grosvenor's proposed project at 1951 Shattuck Avenue would trigger a provision that requires the project applicant to provide "significant community benefits." This element of Berkeley's DAP is based, in part, on the concept of "value capture." The City seeks to share in the value that is created when project entitlement exceeds the base case, which allows projects up to 75 feet. As laid out in Berkeley's Resolution No. 67,172, applicants seeking entitlement above 75 feet in height must provide pro forma financial analyses for two development scenarios, (1) a base case project not exceeding 75 feet and (2) the proposed scenario in excess of 75 feet. The Resolution further provides that "community benefits must not result in project infeasibility." As part of this work, EPS has analyzed the feasibility of both development scenarios.

This memorandum presents findings from the EPS analysis, and also includes an overview of the Berkeley DAP requirements for community benefits, a real estate market review, and pro forma financial analyses of the base case and proposed development scenarios. It is anticipated that Grosvenor will rely on this memorandum to communicate to the City of Berkeley the financial feasibility of the proposed project and associated community benefits, consistent with the guidance of Resolution No. 67,172.

*Economic & Planning Systems, Inc.
One Kaiser Plaza, Suite 1410
Oakland, CA 94612-3604
510.841.9190 tel
510.740.2080 fax*

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

Key Findings

- 1. The pro forma financial analysis presented in this memorandum indicates that the land value supported by high-rise development at 1951 Shattuck could be as high as \$14.6 million under an “upside” scenario, about \$600,000 above the contracted price the developer would pay. This is the best-case scenario.**

Fundamental principles of real estate economics dictate that the value of commercial land is commensurate with a land owner’s ability to capitalize on land use. The financial feasibility of a real estate development project depends critically on the price the developer would pay for the development site. In the case of 1951 Shattuck, the site’s cost basis reflects the existing leasable commercial asset and the potential for higher-density redevelopment. EPS analysis of Grosvenor’s proposed high-rise project indicates that, assuming favorable market conditions, the project is feasible and might support substantial contributions toward community benefits, totaling \$4.5 million. The majority of the community benefits would come in the form of a project labor agreement (included in the financial analysis), leaving a modest amount for additional benefits. Further, EPS analysis finds that the mid-rise base case development is a financially infeasible project for Grosvenor. The land cost basis of \$14 million greatly exceeds the land value supported by a 75-foot development on the site.

- 2. Pro forma financial analysis finds that to preserve the feasibility of the proposed project, significant community benefits beyond a project labor agreement should be limited.**

EPS analysis indicates that a “wall-to-wall” project labor agreement valued at about \$3.9 million likely is a financially feasible project cost. Including this significant community benefit, the EPS financial analysis measures the project’s potential to contribute additional significant community benefits by deducting the potential site purchase price of \$14 million from the estimated supportable land value for the proposed project. While an “upside” scenario suggests that significant community benefits may be feasible, analysis of a “downside” scenario reveals that the project faces significant risks that could render the project financially infeasible.

- 3. The Downtown Berkeley residential rental market remained healthy as of mid-2018 and additional new, well-located, high-density projects likely will be well received by consumers.**

Overall there is strong market support for residential uses within Downtown Berkeley, though price appreciation has slowed in recent quarters. Market strength is evidenced by a near 41 percent growth over the past ten years in residential rents at new projects (those built since 1998). The Bay Area’s well-documented housing shortage has resulted in unmet housing demand region wide. In addition to the regional housing pressure, the proposed project will benefit from its unique design, amenities, and highly desirable location within Downtown Berkeley. Accordingly, this analysis anticipates that the proposed project will achieve relatively strong rental rates. The EPS financial analysis presented in this memorandum reflects the value potential for the proposed project, reflective of current market data from Downtown Berkeley, as well as value premiums that likely will result from the proposed project’s unique characteristics and associated market competitiveness.

DAP Context

The City of Berkeley initiated its DAP effort in 2005 and in early 2012 after six years of effort and nearly two hundred public meetings, the City Council adopted the plan. The DAP includes the provision that all new buildings must provide public benefits and that buildings over 75 feet must provide additional, significant community benefits.

The DAP allows five buildings to be built in the downtown area that exceed 75 feet, including three buildings up to 180 feet in height in the DAP “Core Area.”¹ An additional two buildings up to 120 feet may be located in the “Core” and “Outer Core” areas. The community benefits package required for projects over 75 feet must include affordable housing, supportive social services, green building features, open space, transportation demand features, job training, employment opportunities, and/or other significant community benefits. Community benefits are to be included as conditions of approval and the owner shall enter into a written agreement that is binding on all successors in interest.

To date the City of Berkeley has approved two projects over 75 feet pursuant to the DAP, 2129 Shattuck and 2211 Harold Way. The project at 2129 Shattuck is a hotel development which achieves its community benefit primarily through the positive fiscal implications of the transient occupancy tax (TOT) it will generate and therefore the process to determine the community benefit package is different than 1951 Shattuck. The Harold Way project, known as the Residences at Berkeley Plaza, is a residential mixed-use project that was approved in 2015, and therefore it is more helpful to consider its community benefit package approval process in this analysis.

Harold Way was the first project over 75 feet to request approval under the DAP. The project applicant submitted Documentation of Project Significant Community Benefits for the City of Berkeley on October 20, 2014, offering community benefits including a project labor agreement, retention of an existing cinema, transportation demand management features, and privately-owned public open space. Given uncertainty around the requirement for community benefits, the City’s Zoning Adjustments Board (ZAB) requested guidance from City Council.

After receiving Council input (Resolution No. 67,172), ZAB members engaged in extensive debate concerning the significance of the project’s proposed community benefit package. It is notable that the ZAB did not have the benefit of an economic analysis that valued the bonus density sought by the project, or an independent analysis of financial feasibility of the project. Though consultants to the City provided a valuation of the proposed community benefit package, the ZAB debated what elements of the proposed benefits package would have been achieved under baseline entitlement.

Ultimately the ZAB approved a public benefit requirement that far exceeded the developer’s proposal. At ZAB hearings many community members pushed for even greater contributions to community benefits. Subsequent to ZAB approval, both the applicant and various community groups appealed the ZAB decision to City Council. The Council upheld the ZAB decision.

After more than three years of entitlement activities, the Berkeley Plaza project achieved entitlement. However, the project has not yet been constructed. While fully entitled, it is possible that the significant community benefits requirements have resulted in a financially

¹ Downtown Area Plan (pg. LU-10)

infeasible project. Learning from the Harold Way project and benefiting from Council guidance, this market review and financial analysis seeks to offer the City of Berkeley economic and financial data concerning the proposed 1951 Shattuck project, to establish the level of community benefits funding that is appropriate and financially achievable in today's economic environment.

Market Review

EPS has prepared a review of real estate market conditions relevant to Grosvenor's proposed project at 1951 Shattuck. EPS conducted independent market research and also reviewed market data compiled by the Concord Group for Grosvenor. EPS's research relies on data from CoStar Group, a leading provider of commercial real estate data, as well as interviews with leasing agents at downtown projects that are comparable to Grosvenor's proposed project.

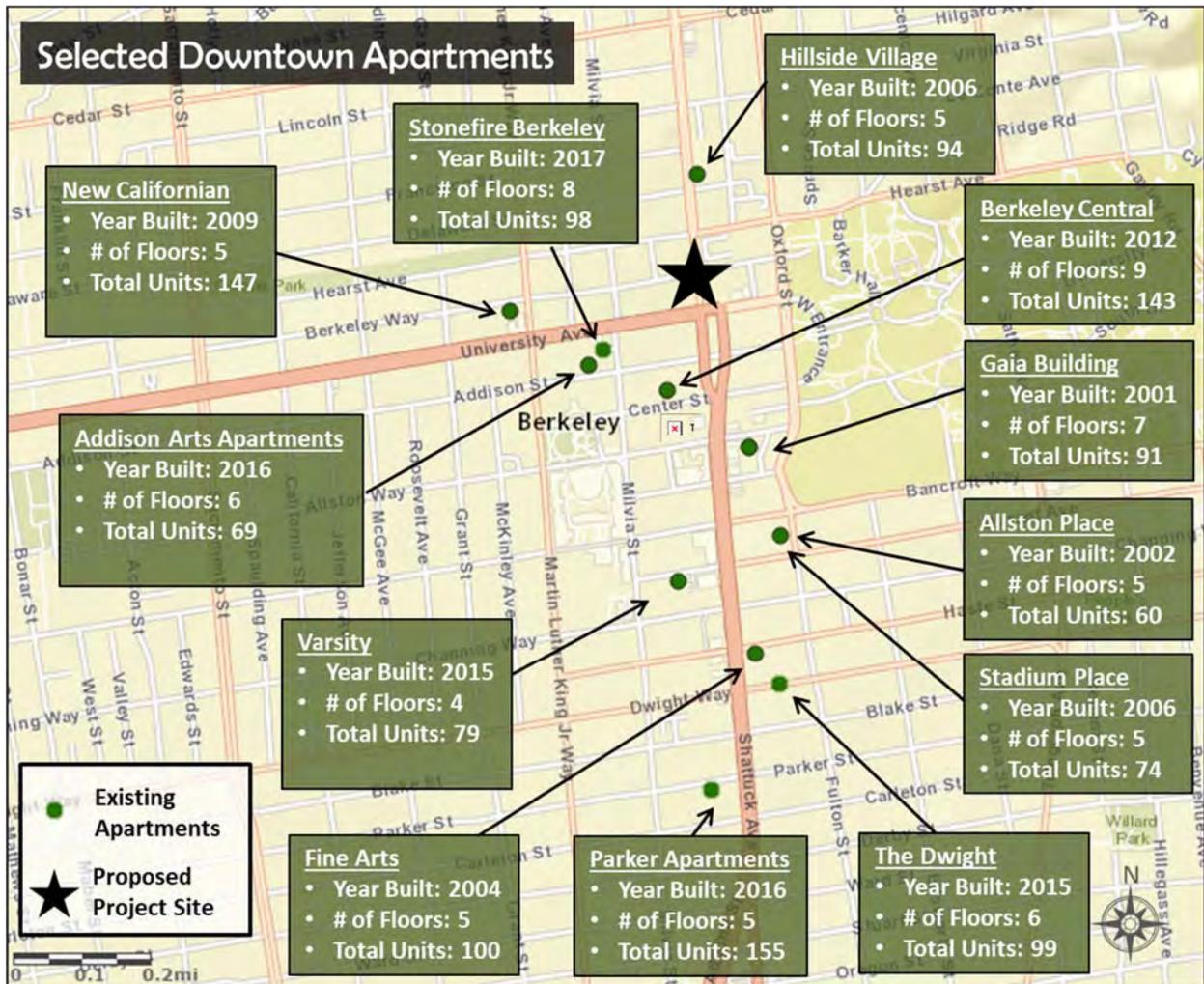
To assess market potential, EPS identified 20 comparable multifamily apartment complexes within the Downtown Berkeley inventory. While none of these projects is as tall as the proposed 1951 Shattuck project, their market performance reveals current rental rates in the Downtown. Apartment complexes in Downtown Berkeley currently are achieving average rents of about \$3,800 per unit, or approximately \$5.41 per square foot per month. **Figure 1** presents rental data for the comparable apartment projects. **Figure 2** is a map of projects most proximate to 1951 Shattuck, along with those projects' basic characteristics.

Figure 1 Selected Downtown Berkeley Apartments Rental Rates

Building Name	Year Built	Vacancy Rate	Effective Rent		Average Unit Size
			Per Unit	Per SqFt	
ARTech	2003	11.11%	\$4,553	\$6.58	692
Gaia Apartments	2000	3.30%	\$4,033	\$6.08	664
Allston Place	2002	10.00%	\$2,172	\$3.85	564
Berkeley Central	2012	2.80%	\$4,147	\$4.63	896
Varsity Berkeley	2015	5.13%	\$3,996	\$4.88	824
Berkeleyan	1998	1.79%	\$3,775	\$6.23	606
Hillside Village	2005	5.32%	\$4,358	\$5.53	786
Fine Arts Apartments	2004	4.00%	\$3,408	\$5.82	586
Telegraph Gardens	2013	0.00%	\$3,321	\$3.50	950
Renaissance Villas	1998	5.88%	\$3,311	\$4.80	690
The Overture	2016	6.98%	\$2,910	\$4.32	692
New Californian	2010	0.00%	\$3,020	\$4.31	701
Touriel Apartments	2004	2.86%	\$3,703	\$7.46	497
Bachenheimer	2004	3.57%	\$3,754	\$5.66	663
K Street Flats	2006	9.09%	\$3,761	\$5.33	706
Stonefire Berkeley	2017	10.20%	\$4,226	\$4.74	891
Parker Apartments	2016	5.81%	\$3,517	\$4.96	709
Addison Arts	2016	0.00%	\$3,529	\$5.24	673
The Dwight	2015	1.00%	\$3,776	\$5.57	667
Stadium Place	<u>2006</u>	<u>6.80%</u>	<u>\$3,487</u>	<u>\$5.49</u>	<u>635</u>
Average / Wghtd Average	-	4.78%	\$3,841	\$5.41	705

Sources: CoStar Group; Economic & Planning Systems, Inc.

Figure 2 Map of Selected Downtown Berkeley Apartment Characteristics



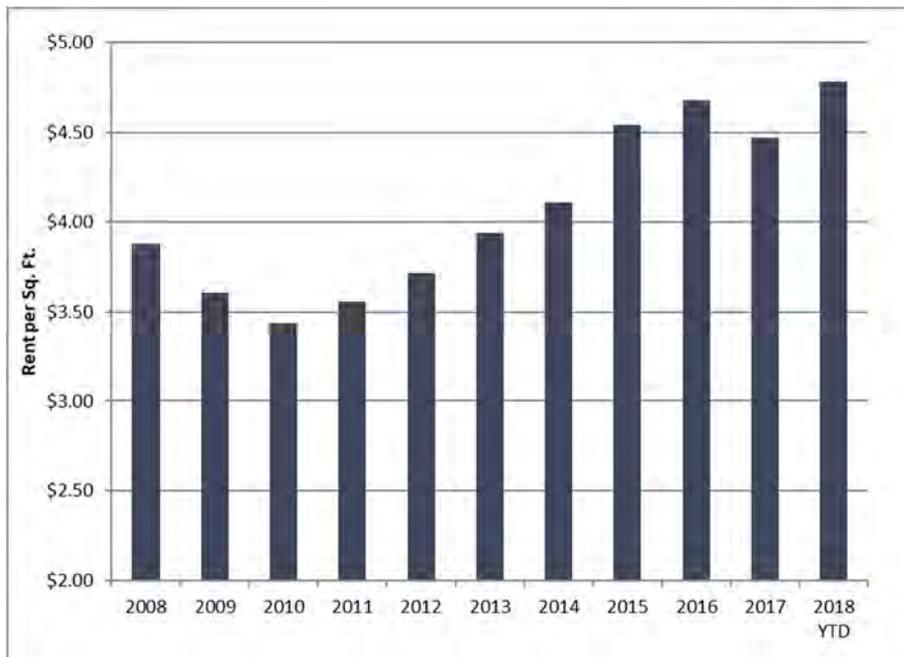
The EPS market review also offers data concerning Downtown Berkeley apartment market trends. The past ten years offer a valuable perspective on the Downtown Berkeley residential rental market. This time period includes the 2008-09 economic recession, and while the market trends reveal the vulnerability of rental rates to macroeconomic forces, the data also show the long-run resiliency of this market. As shown in **Figure 3** and **Figure 4**, rental rates for new product (build since 1998) declined between 2008 and 2010 and did not return to 2008 levels until 2012. Despite the decline in rental rates during the economic recession, new product rents in this submarket have experienced a 41 percent increase since 2008.

Figure 3 Downtown Berkeley Apartment Market Trends

Year	Vacancy %	Rent Per Unit	Rent Per SF	Inventory Units
2008	8.4%	\$2,534	\$3.88	803
2009	8.9%	\$2,354	\$3.61	803
2010	9.0%	\$2,269	\$3.44	951
2011	6.1%	\$2,349	\$3.56	951
2012	12.9%	\$2,566	\$3.72	1,094
2013	4.9%	\$2,718	\$3.94	1,094
2014	4.4%	\$2,839	\$4.11	1,094
2015	5.7%	\$3,171	\$4.54	1,173
2016	13.0%	\$3,298	\$4.68	1,440
2017	6.3%	\$3,343	\$4.47	1,538
2018 YTD	4.3%	\$3,576	\$4.78	1,538

Source: CoStar; Economic & Planning Systems, Inc.

Figure 4 Downtown Berkeley Apartment Rental Rate Trend



Sources: CoStar Group; Economic & Planning Systems, Inc.

The Downtown Berkeley residential rental market has seen notable increases in new inventory over the past decade, with projects built since 1998 increasing from approximately 800 units in 2008 to more than 1,500 units in 2018. The delivery of new units into the marketplace in recent years has created an environment where vacancy rates have fluctuated, a consequence of the changing rental supply. While vacancy rates have shown increases immediately following the entry of a new residential product, they have historically tended to decrease the following year

as the new product is successfully absorbed into the market, as was the case between 2012 and 2013 as well as 2016 and 2017.

Pro Forma Financial Analysis

The City of Berkeley has passed Resolution Number 67,172-N.S. – Establishing a Process and Standards for Evaluating “Significant Community Benefit” Packages for Buildings over 75 Feet in the Downtown. According to the resolution, applications for buildings over 75 feet shall include:

...a pro forma showing pre-development, soft, and hard cost estimates, as well as the projected rate of return the applicant expects the project to generate, based on revenues (sale prices or rental income stream) anticipated once the project is completed. This analysis shall cover two scenarios: (1) a base case building of 75’ or less; and (2) a high-rise building over 75’. This analysis shall reflect trends in rental income in determining the dollar range of benefits the City could reasonably request. The total value of benefits must bear a reasonable relationship to the value generated by the project.

It also is noted in the resolution the following General Principal guiding the evaluation of benefits:

The total value of community benefits must not result in project infeasibility.

When the public sector creates value by augmenting the development potential of land, landowners enjoy a financial gain in the form of higher land value, which is realized when they sell or develop their land. Accordingly, measuring the land value created by up-zonings and regulatory flexibility represents an appropriate approach to quantifying the maximum community benefit in return for the desired project density increase, over the regulatory baseline.

Methodology

The EPS pro forma financial analysis relies on a feasibility assessment of both a base case and proposed development scenario, under “upside” and “downside” scenarios that reflect a range of potential financial outcomes. Evaluation of the financial feasibility of the project development depends on the price paid for the development site. In the case of 1951 Shattuck, the contract land cost basis is \$14 million (i.e., the price at which the developer has the option to purchase). This land cost basis is considered in all of the feasibility tests.

This analysis uses the well-accepted static pro forma financial feasibility framework to estimate a residual land value and supportable community benefit value for each of the development alternatives (see text box below). The approach compares real estate development value at project stabilization (i.e., after project lease up is complete) with the cost of project development, in 2018 dollars. The analysis determines finished real estate value based on assumptions including market-supportable lease rates, operating costs, and capitalization rates.² Development cost assumptions reflect project-specific construction costs, typical project soft costs (e.g., architecture and engineering), City Permits and Fees, and an appropriate developer return on investment. The assumptions relied upon in this analysis reflect EPS research, third-party data, and construction costs prepared by Build Group (see **Appendix B**).

² The capitalization rate is equal to annual net property income divided by total property value. This market-based factor indicates the multiple of net property income that a buyer will pay for a property.

Residual Land Value Calculation

The Pro Forma Financial Analysis Model Calculates:

1. Value of real estate asset

Value is determined through analysis of lease rates and operating expenses or market transactions (sale prices).

2. **Less** all development costs

Costs are determined through available cost data, including pre-development, construction, permits, fees, financing, and other costs.

Note: The cost of a "wall-to-wall" project labor agreement, included here as part of the construction costs, would constitute a substantial community benefit of the project.

3. **Less** developer/investor required financial return

Return-on-investment (ROI) requirements are assumed based on the return necessary to attract investors to the real estate investment opportunity.

4. **Less** land value paid

Contract land cost basis of \$14M

5. **Model Output = Additional Community Benefits Value**

While maintaining project feasibility

The value potential of market-rate residential units in the proposed 1951 Shattuck project has been adjusted upward from rental rates observed at comparable projects in the market to reflect the premium rents that are (1) achieved by the newest product in the market and (2) anticipated view premiums likely to be achieved on floors six through twelve of the tower.³

Pro forma analysis of the base case and the proposed project assume the units will be market rate and that affordable housing requirements will be satisfied through the City's in-lieu fee. However, it is possible that below-market rate units could be provided on-site. Rental rates for these affordable housing units would reflect federal and state affordable housing qualification requirements (i.e., area median incomes and rent burdens).

The financial feasibility analysis assumes the minimum return on investment requirement that likely would be necessary to attract investors to the real estate investment opportunity. In EPS's experience, speculative real estate development typically requires a return of between 10 and 15 percent (cash on cash unlevered return), commensurate with the risk factors associated with

³ EPS analysis assumes apartments on floors two through five are priced similarly to market comparables found in the Downtown submarket, plus a new product premium of 10 percent. In addition, a one percent price premium is applied for each additional floor above floor five. This assumption is based on market analysis by Concord Group and results in similar price premiums to those identified by AECOM in their analysis for the City (Evaluation of Multifamily Residential Rent Premiums for High Rise Buildings in Downtown Berkeley, July 14, 2015).

such investments. This analysis assumes the project will need to return 10 percent on finished value, which is at the low end of the acceptable range.

Figure 5 presents an overview of the mid-rise base case and high-rise alternatives considered by this pro forma analysis.

Figure 5 Development Alternatives

Item	Base Case Mid-Rise	Proposed Project High-Rise
Height	75'	120'
Residential Units	91	156
Gross Retail Sq. Ft.	4,900	4,900
Parking Spaces	60	100

Upside Scenario Results

Analysis of the upside scenario finds that the proposed project is marginally feasible under the upside scenario, which assumes that the market conditions and the market performance of the project are quite strong. In this scenario, the project is built under a project labor agreement, a significant community benefit. Beyond the project labor agreement, EPS finds that there is limited potential for additional community benefits, as shown in **Figure 6**.⁴ The analysis also finds that under the base case, the land cost basis exceeds supportable land value, which renders the mid-rise base case development financially infeasible, even in the upside scenario.

Appendix A provides detailed pro forma financial calculations.

⁴ The Estimated Building Value, Estimated Project Costs, and resulting Estimated Residual Value reflect current market conditions and rates, which are likely to change over time.

Figure 6 Residual Value Estimates for the Upside Scenario⁴

Item	Base Case Mid-Rise	Proposed High-Rise	Value Change
Estimated Building Value	\$82,974,404	\$146,986,330	\$64,011,926
<u>Estimated Project Costs</u>	<u>-\$74,841,894</u>	<u>-\$132,351,665</u>	<u>-\$57,509,770</u>
Estimated Land Value	\$8,132,510	\$14,634,665	\$6,502,155
Contract Land Cost Basis	-\$14,000,000	-\$14,000,000	-
Estimated Project Residual	-\$5,867,490	\$634,665	\$6,502,155
Total Significant Community Benefits		\$4,520,485	

Note: Total Significant Community Benefits include the cost of a project labor agreement (\$3,885,819) as well as the estimated project residual.

Downside Scenario

In order to quantify the significant risk to the project from potential changes to current market conditions, EPS also tested a possible market fluctuation that affects the project’s capitalization rate. In commercial real estate, the capitalization (“cap”) rate is a fundamental market-determined factor affecting real estate value:

The cap rate can reflect many different components of a real estate project’s valuation. It is, in effect, an “all in” index incorporating conditions in capital markets, investor perceptions of regional and sector differences, expectations on the stability or potential growth of cash flows, and projections about future market conditions.⁵

Small movements in the capitalization rate can have a dramatic impact on project feasibility. While market conditions are robust today, if macroeconomic conditions weaken, interest rates rise significantly, or the regulatory framework shifts for the worse, it is likely that the capitalization rate will rise, thereby decreasing the project’s market value. For example, even the potential expansion of rent control through the repeal of the Costa–Hawkins Rental Housing Act likely already is driving cap rates up and property values down in California. The downside scenario considered in this analysis tests the effect of a modest 0.25 percentage point increase in the assumed apartment capitalization rate. **Figure 7** presents findings from this downside scenario.

⁵ Urban Land Institute, *Understanding Real Estate Capitalization (Cap) Rates*, <https://americas.uli.org/event/understanding-real-estate-capitalization-cap-rates/>

This minor market fluctuation makes the project infeasible, all else being equal.⁶ In this scenario, the potential for project development and community benefits would be lost. Furthermore, modest movements in any number of other market-determined factors (e.g., construction costs, financing costs, insurance costs) may also significantly affect the financial feasibility of the 1951 Shattuck project. **Appendix A** provides detailed pro forma financial calculations.

Figure 7 Residual Value Estimates for the Downside Scenario

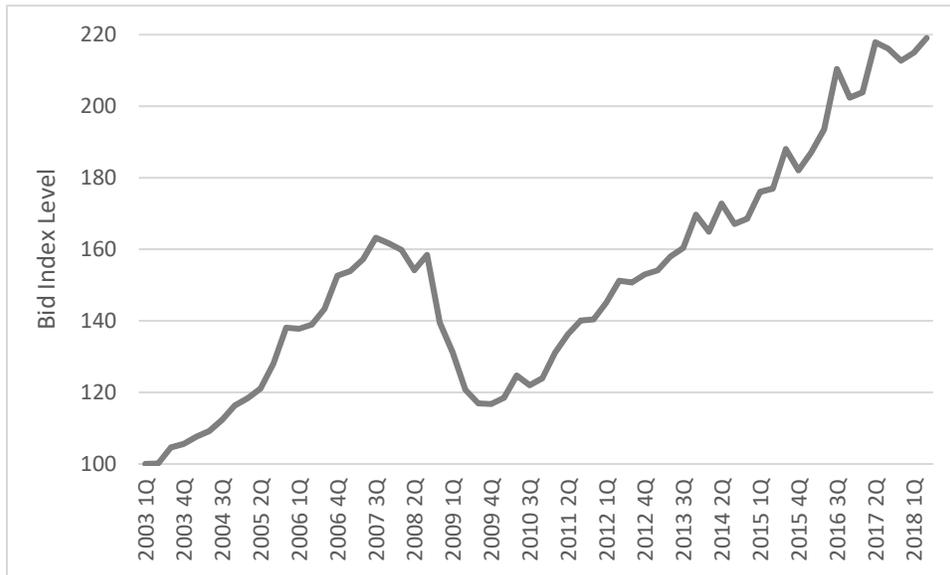
Item	Proposed High-Rise
Estimated Building Value	\$138,545,060
<u>Estimated Project Costs</u>	<u>-\$131,507,538</u>
Estimated Land Value	\$7,037,522
Contract Land Cost Basis	-\$14,000,000
Estimated Project Residual	-\$6,962,478

To further explore downside risks faced by the Grosvenor project, EPS also considered the potential impact of construction cost escalation on project feasibility. As has been well publicized in Bay Area media, construction costs have been rising rapidly in recent years. **Figure 8** presents a construction cost index reflective of contractor bidding levels in the San Francisco region. The index shows that construction costs have risen nearly 120 percent since 2003. Since the first quarter of 2010 through end of 2017, the index reveals an escalation rate of 80 percent, or an average annual escalation of 7.6 percent compounded over the last eight years.⁷

⁶ Analysis of the downside scenario also includes project labor agreement costs. Analysis of the downside scenario excluding these costs also results in an infeasible project.

⁷ tbd consultants, Bay Area Market Report, January 2018.
<http://broaddimension.com/BayAreaMarketReport2018-01.pdf>

Figure 8 San Francisco Region Construction Bid Index



Source: tbd consultants San Francisco Bid Index (<http://www.tbdconsultants.com/mobi/TBDBidIndex.htm>)

Holding all else equal, if construction costs increase by 7 percent (consistent with the historical trend) EPS estimates that it will be infeasible for the project to contribute any significant community benefits. Further, a modest increase in hard construction costs of just 0.7 percent, all else equal, eliminates the possibility for any significant community benefit beyond the proposed Project Labor Agreement.

APPENDIX A



Table A-1 Mid-Rise Base Case Pro Forma Financial Analysis Summary

DEVELOPMENT PROGRAM ASSUMPTIONS			
Dwelling Units			91
Gross Residential Area (Square Feet)	1,028	per Unit	93,535
Gross Retail Area (Square Feet)			4,900
Rentable Area (Square Feet)	72%	of GBA	70,770
Structured Parking Spaces			60
Landscape (Square Feet)			3,650
ESTIMATED BUILDING VALUE			
Gross Potential Rent (Res.)	\$5.95	per SF/Month	\$4,703,988
Gross Potential Rent (Retail)	\$4.00	per SF/Month (NNN)	\$235,200
Losses to Vacancy	5.0%	of GPR	<u>-\$246,959</u>
Gross Revenue - Res. & Retail			\$4,692,229
Operating Expenses	29%	of Gross Revenue	<u>-\$1,351,809</u>
Net Operating Income - Res. & Retail			\$3,340,420
Net Operating Income - Res. Parking	\$150	per Space/Month	<u>\$99,855</u>
<i>Net Operating Income</i>			<i>\$3,440,275</i>
Building Value	4.08%	Capitalization Rate ¹	\$84,237,974
Disposition Cost	1.5%	of Building Value	-\$1,263,570
Net Value			\$82,974,404
ESTIMATED PROJECT COST			
Construction Costs			
Basic Site Work	\$456	per SF (Site)	\$1,663,510
Building Direct Cost	\$405	Cost/SF (GBA)	\$37,884,053
Structured Parking Direct Cost	\$74,406	per Space	<u>\$4,492,269</u>
<i>Subtotal</i>			<i>\$44,039,832</i>
Tenant Improvement / Apartment FF&E			\$836,500
PLA Cost Premium	0%	of Total Const. Cost	<u>\$0</u>
<i>Total Construction Cost</i>			<i>\$44,876,332</i>
Soft Costs			
Architecture and Engineering	4.0%	of Construction Cost	\$1,795,053
Other Professional Services	3.0%	of Construction Cost	\$1,346,290
Permits and Fees	\$89,866	per Dwelling Unit	\$8,177,781
Taxes and Insurance	3.0%	of Construction Cost	\$1,346,290
Financing	6.0%	of Construction Cost	\$2,692,580
Marketing/Leasing	3.0%	of Construction Cost	\$1,346,290
Developer Overhead Fee	4.0%	of Construction Cost	\$1,795,053
<i>Total Soft Costs</i>			<i>\$18,499,338</i>
Other Project Costs			
Development Contingency	5.0%	of Hard and Soft Costs	\$3,168,784
Project ROI	10.0%	of Net Value	\$8,297,440
<i>Total Other Costs</i>			<i>\$11,466,224</i>
Total Project Cost			\$74,841,894
LAND VALUE PAID			
Contract Land Cost Basis			\$14,000,000
ESTIMATED RESIDUAL VALUE			
Estimated Value Available for Additional Community Benefits			-\$5,867,490

[1] This capitalization rate is a weighted blend of 4.00% apartment cap rate and 6.00% retail cap rate.

Table A-2 Proposed High-Rise Pro Forma Financial Analysis Summary

DEVELOPMENT PROGRAM ASSUMPTIONS			
Dwelling Units			156
Gross Residential Area (Square Feet)	1,019	per Unit	158,935
Gross Retail Area (Square Feet)			4,900
Rentable Area (Square Feet)	75%	of GBA	122,245
Structured Parking Spaces			100
Landscape (Square Feet)			3,650
ESTIMATED BUILDING VALUE			
Gross Potential Rent (Res.)	\$6.04	per SF/Month	\$8,505,708
Gross Potential Rent (Retail)	\$4.00	per SF/Month (NNN)	\$235,200
Losses to Vacancy	5.0%	of GPR	<u>-\$437,045</u>
Gross Revenue - Res. & Retail			\$8,303,863
Operating Expenses	29%	of Gross Revenue	<u>-\$2,435,299</u>
Net Operating Income - Res. & Retail			\$5,868,564
Net Operating Income - Res. Parking	\$150	per Space/Month	<u>\$171,180</u>
<i>Net Operating Income</i>			<u>\$6,039,744</u>
Building Value	4.05%	Capitalization Rate ¹	\$149,224,700
Disposition Cost	1.5%	of Building Value	-\$2,238,371
Net Value			\$146,986,330
ESTIMATED PROJECT COSTS			
Construction Costs			
Basic Site Work	\$456	per SF (Site)	\$1,663,510
Building Direct Cost	\$387	per SF (GBA)	\$63,467,447
Structured Parking Direct Cost	\$74,406	per Space	<u>\$7,440,612</u>
<i>Subtotal (Corresponds with BUILD GROUP est.)</i>			\$72,571,569
Tenant Improvement / Apartment FF&E			\$1,259,000
PLA Cost Premium	5%	of Total Const. Cost	<u>\$3,885,819</u>
<i>Total Construction Cost</i>			<u>\$77,716,388</u>
Soft Costs			
Architecture and Engineering	4.0%	of Construction Cost	\$3,108,656
Other Professional Services	3.0%	of Construction Cost	\$2,331,492
Permits and Fees	\$89,866	per Dwelling Unit	\$14,019,054
Taxes and Insurance	3.0%	of Construction Cost	\$2,331,492
Financing	9.1%	of Construction Cost	\$7,103,278
Marketing/Leasing	3.0%	of Construction Cost	\$2,331,492
Developer Overhead Fee	4.0%	of Construction Cost	<u>\$3,108,656</u>
<i>Total Soft Costs</i>			<u>\$34,334,118</u>
Other Project Costs			
Development Contingency	5.0%	of Hard and Soft Costs	\$5,602,525
Project ROI	10.0%	of Net Value	<u>\$14,698,633</u>
<i>Total Other Costs</i>			<u>\$20,301,158</u>
Total Project Cost			\$132,351,665
LAND VALUE PAID			
Contract Land Cost Basis			\$14,000,000
ESTIMATED RESIDUAL VALUE			
Estimated Value Available for Additional Community Benefits			\$634,665
COMMUNITY BENEFITS			
Project Labor Agreement			\$3,885,819
Estimated Value Available for Additional Community Benefits			\$634,665
Total Community Benefits			\$4,520,485

[1] This capitalization rate is a weighted blend of 4.00% apartment cap rate and 6.00% retail cap rate.

Table A-3 Development Permits and Fees Detail

Item	Fee	Per	Total	Total per Unit
CITY OF BERKELEY FEES				
Plan Check Fees			\$858,022	\$5,500.14
Building Permit Fees			\$1,959,852	\$12,563.15
Affordable Housing Fee ¹	\$37,000	unit	\$5,772,000	\$37,000.00
SOSIPs (Res.)	\$2.23	gsf	\$353,462	\$2,265.78
SOSIPs (Comm.)	\$1.68	gsf	\$8,232	\$52.77
SOSIP (Credit for Existing Use)	\$1.68	gsf	-\$37,373	-\$239.57
0.8% for Arts ²	0.80%	eligible cost	\$480,000	\$3,076.92
Sewer Connection Fee	\$161	fixture unit	<u>\$551,264</u>	<u>\$3,533.74</u>
<i>Subtotal</i>			<i>\$9,945,458</i>	<i>\$63,752.94</i>
BERKELEY UNIFIED SCHOOL DISTRICT				
Residential Fee	\$3.48	gsf	\$551,590	\$3,535.84
Comercial Fee	\$0.56	gsf	\$2,744	\$17.59
Comercial Fee (Credit for Existing Use)		gsf	<u>-\$2,744</u>	<u>-\$17.59</u>
<i>Subtotal</i>			<i>\$551,590</i>	<i>\$3,535.84</i>
UTILITIES				
PG&E			\$850,000	\$5,448.72
Water Service Installation (1" Meter)	\$6,193	install	\$6,193	\$39.70
Water Service Installation (4" Meter)	\$23,892	install	\$23,892	\$153.15
Fire Service Installation (6" Service)	\$20,830	install	\$20,830	\$133.53
Fire Service Installation (6" Hydrant)	\$3,160	install	\$3,160	\$20.26
System Capacity Charge Retail (1")	\$59,920	install	\$59,920	\$384.10
System Capacity Charge Residential	\$9,750	unit	\$1,521,000	\$9,750.00
System Capacity Charge Irrigation	\$11,520	install	\$11,520	\$73.85
Wastewater Capacity Fee Residential	\$2,150	unit	<u>\$335,400</u>	<u>\$2,150.00</u>
<i>Subtotal</i>			<i>\$2,831,915</i>	<i>\$18,153.30</i>
OTHER				
Traffic Engineering Fees ²	0.65%	eligible cost	\$390,090	\$2,500.58
Use Permit & CEQA Fees		gsf	<u>\$300,000</u>	<u>\$1,923.08</u>
<i>Subtotal</i>			<i>\$690,090</i>	<i>\$4,423.65</i>
TOTAL PERMIT AND FEE BURDEN			\$14,019,054	\$89,865.73

[1] Calculation of affordable housing fee assumes no inclusion of below market rate units. Fee calculation at \$37,000 per unit reflects Berkeley Municipal Code 22.20.065 Affordable housing mitigation fee.

[2] Plan Check, Building Permit, Public Art, and Traffic Engineering fees are based on eligible construction costs estimated at \$60

Table A-4 Downside Scenario of Proposed High-Rise Pro Forma Financial Analysis Summary

DEVELOPMENT PROGRAM ASSUMPTIONS			
Dwelling Units			156
Gross Residential Area (Square Feet)	1,019	per Unit	158,935
Gross Retail Area (Square Feet)			4,900
Rentable Area (Square Feet)	75%	of GBA	122,245
Structured Parking Spaces			100
Landscape (Square Feet)			3,650
ESTIMATED BUILDING VALUE			
Gross Potential Rent (Res.)	\$6.04	per SF/Month	\$8,505,708
Gross Potential Rent (Retail)	\$4.00	per SF/Month (NNN)	\$235,200
Losses to Vacancy	5.0%	of GPR	<u>-\$437,045</u>
Gross Revenue - Res. & Retail			\$8,303,863
Operating Expenses	29%	of Gross Revenue	<u>-\$2,435,299</u>
Net Operating Income - Res. & Retail			\$5,868,564
Net Operating Income - Res. Parking	\$150	per Space/Month	<u>\$171,180</u>
<i>Net Operating Income</i>			\$6,039,744
Building Value	4.29%	Capitalization Rate ¹	\$140,654,883
Disposition Cost	1.5%	of Building Value	-\$2,109,823
Net Value			\$138,545,060
ESTIMATED PROJECT COSTS			
Construction Costs			
Basic Site Work	\$456	per SF (Site)	\$1,663,510
Building Direct Cost	\$387	per SF (GBA)	\$63,467,447
Structured Parking Direct Cost	\$74,406	per Space	<u>\$7,440,612</u>
<i>Subtotal (Corresponds with BUILD GROUP est.)</i>			\$72,571,569
Tenant Improvement / Apartment FF&E			\$1,259,000
PLA Cost Premium	5%	of Total Const. Cost	<u>\$3,885,819</u>
<i>Total Construction Cost</i>			\$77,716,388
Soft Costs			
Architecture and Engineering	4.0%	of Construction Cost	\$3,108,656
Other Professional Services	3.0%	of Construction Cost	\$2,331,492
Permits and Fees	\$89,866	per Dwelling Unit	\$14,019,054
Taxes and Insurance	3.0%	of Construction Cost	\$2,331,492
Financing	9.1%	of Construction Cost	\$7,103,278
Marketing/Leasing	3.0%	of Construction Cost	\$2,331,492
Developer Overhead Fee	4.0%	of Construction Cost	<u>\$3,108,656</u>
<i>Total Soft Costs</i>			\$34,334,118
Other Project Costs			
Development Contingency	5.0%	of Hard and Soft Costs	\$5,602,525
Project ROI	10.0%	of Net Value	<u>\$13,854,506</u>
<i>Total Other Costs</i>			\$19,457,031
Total Project Cost			\$131,507,538
LAND VALUE PAID			
Contract Land Cost Basis			\$14,000,000
ESTIMATED RESIDUAL VALUE			
Estimated Value Available for Additional Community Benefits			-\$6,962,478

[1] This capitalization rate is a weighted blend of 4.25% apartment cap rate and 6.00% retail cap rate.

APPENDIX B





Systems Summary

Project: 1951 Shattuck St.
Berkeley, CA

# Building Component	Area	Count	Run Date:	3/13/2018
1 Garage	19,695 gsf	100 Stackers	197 sf/parking spot	Budget Round: 2.1
2 Residential - Type 1	158,503 gsf	156 units	117225 sf net rentable (SCB)	\$71,276,853 Total Without Retail
3 Retail	4,900 gsf	1 Retail Space	751 sfnr/unit	\$608.03 /NF SF
4 Site	3,650 gsf		0.74 sfnr/res gsf	\$456,903 /unit
Total	186,748 gsf			

		1			2			3			4				
		TOTAL	\$/Units	\$/GSF	Garage	100	19,695	Residential - Type 1	156	158,503	Retail	1	4,900	Site	3,650
						spaces	gsf		units	gsf			gsf		gsf
1 General Conditions		\$3,255,000	\$20,865	\$17.43	\$620,000	\$6,200	\$31.48	\$2,325,000	\$14,904	\$14.67	\$155,000	\$155,000	\$31.63	\$155,000	\$42.47
2 Sitework		\$2,817,590	\$18,061	\$15.09	\$1,615,039	\$16,150	\$82.00	\$349,960	\$2,243	\$2.21	\$26,300	\$26,300	\$5.37	\$826,291	\$226.38
3 Landscaping		\$134,850	\$864	\$0.72	\$-	\$0	\$-	\$-	\$0	\$-	\$-	\$0	\$-	\$134,850	\$36.95
4 Foundations		\$4,104,539	\$26,311	\$21.98	\$956,837	\$9,568	\$48.58	\$3,037,800	\$19,473	\$19.17	\$66,102	\$66,102	\$13.49	\$43,800	\$12.00
5 Structure		\$9,060,149	\$58,078	\$48.52	\$714,072	\$7,141	\$36.26	\$7,973,689	\$51,113	\$50.31	\$230,988	\$230,988	\$47.14	\$141,400	\$38.74
6 Exterior Envelope		\$9,277,780	\$59,473	\$49.68	\$60,545	\$605	\$3.07	\$8,838,460	\$56,657	\$55.76	\$296,375	\$296,375	\$60.48	\$82,400	\$22.58
7 Roofing/Waterproofing		\$1,758,680	\$11,274	\$9.42	\$383,385	\$3,834	\$19.47	\$1,303,505	\$8,356	\$8.22	\$9,800	\$9,800	\$2.00	\$61,990	\$16.98
8 Interiors		\$13,073,094	\$83,802	\$70.00	\$170,121	\$1,701	\$8.64	\$12,749,708	\$81,729	\$80.44	\$98,410	\$98,410	\$20.08	\$54,855	\$15.03
9 Specialties		\$603,673	\$3,870	\$3.23	\$68,673	\$687	\$3.49	\$513,250	\$3,290	\$3.24	\$21,750	\$21,750	\$4.44	\$-	\$-
10 Equipment		\$3,006,500	\$19,272	\$16.10	\$1,535,000	\$15,350	\$77.94	\$1,470,000	\$9,423	\$9.27	\$-	\$0	\$-	\$1,500	\$0.41
11 Elevators		\$1,250,000	\$8,013	\$6.69	\$83,000	\$830	\$4.21	\$1,084,000	\$6,949	\$6.84	\$83,000	\$83,000	\$16.94	\$-	\$-
12 Fire Sprinklers		\$969,070	\$6,212	\$5.19	\$83,704	\$837	\$4.25	\$859,641	\$5,511	\$5.42	\$25,725	\$25,725	\$5.25	\$-	\$-
13 Plumbing		\$4,943,280	\$31,688	\$26.47	\$96,280	\$963	\$4.89	\$4,801,300	\$30,778	\$30.29	\$29,400	\$29,400	\$6.00	\$16,300	\$4.47
14 HVAC		\$3,971,880	\$25,461	\$21.27	\$78,780	\$788	\$4.00	\$3,849,000	\$24,673	\$24.28	\$44,100	\$44,100	\$9.00	\$-	\$-
15 Electrical		\$6,123,626	\$39,254	\$32.79	\$309,246	\$3,092	\$15.70	\$5,756,580	\$36,901	\$36.32	\$41,975	\$41,975	\$8.57	\$15,825	\$4.34
16 Insurance & Subguard		\$-	\$0	\$-	\$-	\$0	\$-	\$-	\$0	\$-	\$-	\$0	\$-	\$-	\$-
17 Misc Expenses		\$807,261	\$5,175	\$4.32	\$80,848	\$808	\$4.11	\$686,638	\$4,402	\$4.33	\$20,200	\$20,200	\$4.12	\$19,575	\$5.36
20 Equipment		\$2,056,490	\$13,183	\$11.01	\$20,000	\$200	\$1.02	\$2,026,490	\$12,990	\$12.79	\$5,000	\$5,000	\$1.02	\$5,000	\$1.37
Subtotal		\$67,213,462	\$430,856	\$359.92	\$6,875,530	\$68,755	\$349.10	\$57,625,021	\$369,391	\$363.56	\$1,154,125			\$1,558,786	
Construction Contingency	3.00%	\$2,016,404	\$12,926	\$10.80	\$212,656	\$2,127	\$10.80	\$1,711,430	\$10,971	\$10.80	\$52,908	\$52,908	\$10.80	\$39,411	\$10.80
Liability Insurance, DIC	0.41%	\$283,842	\$1,820	\$1.52	\$29,935	\$299	\$1.52	\$240,912	\$1,544	\$1.52	\$7,448	\$7,448	\$1.52	\$5,548	\$1.52
SDI Fee	1.20%	\$834,164	\$5,347	\$4.47	\$87,973	\$880	\$4.47	\$708,000	\$4,538	\$4.47	\$21,887	\$21,887	\$4.47	\$16,304	\$4.47
Fee	2.75%	\$1,934,567	\$12,401	\$10.36	\$204,025	\$2,040	\$10.36	\$1,641,970	\$10,525	\$10.36	\$50,760	\$50,760	\$10.36	\$37,811	\$10.36
Gross Receipts Tax	0.400%	\$289,130	\$1,853	\$1.55	\$30,492	\$305	\$1.55	\$245,400	\$1,573	\$1.55	\$7,586	\$7,586	\$1.55	\$5,651	\$1.55
		\$72,571,567	\$465,202	\$388.61	\$7,440,612	\$74,406	\$377.79	\$62,172,733	\$398,543	\$392.25	\$1,294,714	\$1,294,714	\$264.23	\$1,663,510	\$455.76

Notes:

Alternates:

- 1 Excludes General Contractor Bonding. (see alternate #1 to the right)
- 2 Excludes Builders Risk Insurance and GL Insurance. Owner to carry OCIP
- 3 Excludes all permit costs
- 4 **Foundation Assumed to be Mat Foundation, with single cased piles at BART ZOI**
- 5 Includes Allowance for asbestos remediation - need more information
- 6 Pricing based on SCB Option 1. Skin is based on Window wall, GFRC Panels (1 kind - with simulated brick GFRC panels), storefronts.
- 7 Height will require Manlift and Window Washing.
- 8 **Building Schedule based on 21 months for TCO**
- 9 Construction Contingency Carried at 3%
- 10 **Budget assumes Union labor for all work associated with Carpenters' Union.**
- 11 **Budget assumes non Union MEP rates. Refer to Alternates at Right for Union MEP/FS adds.**
- 12 No acoustical report provided. Assumes no STC's over 37
- 13 Unit Heat is assumed to be based on in wall heat
- 14 **Pricing is in current dollars**
- 15 Owner to carry permit cost/city fee's of traffic closure/parking space closure
- 16 **Does not include encroachment permit, BAAQMD Permits, Jobsite/traffic permits**
- 17 **Budget based upon 120' height limit, 12 stories, with 156 units total.**
- 18 Budget based upon SCB documents - Build Group did not run a complete take off analysis based on the drawings - largely based this budget on SCB Unit Matrix, sent via email 2/27/18.
- 19 GSF for enclosed garage, residential & retail areas based on SCB Unit Matrix. Any exterior site areas based on BG take off.
- 20 Assume 46 Balconies (at 46 units). Assume balconies are 3'x6' in dimension with glass guardrails.

- 1 Add for General Contractor Bonding - at .58% **\$420,915**
- 2 Add for inflation to 6/2019 Start (Assume 5% total inflation) **\$3,628,578**
- 3 Add for Union Plumbing Pricing (assume 30% rate difference) **\$1,533,491**
- 4 Add for Union HVAC Pricing (assume 30% rate difference) **\$1,049,003**
- 5 Add for Union Electrical Pricing (assume 30% rate difference) **\$1,696,992**
- 6 Alternate: Assume Plaster @ Courtyard (in lieu of GFRC Panels with simulated brick). Assume @ 18% of total LF of skin **-\$724,900.00**

1951 Shattuck Ave. Local Annual Tax Summary

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				<i>Estimated Net Increase Over Current Property</i>
TOTAL ANNUAL TAX REVENUE			\$2,328,225.83	\$2,076,976.32
TOTAL ANNUAL TAX REVENUE ALLOCATED TO CITY OF BERKELEY				
Countywide Property Tax Allocated to City of Berkeley	<i>Est. % returned to Berkeley</i>	32.5%	\$477,705.57	\$475,699.36
City of Berkeley Direct Property Tax	(See Below)		\$72,317.27	\$72,013.57
Property Tax In-Lieu of Vehicle License Fees	(See Below)		\$88,440.82	\$88,069.40
Business Taxes	(See Below)		\$133,798.05	\$128,626.66
Estimated Sales Tax on Retail Allocated to City of Berkeley	<i>Est. % returned to Berkeley</i>	30%	\$62,004.60	-\$909.09
			\$834,266.32	\$763,499.90
TOTAL ANNUAL TAX REVENUE ALLOCATED TO EDUCATION IN BERKELEY				
Property Tax: Berkeley Unified School District	(See Below)		\$179,029.35	\$178,277.48
Property Tax: Peralta Community College District	(See Below)		\$45,565.76	\$45,374.40
Education-Related Fixed Charges and Special Assessments	(See Below)		\$13,521.00	\$5,377.24
			\$238,116.11	\$229,029.13

DETAILED TAX ESTIMATE

ANNUAL PROPERTY TAXES ¹	Multiple	Basis	Tax Amount	Net Increase
Countywide Tax Rate	<i>Building Value</i>	1.0000%	\$1,469,863.30	\$1,463,690.35
City of Berkeley	<i>Building Value</i>	0.0492%	\$72,317.27	\$72,013.57
Berkeley Unified School District	<i>Building Value</i>	0.1218%	\$179,029.35	\$178,277.48
Peralta Community College District	<i>Building Value</i>	0.0310%	\$45,565.76	\$45,374.40
Bay Area Rapid Transit (BART)	<i>Building Value</i>	0.0084%	\$12,346.85	\$12,295.00
East Bay Regional Park 1	<i>Building Value</i>	0.0021%	\$3,086.71	\$3,073.75
EBMUD Special District 1	<i>Building Value</i>	0.0011%	\$1,616.85	\$1,610.06
		1.2136%	\$1,783,826.10	\$1,776,334.61
PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEES			Existing	At Buildout
Existing Citywide Property Tax in-Lieu of VLF		\$10,566,772.00		
Citywide Assessed Value ²		\$17,561,697,818.00		
Project Net Assessed Value Increase		0.004%	0.837%	0.833%
Property Tax In-Lieu of VLF Revenue		\$371.42	\$88,440.82	\$88,069.40
ANNUAL BUSINESS TAXES (GROSS RECEIPTS TAX)			Tax Amount	Net Increase
Tax on Property Residential Rental Revenue	<i>Gross Receipts</i>	2.88%	\$128,701.39	\$128,701.39
Tax on Property Retail Rental Revenue	<i>Gross Receipts</i>	1.08%	\$2,415.39	-\$35.41
Tax on Retailer Revenue in Building	<i>Annual Retail Sales</i>	0.12%	\$2,681.28	-\$39.31
			\$133,798.05	\$128,626.66
ANNUAL FIXED CHARGES & SPECIAL ASSESSMENTS			Tax Amount	Net Increase
Downtown Business Improvement district	<i>Plot Area + Building SF</i>	0.1668	\$33,209.05	\$25,241.31
AC Transit	<i>Unit</i>	96.0000	\$14,976.00	\$14,880.00
Education	<i>Summary</i>		\$13,521.00	\$5,377.24
Emergency & Medical	<i>Summary</i>		\$11,293.24	\$8,976.83
City Services	<i>Summary</i>		\$6,352.07	-\$2,654.33
Pest Control	<i>Summary</i>		\$4,238.52	\$4,218.36
Other	<i>Summary</i>		\$1,460.70	\$508.26
			\$85,050.57	\$56,547.66
ANNUAL SALES TAX ON RETAIL SALES			Tax Amount	Net Increase
	<i>Annual Retail Sales</i>	9.25%	\$206,682.00	-\$3,030.30
ANNUAL USER UTILITY TAX (Electric, Gas, Telephone/Video/Cable)			Tax Amount	Net Increase
	<i>Utility bills</i>	7.50%	\$30,428.28	\$30,428.28

1- Building value estimated by EPS using current market rents. Due to anticipated market rent growth, annual property taxes are expected to increase by 2% per year.

2- Alameda County Assessor 2017-2018 Annual report

1951 Shattuck Ave. Local Annual Tax Summary

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ANNUAL FIXED CHARGES AND SPECIAL ASSESSMENTS	<i>Multiple</i>	<i>Basis</i>	Tax Amount	Net Increase
Downtown Business Improvement district	<i>Plot Area + Building SF</i>	<i>0.1668</i>	\$33,209.05	\$25,241.31
AC Transit	<i>Unit</i>	<i>96.0000</i>	\$14,976.00	\$14,880.00
Education				
Peralta CCD Mease B	<i>Unit</i>	<i>48.0000</i>	\$7,488.00	\$7,440.00
Schl ED Progs/BSEP	<i>Plot Area</i>	<i>0.2845</i>	\$4,906.77	-\$1,474.63
School Maintenance	<i>Plot Area</i>	<i>0.0653</i>	\$1,126.23	-\$588.13
			<u>\$13,521.00</u>	<u>\$5,377.24</u>
Emergency & Medical				
CSA Paramedic	<i>Unit</i>	<i>61.3600</i>	\$9,572.16	\$9,510.80
Paramedic Supplement	<i>Plot Area</i>	<i>0.0353</i>	\$608.82	-\$22.42
Fire/Emergency Service Tax	<i>Plot Area</i>	<i>0.0520</i>	\$896.67	-\$511.55
CFD1 Disaster Fire	<i>Plot Area</i>	<i>0.0125</i>	\$215.59	\$0.00
			<u>\$11,293.24</u>	<u>\$8,976.83</u>
City Services				
City Library Services	<i>Plot Area</i>	<i>0.2030</i>	\$3,501.14	-\$1,993.76
City Landscape Park	<i>Plot Area</i>	<i>0.1545</i>	\$2,664.66	-\$101.76
City Street Lighting	<i>Plot Area</i>	<i>0.0108</i>	\$186.27	-\$558.81
			<u>\$6,352.07</u>	<u>-\$2,654.33</u>
Pest Control				
Mosquito Abatement	<i>Unit</i>	<i>8.7500</i>	\$1,365.00	\$1,363.26
Mosquito Assess B	<i>Unit</i>	<i>2.5000</i>	\$390.00	\$387.50
CSA Vector Control	<i>Unit</i>	<i>11.8400</i>	\$1,847.04	\$1,835.20
CSA Vector Cntrl B	<i>Unit</i>	<i>4.0800</i>	\$636.48	\$632.40
			<u>\$4,238.52</u>	<u>\$4,218.36</u>
Other				
East Bay Trail LLD	<i>Unit</i>	<i>5.44</i>	\$848.64	\$843.20
EBMUD Wetweather Facilities Charge	<i>Flat fee for plot</i>	<i>336</i>	\$336.00	-\$16.80
Physical Disabled	<i>Plot Area</i>	<i>0.0146</i>	\$252.50	-\$9.48
Clean Storm Water	<i>Plot Area</i>	<i>0.0014</i>	\$23.56	-\$296.66
SFBRA MEASURE AA			\$0.00	-\$12.00
			<u>\$1,460.70</u>	<u>\$508.26</u>
TOTAL ANNUAL FIXED CHARGES AND SPECIAL ASSESSMENTS			\$85,050.57	\$56,547.66

ASSUMPTIONS
Building Assumptions

Estimated Building Value	\$146,986,330.00
Gross Revenue - Residential	\$4,468,798.10
Gross Revenue - Retail	\$223,440.00
Retail Rent as % of Revenue	10%
Annual Retail Sales	\$2,234,400.00
Plot Area (SF)	17,247
Building Area (GSF)	181,848
Units	156

Utilities Assumptions

Utilities - Electric Common Area	\$84,000.00
Utilities - Electric Vacant	\$2,172.00
Utilities - Gas - Common Area	\$29,004.00
Occupied Units Electricity Bill Estimate	\$108,950.40
Occupied Units Cable Bill Estimate	\$181,584.00

Other

Est. % of sales tax returned to Berkeley	30%
Est. % of property Tax returned to Berkeley General Fund	32.50%

SOURCE

EPS Memo, Proposed High-Rise
EPS Memo, Proposed High-Rise
EPS Memo, Proposed High-Rise
Grosvenor Investment Team
Grosvenor Application
Grosvenor Application
Grosvenor Application
Greystar
Greystar
Greystar
Grosvenor Estimate
Grosvenor Estimate
TischlerBise (2016): Fiscal Impact Analysis for California Communities
EPS Memo - MCR 2190 Shattuck Economic and Fiscal Impacts