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ATTACHMENT "C"

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ECONOMIC DEVELOPMENT

MEMORANDUM

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To: Gregory Robinson, Housing Administrator  
City of Pasadena

From: Kathleen Head  
Julie Romey

Date: July 3, 2003

Subject: Inclusionary Housing Ordinance - In-Lieu Fee Update

At your request, Keyser Marston Associates, Inc. (KMA) prepared an updated financial analysis in support of the rental and ownership inclusionary housing in-lieu fees imposed by the Pasadena Inclusionary Housing Ordinance (Ordinance). This summary is based on the methodology used in the KMA analysis dated March 8, 2001, and updated in an August 23, 2001 memorandum.

BACKGROUND

In 2001, the City adopted the Ordinance, which requires 15% of all newly constructed units in residential developments of 10 units or more to be sold or rented to low and moderate income households at an affordable housing cost. Ownership projects can fulfill the 15% inclusionary housing obligation with moderate income units, which are defined as households earning up to 120% of the Los Angeles County median income (Median) as defined by the California Housing and Community Development Department (HCD). Comparatively, at least 10% of the units in a rental project must be set-aside for low income households, and the remaining requirement can be filled with moderate income units.

The affordable housing costs are defined as follows:

1. Affordable Rents:
  - a. Low Income Rents – 30% multiplied times 80% of the Median, and
  - b. Moderate Income Rents – 30% of 120% multiplied times the Median.

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2. The Affordable Housing Cost for ownership units is calculated based on 40% multiplied times 110% of the Median.

The Ordinance also allows developers to fulfill the inclusionary housing requirements by paying an in-lieu fee. For the purposes of establishing the in-lieu fee, the Ordinance breaks the City into four subareas. The 2001 in-lieu fees were calculated assuming that 75% of the affordability gap associated with the inclusionary housing obligation would be assessed as the in-lieu fee. The resulting in-lieu fees per square foot of gross building area (GBA) developed in market rate projects are:

Rental Units			
Subareas	Number of Units		
	< 10	10 – 49	50 +
A	Exempt	TBD	TBD
B	Exempt	\$0	\$0
C	Exempt	\$7	\$10
D	Exempt	\$10	\$15

Ownership Units			
Subareas	Number of Units		
	< 10	10 – 49	50 +
A	Exempt	\$10	\$14
B	Exempt	\$0	\$0
C	Exempt	\$1	\$2
D	Exempt	\$5	\$7

The KMA financial update is organized as follows:

1. KMA estimated the affordability gaps associated with the ownership and rental projects that are subject to the Ordinance. (Appendices A and B)
2. The estimated affordability gaps are used in calculating the recommended in-lieu fees. (Appendix C)

#### 2003 RENTAL UNITS AFFORDABILITY GAP ANALYSIS (APPENDIX A)

The methodology used in the KMA affordability gap analysis for rental developments can be described as follows:

1. KMA used the following market rent data in the updated financial analysis:

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- a. Subarea A: It was determined that no significant apartment development has occurred within the subarea. Thus, market data are not available, and it will be necessary to calculate the in-lieu fee on a project-by-project basis.
  - b. Subarea B: KMA applied the fair market rents (FMR) established by the United States Department of Housing and Urban Development (HUD) as a surrogate for achievable market rents.
  - c. Subareas C and D: KMA undertook a rental survey of existing projects in the subareas.
2. KMA calculated the maximum affordable rents for moderate and low income households based on household income statistics distributed by HCD and the affordability standards in the Ordinance.
  3. To estimate the affordability gap between a market rate project and one subject to the Ordinance's restrictions, KMA created a prototype apartment project comprised of 90 units. This analysis compares the market rents to the allowable low and moderate income rents to identify the affordability gaps. These affordability gaps were then translated into the value reduction generated by the income and affordability restrictions.

The tables that detail the rental analysis are located in Appendix A, and are organized as follows:

Exhibit 1	Map of the Rental Subareas <sup>1</sup>
Table 1A	Market Rent Comparables by Project (Subarea C)
Table 1B	Market Rent Comparables by Project (Subarea D)
Table 2	Market Rent Estimates for New Rental Projects
Table 3	Affordable Rents for Moderate and Low Income Households
Table 4A	Net Operating Income – 100% Market Rate Units (Subarea B)
Table 4B	Net Operating Income – 100% Market Rate Units (Subarea C)
Table 4C	Net Operating Income – 100% Market Rate Units (Subarea D)
Table 5	Net Operating Income – 100% Moderate Income Units
Table 6	Net Operating Income – 100% Low Income Units
Table 7	Rental Affordability Gap per Affordable Unit
Table 8	Rental Affordability Gap per Total Unit

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<sup>1</sup> KMA assumed that Subarea D's southern boundary will be changed to include both sides of Colorado Boulevard.

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**Market Rent Rates**

As shown in Tables 1A and 1B, KMA estimated the current market rents in Subareas C and D are estimated as follows:

Rent Per Square Foot of GBA		
	One-Bedroom Units	Two-Bedroom Units
Subarea C	\$1.84	\$1.59
Subarea D	\$2.29	\$1.94

The KMA survey indicates that the market rents for newly constructed units in Subarea D are actually lower than the average rents being achieved throughout the subarea. Thus, KMA applied the average rents in the Subarea D analysis. The resulting rent estimates used in the affordability gap analysis are presented in the following table:

	One-Bedroom Units	Two-Bedroom Units
Subarea C	\$2.49	\$2.11
Subarea D	\$2.29	\$1.94

To estimate the market rents in Subareas C and D, KMA assumed that one-bedroom units average 800 square feet and two-bedroom units average 1,000 square feet. In addition, KMA applied the FMR's for Subarea B. The following summarizes the current market rents per unit, and compares them to the estimates used in 2001.

	One-Bedroom Units			Two-Bedroom Units		
	2003	2001	% Change	2003	2001	% Change
Subarea B	\$840	\$605	39%	\$1,064	\$766	39%
Subarea C	\$1,990	\$1,584	26%	\$2,110	\$1,660	27%
Subarea D	\$1,830	\$1,800	2%	\$1,940	\$2,000	(3%)

**Maximum Affordable Rents**

Based on the Ordinance, 5% of the units in rental developments must be set-aside for moderate income families while 10% of the units must be set aside for low income families. The assumptions used to estimate the maximum affordable rents, which are detailed in Table 3, can be summarized as follows:

1. The household incomes are based on two-person households for one-bedroom units, and three-person households for two-bedroom units.

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2. The household income is set at 80% of the Median for the low income units and 120% of the Median for the moderate income units.
3. 30% of the defined household income is allocated to housing related expenses.
4. The maximum allowable rent must be adjusted to reflect the fact that the tenants will be required to pay for interior utilities costs. Based on the allowances provided by the City, the utilities remain unchanged from the 2001 analysis at \$53 per month for one-bedroom units and \$63 per month for two-bedroom units.

The maximum allowable rents under the defined income categories are as follows:

	One-Bedroom Units			Two-Bedroom Units		
	2003	2001	% Change	2003	2001	% Change
Moderate Income	\$1,270	\$1,255	1.20%	\$1,430	\$1,409	1.49%
Low Income	\$830	\$819	1.34%	\$930	\$918	1.31%

As a practical matter, tenants will not be willing to pay rent that exceeds the prevailing rate in the market area. As such, it is important to estimate the rents that could be generated by the units being evaluated if they were rented without affordability restrictions.

Based on the market rent estimates previously discussed, it is evident that the maximum affordable rents are lower than the achievable market rents in Subareas C and D. Thus, the maximum affordable rents would prevail in these subareas. Comparatively, the market rents in Subarea B are lower than the maximum affordable rents for moderate income households. Thus, the market rents would prevail for moderate income units in Subarea B.

### Affordability Gap Calculations

To determine the affordability gap between a market rate apartment project and one subject to the Ordinance's restrictions, KMA created a prototypical apartment project comprised of 45 one-bedroom units and 45 two-bedroom units, totaling 90 units. This conceptual analysis was prepared to identify the financial gap associated with including low and moderate income units in a market rate project.

The components included in the affordability gap calculations are:

1. The difference between the market rate and income restricted rents, is calculated.

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2. The income analysis for both market rate and income restricted projects include \$8 per unit per month in miscellaneous income and a standard 5% vacancy and collection allowance.
3. The property tax expense estimates vary among the market rate and income restricted apartment projects. The difference is calculated by comparing the values supported by the various scenarios.
4. The balance of the operating expenses and the reserves for capital repairs are assumed to remain constant among the market rate, moderate income and low income units. These expenses were estimated at \$3,000 per unit per year. This is a 9% increase over the 2001 estimate for the same expenses.
5. The net operating income for both the market rate and income restricted units was capitalized at an 8% rate to estimate the relative values supported by market rate, moderate income and low income units.

As shown in Table 7, based on the preceding assumptions, the values per unit are estimated as follows:

	Market Rate Units	Moderate Income Units	Low Income Units
Subarea B	\$87,500	\$87,500	\$75,000
Subarea C	\$225,000	\$137,500	\$75,000
Subarea D	\$200,000	\$137,500	\$75,000

Table 7 also illustrates the affordability gaps per affordable unit, which are summarized as follows:

	Moderate Income Units	Low Income Units
Subarea B	\$0	\$12,500
Subarea C	\$87,500	\$150,000
Subarea D	\$62,500	\$125,000

### **Inclusionary Housing Obligation Cost**

The Ordinance requires developers to allocate 5% of the units in an apartment project to moderate income households and 10% of the units to low income households. Alternatively, the developer can pay an in-lieu fee that is assessed on 100% of the units in a market rate project. Table 8 illustrates the supportable in-lieu fee amount, assuming the fee is set at the amount

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required to recover 100% of the affordability gap. These results are summarized in the following table:

	2003	2001	% Change
Subarea B	\$1,200	\$0	NA
Subarea C	\$19,400	\$12,000	62%
Subarea D	\$15,600	\$17,500	(11%)

### 2003 OWNERSHIP UNITS AFFORDABILITY GAP ANALYSIS (APPENDIX B)

As in the previous analysis, KMA has assumed that the vast majority of new ownership housing projects in excess of 10 units will be medium to high density condominium projects. However, there is currently a very limited inventory of new condominium development in Pasadena. As such, there is insufficient comparable data from which to predict the market rate prices that can be achieved by new development. To resolve this problem, KMA compiled and analyzed the following data:

1. Data for new home sales occurring at the one new condominium project recently developed in Subarea D.
2. Resale data for two- and three-bedroom condominium units sold between June 2002 and April 2003 in all four subareas.

Based on the available data, the methodology used in the KMA affordability gap analysis for ownership development projects can be described as follows:

1. KMA extrapolated the achievable market rate condominium prices from the available data by creating a "Sales Price Factor". The Sales Price Factor can be described as follows:
  - a. The prices that can be achieved in Subarea D were estimated based on the sales information gathered from the recently completed Madison Walk project, plus the available information for condominium resales in Subarea D.
  - b. Based on the resale information compiled for each subarea, KMA estimated the average sales values currently being achieved in Subareas A, B and C. This was compared to the resale information compiled for Subarea D to identify the premium or discount in values found in the various subareas.
  - c. Using the market prices achieved by Madison Walk as a base, KMA applied the Sales Price Factors to estimate the average market price for new condominiums in the other three subareas.

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2. KMA calculated the maximum affordable sales price for moderate income households based on household income statistics distributed by HCD, and the affordability standards imposed by the Ordinance.
3. KMA compared the estimated market price to the maximum affordable price to identify the financial gaps that would be incurred by a developer if they chose to fulfill their inclusionary housing obligation on-site.

The tables that detail the analysis are located in Appendix B, and are organized as follows:

- Exhibit 1 Map of the Ownership Subareas
- Table 1 Market Price Estimates for New Condominium Projects
- Table 2A Supportable Housing Prices for Moderate Income Households (Subarea A)
- Table 2B Supportable Housing Prices for Moderate Income Households (Subarea B)
- Table 2C Supportable Housing Prices for Moderate Income Households (Subarea C)
- Table 2D Supportable Housing Prices for Moderate Income Households (Subarea D)
- Table 3 Ownership Affordability Gap Per Affordable and Total Unit

**Market Sales Prices**

KMA estimated the achievable market rate prices for new condominium development in Table 1. The following summarizes the market prices estimated for each subarea, and compares the estimates to the 2001 estimates.

	Two-Bedroom Units			Three-Bedroom Units		
	2003	2001	% Change	2003	2001	% Change
Subarea A	\$514,200	\$334,000	54%	\$712,200	\$416,000	71%
Subarea B	\$216,600	\$116,400	86%	\$376,500	\$118,400	218%
Subarea C	\$289,100	\$215,100	34%	\$349,400	\$233,600	50%
Subarea D	\$322,000	\$253,000	27%	\$459,500	\$320,000	44%

**Maximum Affordable Sales Prices**

Tables 2A through 2D, calculate the supportable housing prices for moderate income households based on the following assumptions:

1. The household incomes are based on three-person households for two-bedroom units, and four-person households for three-bedroom units.
2. The household income is set at 110% of the Median for the moderate income units.



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3. 40% of the defined household income is allocated to housing related expenses. These expenses are defined as mortgage debt service payments, property taxes, maintenance costs, insurance costs, utility costs and private mortgage insurance costs. For purposes of this analysis, these costs have been estimated as follow:
  - a. The insurance, maintenance and utilities costs are estimated at \$2,900 to \$3,100 per year depending on the unit size.
  - b. The private mortgage insurance is estimated at 0.5% of the loan amount.
  - c. The property tax cost is estimated at 1% of the projected unrestricted market rate price for the units. These prices were estimated based on the survey presented in Table 1.
4. The mortgage amount that can be supported is based on a 30 year fully amortizing mortgage at 6.5% interest rate (7.58% mortgage constant).
5. It was further assumed that the homebuyers would be required to contribute a down payment equal to 5% of the home's market value.

The following summarizes the resulting maximum affordable prices for each subarea:

	Two-Bedroom Units			Three-Bedroom Units		
	2003	2001	% Change	2003	2001	% Change
Subarea A	\$196,000	\$181,300	8%	\$208,800	\$200,300	4%
Subarea B	\$218,100	\$193,700	13%	\$232,900	\$217,400	7%
Subarea C	\$212,500	\$188,100	13%	\$235,600	\$210,800	12%
Subarea D	\$210,200	\$186,000	13%	\$227,900	\$205,800	11%

### Affordability Gap Calculations

The results of the affordability gap analysis for moderate income households are presented in Tables 2A through 2D. The analyses identify the gaps between the maximum affordable prices and the estimated market rate sales prices for two- and three-bedroom units, and are summarized below:

	Two-Bedroom Units	Three-Bedroom Units
Subarea A	\$318,000	\$503,400
Subarea B	\$0	\$143,600
Subarea C	\$76,600	\$113,800
Subarea D	\$111,800	\$231,600

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### Inclusionary Housing Obligation Cost

The Ordinance requires developers to allocate 15% of the units in an ownership project to moderate income households. Alternatively, the developer can pay an in-lieu fee that is imposed on 100% of the units in a market rate project. As shown in Table 3, the supportable in-lieu fees are summarized as follows:

	2003	2001	% Change
Subarea A	\$61,700	\$28,000	120%
Subarea B	\$10,800	\$0	NA
Subarea C	\$14,300	\$4,000	258%
Subarea D	\$25,800	\$14,000	84%

### 2003 IN-LIEU FEE CALCULATIONS (APPENDIX C)

As shown in Table 1, KMA calculated the in-lieu fees based on the same methodology as was applied in the 2001 analysis. The key assumptions are:

1. Projects including fewer than 10 units are exempt from the Ordinance requirements;
2. The in-lieu fee for projects with 10 to 49 units is calculated assuming that there is a 28% decrease in land value and that the in-lieu fee is set at the 75% cost recovery;
3. The in-lieu fee for projects with 50 units or more is calculated at the 75% cost recovery level; and
4. The average rental unit is estimated at 900 square feet in size while the average ownership unit is estimated at 1,500 square feet in size.

### 2003 Rental In-Lieu Fees

	10 – 49 Units			50 + Units		
	2003	2001	% Change	2003	2001	% Change
Subarea A	TBD	TBD	NA	TBD	TBD	NA
Subarea B	\$1	\$0	NA	\$1	\$0	NA
Subarea C	\$12	\$7	71%	\$16	\$10	60%
Subarea D	\$9	\$10	(10%)	\$13	\$15	(13%)

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**2003 Ownership In-Lieu Fees**

	10 – 49 Units			50 + Units		
	2003	2001	% Change	2003	2001	% Change
Subarea A	\$22	\$10	120%	\$31	\$14	121%
Subarea B	\$4	\$0	NA	\$5	\$0	NA
Subarea C	\$5	\$1	400%	\$7	\$2	250%
Subarea D	\$9	\$5	80%	\$13	\$7	86%

**2003 Household Income Restrictions**

Based on the income data distributed by HCD for 2003, the income levels of the households that will be served by the Ordinance are:

Household Size	Very-Low Income	Low Income	Moderate Income
1 Person	\$0 - 19,750	\$19,750 - \$31,600	\$31,600 - \$46,250
2 Person	\$0 - 22,550	\$22,550 - \$36,100	\$36,100 - \$52,900
3 Person	\$0 - 25,400	\$25,400 - \$40,600	\$40,600 - \$59,500
4 Person	\$0 - 28,200	\$28,200 - \$45,100	\$45,100 - \$66,100
5 Person	\$0 - 30,450	\$30,450 - \$48,750	\$48,750 - \$71,400
6 Person	\$0 - 32,700	\$32,700 - \$52,350	\$52,350 - \$76,700
7 Person	\$0 - 34,950	\$34,950 - \$55,950	\$55,950 - \$81,950
8 Person	\$0 - 37,200	\$37,200 - \$59,550	\$59,550 - \$87,250

**Additional Cost Recovery Scenarios**

The City also requested that KMA calculate the 2003 li-lieu fees assuming cost recovery assumptions ranging from 80% to 100%. These scenarios are located in Tables 2 through 6 in Appendix C.

**APPENDIX A  
RENTAL ANALYSIS**

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PASADENA, CALIFORNIA

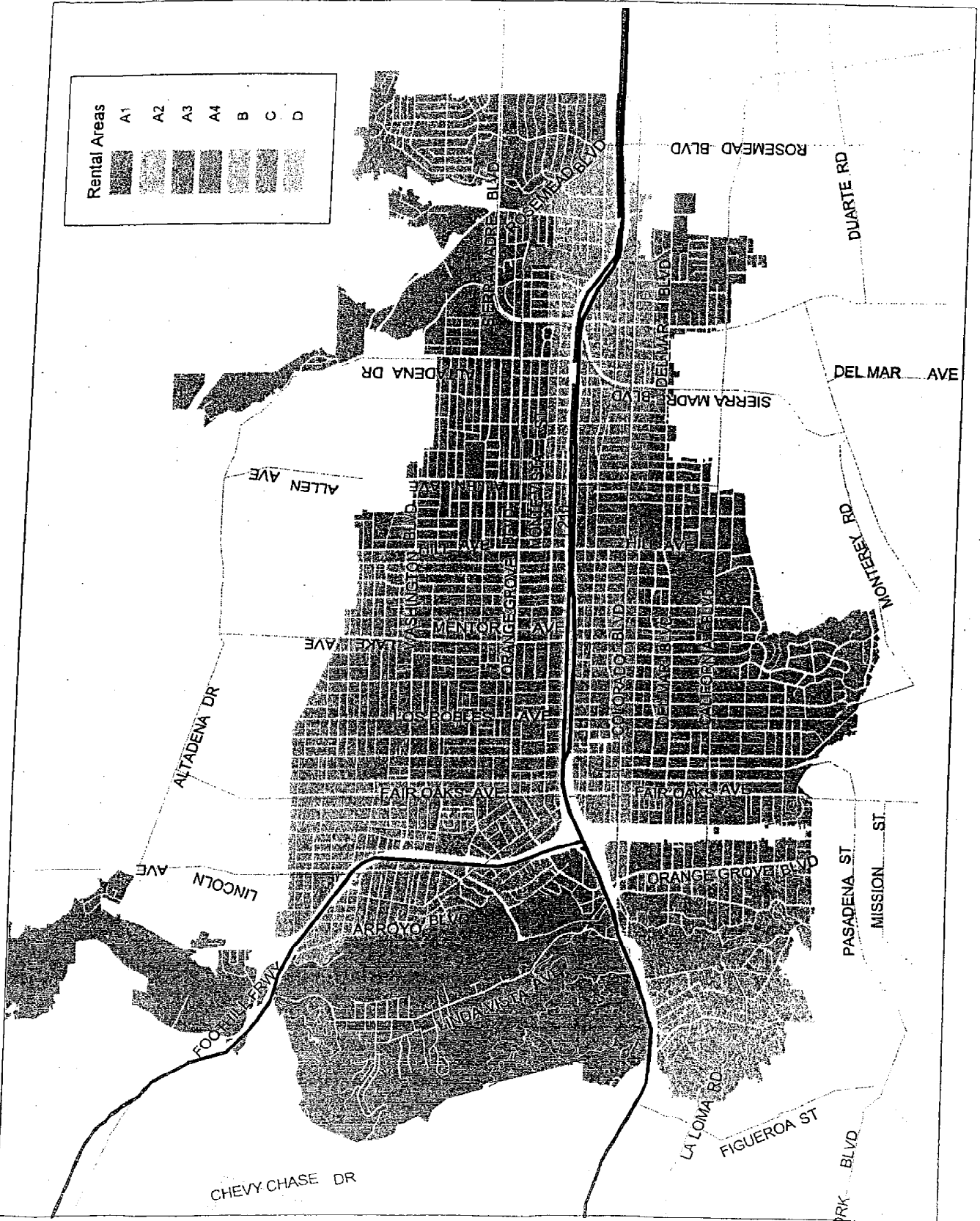
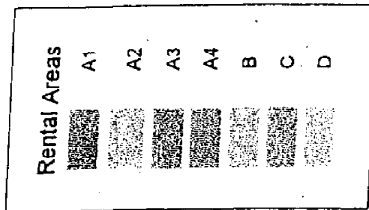


TABLE 1A

**MARKET RENT COMPARABLES BY PROJECT (SUBAREA C)  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA**

<u>Name &amp; Address</u>	<u>Built</u>	<u>Total Units</u>	<u>Unit Type</u>	<u>Rent</u>	<u>SF</u>	<u>\$/SF</u>
1 Oakwood Pasadena 350 East Del Mar Boulevard	1972	96	1/1	\$1,425	680	\$2.10
	1999		2/1	\$1,810	980	\$1.85
2 Arpeggio Pasadena 325 Cordova Street	2002	135	1/1	\$1,595	560	\$2.85
			1/1	\$1,650	629	\$2.62
			1/1	\$1,999	919	\$2.18
			2/2	\$2,250	1,036	\$2.17
			2/2	\$2,250	1,095	\$2.05
3 Windrose Apartments 271 East Bellevue	1988	134	1/1	\$1,225	610	\$2.01
			1/1	\$1,250	618	\$2.02
			1/1	\$1,475	753	\$1.96
			1/1	\$1,495	780	\$1.92
			1/1	\$1,525	803	\$1.90
			2/2	\$1,625	953	\$1.71
			2/2	\$1,695	1,008	\$1.68
			2/2	\$1,825	1,131	\$1.61
4 Monterra Del Mar 280 East Del Mar Boulevard	1974	123	1/1	\$1,295	680	\$1.90
	2000		1/1	\$1,365	780	\$1.75
			2/1	\$1,595	950	\$1.68
5 Monterra Del Sol 280 South Euclid Avenue	2000	85	1/1	\$1,360	720	\$1.89
			1/1	\$1,395	820	\$1.70
			2/2	\$1,495	1,000	\$1.50
			2/2	\$1,595	1,180	\$1.35
6 Buena Vista Apartments 300 East Bellevue Drive	1973	92	1/1	\$1,149	670	\$1.71
	2000		1/1	\$1,229	800	\$1.54
			2/2	\$1,409	917	\$1.54
			2/2	\$1,409	978	\$1.44
			2/2	\$1,599	1,086	\$1.47
7 San Pasqual Apartments 975 San Pasqual Street	1973	86	1/1	\$1,295	800	\$1.62
	2000		1/1	\$1,425	1,027	\$1.39
			2/2	\$1,510	1,065	\$1.42
			2/2	\$1,730	1,300	\$1.33
8 Monterra Del Rey 350 South Madison Avenue	1972	84	1/1	\$1,200	780	\$1.54
	2000		2/2	\$1,500	1,000	\$1.50
			2/2	\$1,500	1,050	\$1.43
9 El Molino Terrace Apartments 300 North El Molino Avenue #103	1989	77	1/1	\$1,295	825	\$1.57
	2000		1/1	\$1,395	950	\$1.47
			2/2	\$1,495	1,080	\$1.38

	<u>Sample Size</u>	<u>Unit Size</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average Rent</u>	<u>Weighted</u>
1-Bedroom Units	20	760	\$1,149	\$1,999	\$1,402	\$1.84
2-Bedroom Units	18	1,055	\$1,409	\$2,250	\$1,677	\$1.59

TABLE 1B

MARKET RENT COMPARABLES BY PROJECT (SUBAREA D)  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA

<u>Name &amp; Address</u>	<u>Built</u>	<u>Total Units</u>	<u>Type</u>	<u>Rent</u>	<u>SF</u>	<u>\$/SF</u>
1 Acappella Pasadena 160 E. Corson Street	2002	143	1/1	\$1,299	562	\$2.31
			1/1	\$1,399	623	\$2.25
			1/1	\$1,799	895	\$2.01
			2/2	\$1,889	1,002	\$1.89
			2/2	\$1,999	1,032	\$1.94
			2/2	\$1,999	1,087	\$1.84
2 Holly Street Village Apartments 151 East Holly Street	1994	374	Studio	\$2,600	1,093	\$2.38
			1/1	\$1,405	550	\$2.55
			1/1	\$1,525	667	\$2.29
			1/1	\$1,730	830	\$2.08
			2/2	\$1,915	963	\$1.99
			2/2	\$1,975	1,020	\$1.94
3 The Meridian 64 North Mar Vista Avenue	1988 2000	98	1/1	\$1,265	650	\$1.95
			1/1	\$1,425	750	\$1.90
			2/2	\$1,545	900	\$1.72
			2/2	\$1,725	1,150	\$1.50
4 Alexan City Place 801 East Walnut Street	2001	214	1/1	\$1,600	641	\$2.50
			1/1	\$1,750	800	\$2.19
			1/1	\$2,005	758	\$2.65
			1/1	\$2,255	851	\$2.65
			2/2	\$1,875	841	\$2.23
			2/2	\$2,200	1,061	\$2.07
			2/2	\$2,800	1,182	\$2.37
			3/2	\$2,700	1,241	\$2.18
5 Paseo Colorado 375 East Green St.	2002		1/2	\$1,975	771	\$2.56
			2/2	\$2,005	1,030	\$1.95

	<u>Sample Size</u>	<u>Unit Size</u>	<u>Minimum Rent</u>	<u>Maximum Rent</u>	<u>Average Rent</u>	<u>Weighted Average Rent / SF</u>
1-Bedroom Units	13	719	\$1,265	\$2,255	\$1,649	\$2.29
2-Bedroom Units	12	1,031	\$1,545	\$2,800	\$2,004	\$1.94

Source: Homestore.com, 04/15/03.

TABLE 2

MARKET RENT ESTIMATES FOR NEW RENTAL PROJECTS  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA

	<u>1-Bdrm</u>	<u>2-Bdrm</u>
<b>I. <u>Current Market Rents / SF</u> <sup>1</sup></b>		
Subarea C	\$1.84	\$1.59
Subarea D	\$2.29	\$1.94
<b>II. <u>New Apartment Project Market Rents / SF</u> <sup>2</sup></b>		
Subarea C	\$2.49	\$2.11
Subarea D	\$2.29	\$1.94
<b>III. <u>New Apartment Project Market Rents / Month</u> <sup>3</sup></b>		
Subarea B <sup>4</sup>	\$840	\$1,064
Subarea C	\$1,990	\$2,110
Subarea D	\$1,830	\$1,940

<sup>1</sup> See TABLE 1A and TABLE 1B.

<sup>2</sup> Based the maximum of the total market rents and the rents of apartments built in 2002. See TABLE 1A and TABLE 1B.

<sup>3</sup> Sets 1-bedroom units at 800 square feet and 2-bedroom units at 1,000 square feet.

<sup>4</sup> Per HUD fair market rent estimates for the Northwest Pasadena census tract, before deductions for utility allowances.



TABLE 3

**AFFORDABLE RENTS FOR MODERATE AND LOW INCOME HOUSEHOLDS  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA**

	1-Bdrm <sup>1</sup>	2-Bdrm <sup>1</sup>
<b>I. Moderate Income</b>		
Income @ 120% County Median <sup>2</sup>	\$52,920	\$59,520
% of Income Allotted to Housing <sup>3</sup>	30.0%	30.0%
Monthly Housing Expenses	\$1,320	\$1,490
(Less) Utilities Expenses <sup>4</sup>	(53)	(63)
<b>Monthly Rent</b>	<b>\$1,270</b>	<b>\$1,430</b>
<b>II. Low Income</b>		
Income @ 80% County Median <sup>2</sup>	\$35,280	\$39,680
% of Income Allotted to Housing <sup>3</sup>	30.0%	30.0%
Monthly Housing Expenses	\$880	\$990
(Less) Utilities Expenses <sup>4</sup>	(53)	(63)
<b>Monthly Rent</b>	<b>\$830</b>	<b>\$930</b>

<sup>1</sup> Household income is based on a two-person household for one-bedroom units and a three-person household for two-bedroom units.

<sup>2</sup> Based on 2003 income standards distributed by State of California Housing and Community Development Department for Los Angeles County.

<sup>3</sup> Based on City Ordinance.

<sup>4</sup> Based on utilities allowances published by PCDC, which includes allowances for electricity and gas.

TABLE 4A

**NET OPERATING INCOME - 100% MARKET RATE UNITS (SUBAREA B)  
 PROTOTYPICAL APARTMENT PROJECT  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA**

**I. Income - Market Rate Scenario**

One-Bedroom <sup>1</sup>	45 Units @	\$840 /Month	\$454,000
Two-Bedroom <sup>2</sup>	45 Units @	\$1,064 /Month	575,000
Laundry/Misc. Income	90 Units @	\$8.00 /Month	<u>9,000</u>
Gross Income			\$1,038,000
(Less) Vacancy & Collection	5.0% Gross Income		<u>(52,000)</u>
Effective Gross Income			\$986,000

**II. Operating Expenses**

General Operating Expenses	90 Units @	\$3,000 /Unit	\$270,000
Property Taxes	1.0% Value	\$7,750,000 Value	78,000
Capital Reserve	90 Units @	\$200 /Unit	<u>18,000</u>
Total Operating Expenses			\$366,000

<b>III. Net Operating Income</b>	<b>\$620,000</b>
<b>Per Unit</b>	<b>\$7,000</b>

<sup>1</sup> Assumes one-bedroom unit at 800 square feet and rent at \$2.29 / SF.

<sup>2</sup> Assumes two-bedroom unit at 1,000 square feet and rent at \$1.94 / SF.

TABLE 4B

**NET OPERATING INCOME - 100% MARKET RATE UNITS (SUBAREA C)  
 PROTOTYPICAL APARTMENT PROJECT  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA**

**I. Income - Market Rate Scenario**

One-Bedroom <sup>1</sup>	45 Units @	\$1,990 /Month	\$1,075,000
Two-Bedroom <sup>2</sup>	45 Units @	\$2,110 /Month	1,139,000
Laundry/Misc. Income	90 Units @	\$8.00 /Month	<u>9,000</u>
Gross Income			\$2,223,000
(Less) Vacancy & Collection	5.0% Gross Income		<u>(111,000)</u>
Effective Gross Income			\$2,112,000

**II. Operating Expenses**

General Operating Expenses	90 Units @	\$3,000 /Unit	\$270,000
Property Taxes	1.0% Value	\$20,263,000 Value	203,000
Capital Reserve	90 Units @	\$200 /Unit	<u>18,000</u>
Total Operating Expenses			\$491,000

<b>III. <u>Net Operating Income</u></b>	<b>\$1,621,000</b>
<b>Per Unit</b>	<b>\$18,000</b>

<sup>1</sup> Assumes one-bedroom unit at 800 square feet and rent at \$2.49 / SF.

<sup>2</sup> Assumes two-bedroom unit at 1,000 square feet and rent at \$2.11 / SF.

TABLE 4C

**NET OPERATING INCOME - 100% MARKET RATE UNITS (SUBAREA D)  
 PROTOTYPICAL APARTMENT PROJECT  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA**

**I. Income - Market Rate Scenario**

One-Bedroom <sup>1</sup>	45 Units @	\$1,830 /Month	\$988,000
Two-Bedroom <sup>2</sup>	45 Units @	\$1,940 /Month	1,048,000
Laundry/Misc. Income	90 Units @	\$8.00 /Month	<u>9,000</u>
Gross Income			\$2,045,000
(Less) Vacancy & Collection	5.0% Gross Income		<u>(102,000)</u>
Effective Gross Income			\$1,943,000

**II. Operating Expenses**

General Operating Expenses	90 Units @	\$3,000 /Unit	\$270,000
Property Taxes	1.0% Value	\$18,388,000 Value	184,000
Capital Reserve	90 Units @	\$200 /Unit	<u>18,000</u>
Total Operating Expenses			\$472,000

<b>III. Net Operating Income</b>	<b>\$1,471,000</b>
<b>Per Unit</b>	<b>\$16,000</b>

<sup>1</sup> Assumes one-bedroom unit at 800 square feet and rent at \$2.29 / SF.

<sup>2</sup> Assumes two-bedroom unit at 1,000 square feet and rent at \$1.94 / SF.

TABLE 5

**NET OPERATING INCOME - 100% MODERATE INCOME UNITS  
 PROTOTYPICAL APARTMENT PROJECT  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA**

**I. Income - Moderate Income Scenario**

One-Bedroom	45 Units @	\$1,270 /Month <sup>1</sup>	\$686,000
Two-Bedroom	45 Units @	\$1,430 /Month <sup>1</sup>	772,000
Laundry/Misc. Income	90 Units @	\$8.00 /Month	<u>9,000</u>
Gross Income			\$1,467,000
(Less) Vacancy & Collection	5.0% Gross Income		<u>(73,000)</u>
Effective Gross Income			\$1,394,000

**II. Operating Expenses**

General Operating Expenses	90 Units @	\$3,000 /Unit	\$270,000
Property Taxes	1.0% Value	\$12,288,000 Value	123,000
Capital Reserve	90 Units @	\$200 /Unit	<u>18,000</u>
Total Operating Expenses			\$411,000

<b>III. Net Operating Income</b>	<b>\$983,000</b>
<b>Per Unit</b>	<b>\$11,000</b>

<sup>1</sup> See TABLE 3.

TABLE 6

**NET OPERATING INCOME - 100% LOW INCOME UNITS  
 PROTOTYPICAL APARTMENT PROJECT  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA**

**I. Income - Low Income Scenario**

One-Bedroom	45 Units @	\$830 /Month <sup>1</sup>	\$448,000
Two-Bedroom	45 Units @	\$930 /Month <sup>1</sup>	502,000
Laundry/Misc. Income	90 Units @	\$8.00 /Month	<u>9,000</u>
Gross Income			\$959,000
(Less) Vacancy & Collection	5.0% Gross Income		<u>(48,000)</u>
Effective Gross Income			\$911,000

**II. Operating Expenses**

General Operating Expenses	90 Units @	\$3,000 /Unit	\$270,000
Property Taxes	1.0% Value	\$6,925,000 Value	69,000
Capital Reserve	90 Units @	\$200 /Unit	<u>18,000</u>
Total Operating Expenses			\$357,000

<b>III. <u>Net Operating Income</u></b>	<b>\$554,000</b>
<b>Per Unit</b>	<b>\$6,000</b>

<sup>1</sup> See TABLE 3.

TABLE 7

**RENTAL AFFORDABILITY GAP PER AFFORDABLE UNIT  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA**

	<u>Net Operating Income</u>	<u>Project Value</u> <sup>1</sup>	<u>Affordability Gap</u>
<b>I. <u>Subarea B Affordability Gap</u></b>			
<b>A. Moderate Income Gap / Unit</b>			
Market Rate Scenario <sup>6</sup>	\$7,000	\$87,500	
Moderate Income Scenario <sup>3</sup>	\$7,000	\$87,500	
Affordability Gap / Unit			\$0
<b>B. Low Income Gap / Unit</b>			
Market Rate Scenario <sup>6</sup>	\$7,000	\$87,500	
Low Income Scenario <sup>4</sup>	\$6,000	\$75,000	
Affordability Gap / Unit			\$12,500
<b>II. <u>Subarea C Affordability Gap</u></b>			
<b>A. Moderate Income Gap / Unit</b>			
Market Rate Scenario <sup>2</sup>	\$18,000	\$225,000	
Moderate Income Scenario <sup>3</sup>	\$11,000	\$137,500	
Affordability Gap / Unit			\$87,500
<b>B. Low Income Gap / Unit</b>			
Market Rate Scenario <sup>2</sup>	\$18,000	\$225,000	
Low Income Scenario <sup>4</sup>	\$6,000	\$75,000	
Affordability Gap / Unit			\$150,000
<b>III. <u>Subarea D Affordability Gap</u></b>			
<b>A. Moderate Income Gap / Unit</b>			
Market Rate Scenario <sup>5</sup>	\$16,000	\$200,000	
Moderate Income Scenario <sup>3</sup>	\$11,000	\$137,500	
Affordability Gap / Unit			\$62,500
<b>B. Low Income Gap / Unit</b>			
Market Rate Scenario <sup>5</sup>	\$16,000	\$200,000	
Low Income Scenario <sup>4</sup>	\$6,000	\$75,000	
Affordability Gap / Unit			\$125,000

<sup>1</sup> Based on an 8.0% capitalization rate.

<sup>2</sup> See TABLE 4B.

<sup>3</sup> See TABLE 5.

<sup>4</sup> See TABLE 6.

<sup>5</sup> See TABLE 4C.

<sup>6</sup> See TABLE 4A.

TABLE 8

RENTAL AFFORDABILITY GAP PER TOTAL UNIT  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA

	<u>Affordability Gap / Unit <sup>1</sup></u>	<u>% of Total Affordable Units <sup>2</sup></u>	
<b>I. Subarea B</b>			
<b>A. <u>Affordability Gap / Affordable Unit</u></b>			
Moderate Income Unit	\$0	33%	\$0
Low Income Unit	\$12,500	67%	<u>8,300</u>
<b>Weighted Average Affordability Gap / Affordable Unit</b>			<b>\$8,300</b>
<b>B. <u>Subarea B Affordability Gap</u></b>			
Affordability Gap / Affordable Unit		\$8,300	
Affordable Units as a % of Total Unit		<u>15%</u>	
<b>Affordability Gap / Total Unit</b>			<b>\$1,200</b>
<b>II. Subarea C</b>			
<b>A. <u>Affordability Gap / Affordable Unit</u></b>			
Moderate Income Unit	\$87,500	33%	\$29,200
Low Income Unit	\$150,000	67%	<u>100,000</u>
<b>Weighted Average Affordability Gap / Affordable Unit</b>			<b>\$129,200</b>
<b>B. <u>Subarea C Affordability Gap</u></b>			
Affordability Gap / Affordable Unit		\$129,200	
Affordable Units as a % of Total Unit		<u>15%</u>	
<b>Affordability Gap / Total Unit</b>			<b>\$19,400</b>
<b>III. Subarea D</b>			
<b>A. <u>Affordability Gap / Affordable Unit</u></b>			
Moderate Income Unit	\$62,500	33%	\$20,800
Low Income Unit	\$125,000	67%	<u>83,300</u>
<b>Weighted Average Affordability Gap / Affordable Unit</b>			<b>\$104,100</b>
<b>B. <u>Subarea D Affordability Gap</u></b>			
Affordability Gap / Affordable Unit		\$104,100	
Affordable Units as a % of Total Unit		<u>15%</u>	
<b>Affordability Gap / Total Unit</b>			<b>\$15,600</b>

<sup>1</sup> See TABLE 7.

<sup>2</sup> Assumes 5% of the units in a project are restricted to moderate income households and 10% of the units are restricted to low income households.



**APPENDIX B**  
**OWNERSHIP ANALYSIS**

MAP OF THE OWNERSHIP SUBAREAS  
PASADENA, CALIFORNIA

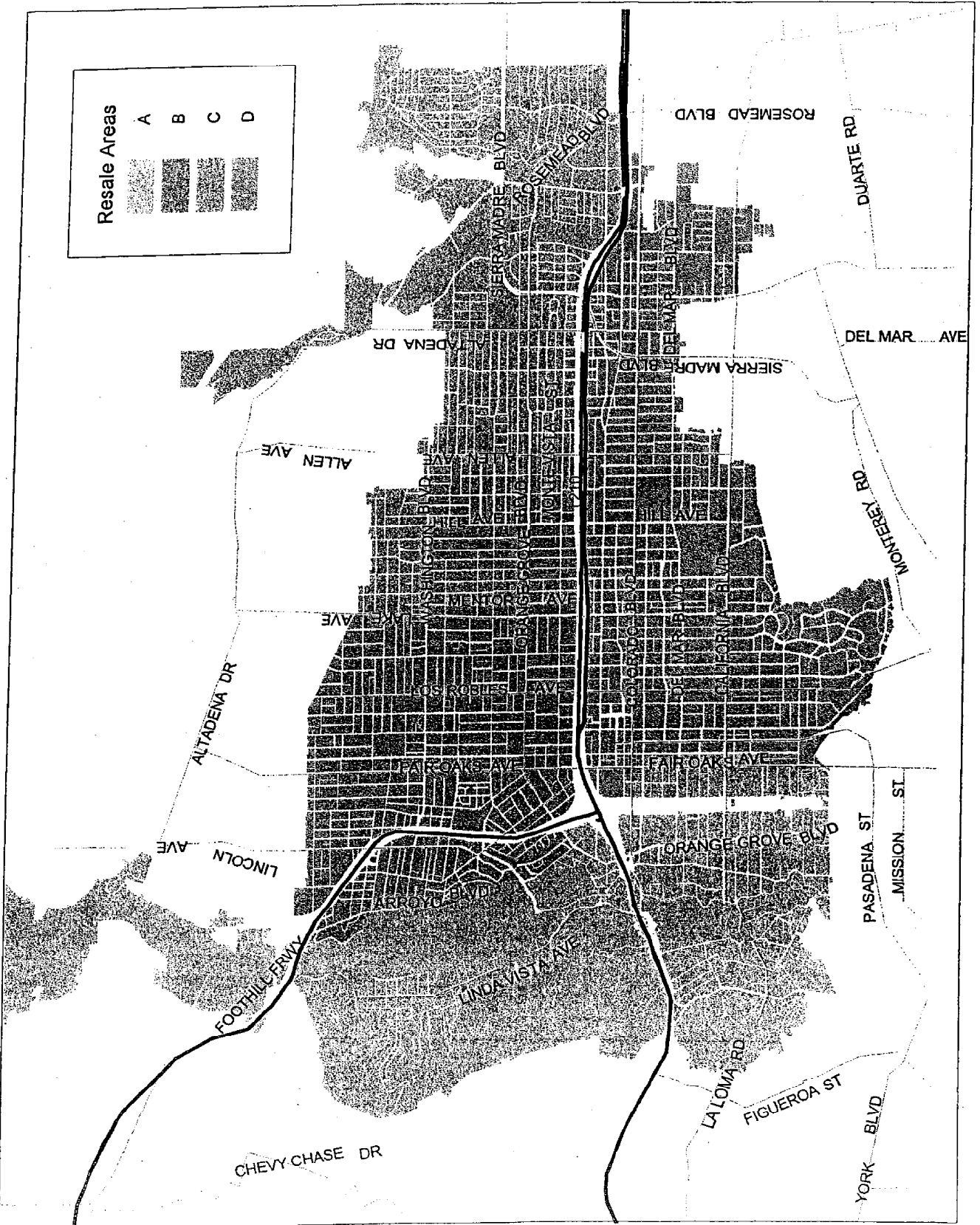


TABLE 1

NEW CONDOMINIUM MARKET PRICE ESTIMATES  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA

	Two-Bedroom Units	Three-Bedroom Units
<b>I. <u>Subarea A - Condo Sales</u><sup>1</sup></b>		
Sample Size	57	23
Average Unit Size	1,635	1,876
Average Price	\$415,800	\$515,700
Minimum Price	\$62,000	\$30,000
Maximum Price	\$870,000	\$995,000
Sales Price Factor <sup>2</sup>	1.60	1.55
<b>II. <u>Subarea B - Condo Sales</u><sup>1</sup></b>		
Sample Size	16	12
Average Unit Size	1,051	1,433
Average Price	\$175,200	\$272,600
Minimum Price	\$120,000	\$136,000
Maximum Price	\$335,000	\$500,000
Sales Price Factor <sup>2</sup>	0.67	0.82
<b>III. <u>Subarea C - Condo Sales</u><sup>1</sup></b>		
Sample Size	28	11
Average Unit Size	1,094	1,410
Average Price	\$233,900	\$253,000
Minimum Price	\$102,000	\$100,200
Maximum Price	\$359,000	\$365,000
Sales Price Factor <sup>2</sup>	0.90	0.76
<b>IV. <u>Subarea D - Condo Sales</u><sup>1</sup></b>		
Sample Size	178	60
Average Unit Size	1,190	1,460
Average Price	\$260,500	\$332,700
Minimum Price	\$101,000	\$181,500
Maximum Price	\$444,000	\$479,000
Sales Price Factor <sup>2</sup>	1.00	1.00
<b>V. <u>New Condominium Market Price Estimates</u></b>		
Subarea A <sup>3</sup>	\$514,000	\$712,200
Subarea B <sup>3</sup>	\$216,600	\$376,500
Subarea C <sup>3</sup>	\$289,100	\$349,400
Subarea D <sup>4</sup>	\$322,000	\$459,500

<sup>1</sup> Condominium attached home resale data provided by Dataquick, Inc. for June 2002 - April 2003.

<sup>2</sup> Average resale price for homes in each subarea is divided by the Subarea D average resale price.

<sup>3</sup> Calculated using the subarea's Sales Price Factor multiplied by the Subarea D market price.

<sup>4</sup> Based on the current asking prices for one-bedroom + den units and three-bedroom units at the Madison Walk project.

TABLE 2A

**SUPPORTABLE HOUSING PRICES FOR MODERATE INCOME HOUSEHOLDS (SUBAREA A)  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA**

	<u>Two-Bedroom Units <sup>1</sup></u>	<u>Three-Bedroom Units <sup>1</sup></u>
I. <b>Household Income @ 110% County Median</b> <sup>2</sup>	\$54,560	\$60,610
II. <b>Income Available for Mortgage Debt Service</b>		
Income Allotted to Housing @ 40% of Income <sup>3</sup>	\$21,820	\$24,240
(Less) Ongoing Expenses		
Insurance, Maintenance and Utilities <sup>4</sup>	(2,900)	(3,100)
Private Mortgage Insurance @ 0.5% of Loan Amount	(900)	(900)
Property Taxes @ 1% of Market Value	(5,100)	(7,100)
Income Available for Mortgage Debt Service	\$12,920	\$13,140
III. <b>Maximum Supportable Home Price</b>		
Maximum Mortgage @ 6.5% Interest	\$170,300	\$173,200
Home Buyer Down Payment @ 5% Market Value	25,700	35,600
Maximum Supportable Home Price	\$196,000	\$208,800
IV. <b>Affordability Gap Calculation</b>		
Maximum Supportable Home Price	\$196,000	\$208,800
Estimated Market Value <span style="float: right;">TABLE 1</span>	514,000	712,200
<b>Affordability Gap</b>	<b>\$318,000</b>	<b>\$503,400</b>

<sup>1</sup> Household income is based on a three-person household for two-bedroom units and a four-person household for three-bedroom units.

<sup>2</sup> Based on 2003 income standards distributed by State of California Housing and Community Development Department for Los Angeles County.

<sup>3</sup> Per City Ordinance.

<sup>4</sup> Assumes \$150/month homeowner association fees plus the PCDC utility allowances of \$94/month for 2-bedroom units and \$110/month for 3-bedroom units. The allowances include electricity, gas, water/sewer and trash expenses.

TABLE 2B

**SUPPORTABLE HOUSING PRICES FOR MODERATE INCOME HOUSEHOLDS (SUBAREA B)  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA**

	<u>Two-Bedroom Units <sup>1</sup></u>	<u>Three-Bedroom Units <sup>1</sup></u>
I. <b>Household Income @ 110% County Median</b> <sup>2</sup>	\$54,560	\$60,610
II. <b><u>Income Available for Mortgage Debt Service</u></b>		
Income Allotted to Housing @ 40% of Income <sup>3</sup>	\$21,820	\$24,240
(Less) Ongoing Expenses		
Insurance, Maintenance and Utilities <sup>4</sup>	(2,900)	(3,100)
Private Mortgage Insurance @ 0.5% of Loan Amount	(1,000)	(1,100)
Property Taxes @ 1% of Market Value	(2,200)	(3,800)
Income Available for Mortgage Debt Service	\$15,720	\$16,240
III. <b><u>Maximum Supportable Home Price</u></b>		
Maximum Mortgage @ 6.5% Interest	\$207,300	\$214,100
Home Buyer Down Payment @ 5% Market Value	10,800	18,800
Maximum Supportable Home Price	\$218,100	\$232,900
IV. <b><u>Affordability Gap Calculation</u></b>		
Maximum Supportable Home Price	\$218,100	\$232,900
Estimated Market Value <span style="float: right;">TABLE 1</span>	216,600	376,500
<b>Affordability Gap</b>	<b>\$0</b>	<b>\$143,600</b>

<sup>1</sup> Household income is based on a three-person household for two-bedroom units and a four-person household for three-bedroom units.

<sup>2</sup> Based on 2003 income standards distributed by State of California Housing and Community Development Department for Los Angeles County.

<sup>3</sup> Per City Ordinance.

<sup>4</sup> Assumes \$150/month homeowner association fees plus the PCDC utility allowances of \$94/month for 2-bedroom units and \$110/month for 3-bedroom units. The allowances include electricity, gas, water/sewer and trash expenses.

TABLE 2C

**SUPPORTABLE HOUSING PRICES FOR MODERATE INCOME HOUSEHOLDS (SUBAREA C)  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA**

	Two-Bedroom Units <sup>1</sup>	Three-Bedroom Units <sup>1</sup>
I. Household Income @ 110% County Median <sup>2</sup>	\$54,560	\$60,610
II. <u>Income Available for Mortgage Debt Service</u>		
Income Allotted to Housing @ 40% of Income <sup>3</sup>	\$21,820	\$24,240
(Less) Ongoing Expenses		
Insurance, Maintenance and Utilities <sup>4</sup>	(2,900)	(3,100)
Private Mortgage Insurance @ 0.5% of Loan Amount	(1,000)	(1,100)
Property Taxes @ 1% of Market Value	(2,900)	(3,500)
Income Available for Mortgage Debt Service	\$15,020	\$16,540
III. <u>Maximum Supportable Home Price</u>		
Maximum Mortgage @ 6.5% Interest	\$198,000	\$218,100
Home Buyer Down Payment @ 5% Market Value	14,500	17,500
Maximum Supportable Home Price	\$212,500	\$235,600
IV. <u>Affordability Gap Calculation</u>		
Maximum Supportable Home Price	\$212,500	\$235,600
Estimated Market Value	289,100	349,400
	TABLE 1	
<b>Affordability Gap</b>	<b>\$76,600</b>	<b>\$113,800</b>

<sup>1</sup> Household income is based on a three-person household for two-bedroom units and a four-person household for three-bedroom units.

<sup>2</sup> Based on 2003 income standards distributed by State of California Housing and Community Development Department for Los Angeles County.

<sup>3</sup> Per City Ordinance.

<sup>4</sup> Assumes \$150/month homeowner association fees plus the PCDC utility allowances of \$94/month for 2-bedroom units and \$110/month for 3-bedroom units. The allowances include electricity, gas, water/sewer and trash expenses.

TABLE 2D

**SUPPORTABLE HOUSING PRICES FOR MODERATE INCOME HOUSEHOLDS  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA**

	Two-Bedroom Units <sup>1</sup>	Three-Bedroom Units <sup>1</sup>
<b>I. Household Income @ 110% County Median</b> <sup>2</sup>	\$54,560	\$60,610
<b>II. <u>Income Available for Mortgage Debt Service</u></b>		
Income Allotted to Housing @ 40% of Income <sup>3</sup>	\$21,820	\$24,240
(Less) Ongoing Expenses		
Insurance, Maintenance and Utilities <sup>4</sup>	(2,900)	(3,100)
Private Mortgage Insurance @ 0.5% of Loan Amount	(1,000)	(1,000)
Property Taxes @ 1% of Market Value	(3,200)	(4,600)
Income Available for Mortgage Debt Service	\$14,720	\$15,540
<b>III. <u>Maximum Supportable Home Price</u></b>		
Maximum Mortgage @ 6.5% Interest	\$194,100	\$204,900
Home Buyer Down Payment @ 5% Market Value	16,100	23,000
<b>Maximum Supportable Home Price</b>	<b>\$210,200</b>	<b>\$227,900</b>
<b>IV. <u>Affordability Gap Calculation</u></b>		
Maximum Supportable Home Price	\$210,200	\$227,900
Estimated Market Value <span style="float: right;">TABLE 1</span>	322,000	459,500
<b>Affordability Gap</b>	<b>\$111,800</b>	<b>\$231,600</b>

<sup>1</sup> Household income is based on a three-person household for two-bedroom units and a four-person household for three-bedroom units.

<sup>2</sup> Based on 2003 income standards distributed by State of California Housing and Community Development Department for Los Angeles County.

<sup>3</sup> Per City Ordinance.

<sup>4</sup> Assumes \$150/month homeowner association fees plus the PCDC utility allowances of \$94/month for 2-bedroom units and \$110/month for 3-bedroom units. The allowances include electricity, gas, water/sewer and trash expenses.

TABLE 3

IM-LIEU FEE CALCULATION  
 OWNERSHIP UNITS  
 IM-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA

	<u>Subarea A</u>	<u>Subarea B</u>	<u>Subarea C</u>	<u>Subarea D</u>
<b>I. <u>Affordability Gap</u></b>				
<b>A. <u>Two-Bedroom Units</u></b>				
Market Price <sup>1</sup>	\$514,000	\$216,600	\$289,100	\$322,000
Affordable Price <sup>2</sup>	\$196,000	\$218,100	\$212,500	\$210,200
Affordability Gap	\$318,000	\$0	\$76,600	\$111,800
<b>B. <u>Three-Bedroom Units</u></b>				
Market Price <sup>1</sup>	\$712,200	\$376,500	\$349,400	\$459,500
Affordable Price <sup>2</sup>	\$208,800	\$232,900	\$235,600	\$227,900
Affordability Gap	\$503,400	\$143,600	\$113,800	\$231,600
<b>C. <u>Average Affordability Gap</u></b>	<b>\$411,000</b>	<b>\$72,000</b>	<b>\$95,000</b>	<b>\$172,000</b>
<b>II. <u>In-Lieu Fee</u></b>				
Per Affordable Unit	\$411,000	\$72,000	\$95,000	\$172,000
In-Lieu Fee % <sup>3</sup>	15%	15%	15%	15%
Per Unit in a Market Rate Project	\$61,700	\$10,800	\$14,300	\$25,800

<sup>1</sup> See TABLE 1.

<sup>2</sup> See TABLE 2A, TABLE 2B, TABLE 2C, and TABLE 2D.

<sup>3</sup> Assumes 15% of total units in a project are restricted to moderate income households.



**APPENDIX C**  
**2003 IN-LIEU FEE CALCULATIONS**

TABLE 1

IN-LIEU FEE SLIDING SCALE BY TOTAL UNITS - 75% COST RECOVERY  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA

RENTAL IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>3</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	TBD	TBD	Exempt	TBD	TBD
Subarea B	Exempt	\$600	\$900	Exempt	\$1	\$1
Subarea C	Exempt	\$10,500	\$14,600	Exempt	\$12	\$16
Subarea D	Exempt	\$8,400	\$11,700	Exempt	\$9	\$13

OWNERSHIP IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>4</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	\$33,300	\$46,300	Exempt	\$22	\$31
Subarea B	Exempt	\$5,800	\$8,100	Exempt	\$4	\$5
Subarea C	Exempt	\$7,700	\$10,700	Exempt	\$5	\$7
Subarea D	Exempt	\$13,900	\$19,400	Exempt	\$9	\$13

<sup>1</sup> Assumes a 28% decrease in land value and 75% cost recovery.

<sup>2</sup> Assumes a 75% cost recovery.

<sup>3</sup> Assumes that the units average 900 square feet in size.

<sup>4</sup> Assumes that the units average 1,500 square feet in size.

TABLE 2

IN-LIEU FEE SLIDING SCALE BY TOTAL UNITS - 80% COST RECOVERY  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA

RENTAL IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>3</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	TBD	TBD	Exempt	TBD	TBD
Subarea B	Exempt	\$700	\$1,000	Exempt	\$1	\$1
Subarea C	Exempt	\$11,200	\$15,500	Exempt	\$12	\$17
Subarea D	Exempt	\$9,000	\$12,500	Exempt	\$10	\$14

OWNERSHIP IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>4</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	\$35,500	\$49,400	Exempt	\$24	\$33
Subarea B	Exempt	\$6,200	\$8,600	Exempt	\$4	\$6
Subarea C	Exempt	\$8,200	\$11,400	Exempt	\$5	\$8
Subarea D	Exempt	\$14,900	\$20,600	Exempt	\$10	\$14

<sup>1</sup> Assumes a 28% decrease in land value and 80% cost recovery.

<sup>2</sup> Assumes a 80% cost recovery.

<sup>3</sup> Assumes that the units average 900 square feet in size.

<sup>4</sup> Assumes that the units average 1,500 square feet in size.

TABLE 3

**IN-LIEU FEE SLIDING SCALE BY TOTAL UNITS - 85% COST RECOVERY**  
**IN-LIEU FEE ANALYSIS**  
**PASADENA, CALIFORNIA**

RENTAL IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>3</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	TBD	TBD	Exempt	TBD	TBD
Subarea B	Exempt	\$700	\$1,000	Exempt	\$1	\$1
Subarea C	Exempt	\$11,900	\$16,500	Exempt	\$13	\$18
Subarea D	Exempt	\$9,500	\$13,300	Exempt	\$11	\$15

OWNERSHIP IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>4</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	\$37,800	\$52,400	Exempt	\$25	\$35
Subarea B	Exempt	\$6,600	\$9,200	Exempt	\$4	\$6
Subarea C	Exempt	\$8,800	\$12,200	Exempt	\$6	\$8
Subarea D	Exempt	\$15,800	\$21,900	Exempt	\$11	\$15

<sup>1</sup> Assumes a 28% decrease in land value and 85% cost recovery.

<sup>2</sup> Assumes a 85% cost recovery.

<sup>3</sup> Assumes that the units average 900 square feet in size.

<sup>4</sup> Assumes that the units average 1,500 square feet in size.

TABLE 4

IN-LIEU FEE SLIDING SCALE BY TOTAL UNITS - 90% COST RECOVERY  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA

RENTAL IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>3</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	TBD	TBD	Exempt	TBD	TBD
Subarea B	Exempt	\$800	\$1,100	Exempt	\$1	\$1
Subarea C	Exempt	\$12,600	\$17,500	Exempt	\$14	\$19
Subarea D	Exempt	\$10,100	\$14,000	Exempt	\$11	\$16

OWNERSHIP IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>4</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	\$40,000	\$55,500	Exempt	\$27	\$37
Subarea B	Exempt	\$7,000	\$9,700	Exempt	\$5	\$6
Subarea C	Exempt	\$9,300	\$12,900	Exempt	\$6	\$9
Subarea D	Exempt	\$16,700	\$23,200	Exempt	\$11	\$15

<sup>1</sup> Assumes a 28% decrease in land value and 90% cost recovery.

<sup>2</sup> Assumes a 90% cost recovery.

<sup>3</sup> Assumes that the units average 900 square feet in size.

<sup>4</sup> Assumes that the units average 1,500 square feet in size.

TABLE 5

IN-LIEU FEE SLIDING SCALE BY TOTAL UNITS - 95% COST RECOVERY  
 IN-LIEU FEE ANALYSIS  
 PASADENA, CALIFORNIA

RENTAL IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>3</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	TBD	TBD	Exempt	TBD	TBD
Subarea B	Exempt	\$800	\$1,100	Exempt	\$1	\$1
Subarea C	Exempt	\$13,300	\$18,400	Exempt	\$15	\$20
Subarea D	Exempt	\$10,700	\$14,800	Exempt	\$12	\$16

OWNERSHIP IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>4</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	\$42,200	\$58,600	Exempt	\$28	\$39
Subarea B	Exempt	\$7,400	\$10,300	Exempt	\$5	\$7
Subarea C	Exempt	\$9,800	\$13,600	Exempt	\$7	\$9
Subarea D	Exempt	\$17,600	\$24,500	Exempt	\$12	\$16

<sup>1</sup> Assumes a 28% decrease in land value and 95% cost recovery.

<sup>2</sup> Assumes a 95% cost recovery.

<sup>3</sup> Assumes that the units average 900 square feet in size.

<sup>4</sup> Assumes that the units average 1,500 square feet in size.

TABLE 6

**IN-LIEU FEE SLIDING SCALE BY TOTAL UNITS - 100% COST RECOVERY  
IN-LIEU FEE ANALYSIS  
PASADENA, CALIFORNIA**

RENTAL IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>3</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	TBD	TBD	Exempt	TBD	TBD
Subarea B	Exempt	\$900	\$1,200	Exempt	\$1	\$1
Subarea C	Exempt	\$14,000	\$19,400	Exempt	\$16	\$22
Subarea D	Exempt	\$11,200	\$15,600	Exempt	\$12	\$17

OWNERSHIP IN-LIEU FEES						
Number of Units:	Per Unit			Per SF <sup>4</sup>		
	< 10	10 - 49 <sup>1</sup>	50 + <sup>2</sup>	< 10	10 - 49	50 +
Subarea A	Exempt	\$44,400	\$61,700	Exempt	\$30	\$41
Subarea B	Exempt	\$7,800	\$10,800	Exempt	\$5	\$7
Subarea C	Exempt	\$10,300	\$14,300	Exempt	\$7	\$10
Subarea D	Exempt	\$18,600	\$25,800	Exempt	\$12	\$17

<sup>1</sup> Assumes a 28% decrease in land value and 100% cost recovery.

<sup>2</sup> Assumes a 100% cost recovery.

<sup>3</sup> Assumes tha the units average 900 square feet in size.

<sup>4</sup> Assumes tha the units average 1,500 square feet in size.