

**EXHIBIT "A"**

**KMA FINANCIAL ANALYSIS**



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

**MEMORANDUM**

ADVISORS IN:  
REAL ESTATE  
REDEVELOPMENT  
AFFORDABLE HOUSING  
ECONOMIC DEVELOPMENT

SAN FRANCISCO  
A. JERRY KEYSER  
TIMOTHY C. KELLY  
KATE EARLE FUNK  
DEBBIE M. KERN  
ROBERT J. WETMORE

LOS ANGELES  
CALVIN E. HOLLIS, II  
KATHLEEN H. HEAD  
JAMES A. RABE  
PAUL C. ANDERSON  
GREGORY D. SOO-HOO  
KEVIN E. ENGSTROM  
JULIE L. ROMEY

SAN DIEGO  
GERALD M. TRIMBLE  
PAUL C. MARRA

**To:** Jim Wong, Project Manager  
City of Pasadena

**From:** Julie Romey  
Andrea Castro

**cc:** Kermit Maham

**Date:** May 13, 2008

**Subject:** Workforce Housing In-Lieu Fee Reduction Analysis

At your request, Keyser Marston Associates, Inc. (KMA) prepared a financial analysis pertaining to the proposed amendment of the City of Pasadena's (City) Inclusionary Housing Ordinance (Ordinance) which would offer a Workforce Housing alternative. The proposed amendment would allow developers to set-aside 30% of the units in a residential project for Workforce households instead of requiring 15% of the units to be rented or sold to low or moderate income households. The City is also considering the option of reducing the current inclusionary housing in-lieu fees (In-Lieu Fees) slightly for projects that would choose the Workforce Housing alternative. The purpose of the KMA analysis is to calculate the appropriate reduction in the In-Lieu Fees based on current market conditions.

**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. The specific requirements of the Ordinance include:

1. **Ownership projects:** The requirement can be fulfilled with selling 15% of the units at restricted prices to moderate income households, which are defined as households earning up to 120% of the Los Angeles County median income

(Median) as defined by California Housing and Community Development Department (HCD).

2. Rental projects: The requirement can be fulfilled with leasing at least 10% of the units at restricted rents to low income households, defined as households earning up to 80% of the Median, and the remaining requirement can be filled with moderate income units.

As an alternative to developing the inclusionary units on-site, developers may satisfy the Ordinance requirements through one of the following alternatives:

1. In-Lieu Fee - The developer may opt to pay a fee in lieu of providing all or some of the inclusionary units on-site.
2. Off-Site Units – The developer, at the discretion of the City Manager, may satisfy the inclusionary requirements, in whole or in part, by constructing or substantially rehabilitating the required number of units off-site.
3. Land Donation – The developer can, in whole or in part, dedicate land to the City for the construction of the inclusionary units.

The In-Lieu Fee calculation is based on the affordability gap associated with fulfilling the Ordinance requirements on-site within typical market rate projects. This methodology is designed to enable the City to provide the affordable units off-site. For purposes of establishing the In-Lieu Fee, the Ordinance breaks the City into four subareas. The current In-Lieu Fees per square foot of gross building area (GBA) developed in market rate projects, as adopted by the City for Fiscal Year 2009, are as follows:

Rental In-Lieu Fee (/Sf of GBA)		
No. of Units	10-49 Units	50+ Units
Sub-area A	TBD <sup>1</sup>	TBD
Sub-area B	\$1.07	\$1.07
Sub-area C	\$23.48	\$32.01
Sub-area D	\$21.34	\$29.88

<sup>1</sup> To Be Decided (TBD): There was insufficient market data to support the establishment of an In-Lieu Fee. If a rental development emerges in the Sub-area a new In-Lieu Fee will be determined for the specific project based upon the methodology applied to all other In-Lieu Fee subareas.

For-Sale In-Lieu Fee (/Sf of GBA)		
No. of Units	1-49 Units	50+ Units
Subarea A	\$40.55	\$56.56
Subarea B	\$14.94	\$20.27
Subarea C	\$24.54	\$34.15
Subarea D	\$19.21	\$26.68

### **Proposed Workforce Housing Amendment**

In April 2007, the Pasadena Housing Agenda for Action (Housing Agenda) presented a series of housing initiatives to address the City's housing needs. One of the initiatives identified was the creation of another alternative which could be utilized by developers to satisfy the Ordinance requirements. Specifically, the Housing Agenda recommended that the Ordinance be modified to establish a policy to reduce the In-Lieu Fee for residential projects that rent or sell at least 30% of the units at restricted rents or prices to households earning between 120% and 150% of the Median. The developer would also receive a reduction in the In-Lieu Fee in return for providing the Workforce Housing units. This reduction would take into account that while the original Ordinance requirements would not be met, the project would still be providing a level of affordability.

### **METHODOLOGY**

To create a Workforce In-Lieu Fee Schedule that promotes the development of workforce housing, the In-Lieu Fee Reduction should be equal to the affordability gap associated with the on-site production of Workforce Housing units. The KMA financial analysis is organized as follows:

1. KMA estimated the current market rents and sales prices for the four rental and ownership subareas (Appendix A).
2. KMA calculated the maximum affordable rents and sales prices in accordance with the City's proposed Workforce Ordinance under Title 17 of the City's Zoning Code (Appendix B).
3. KMA estimated the affordability gaps associated with the development of Workforce units within rental and ownership projects to establish the In-Lieu Fee Reduction (Appendix C).
4. Lastly, KMA subtracted the estimated In-Lieu Fee Reduction from the current Ordinance In-Lieu Fee to arrive at the Workforce In-Lieu Fee schedule.

**MARKET ANALYSIS (APPENDIX A)**

The market rate rents and sales price analysis is organized as follows:

Appendix A	
Exhibit 1:	Map of Rental Subareas
Exhibit 2:	Map of Ownership Subareas
Table 1A:	2008 Market Rent Comparables by Project (Subarea B)
Table 1B:	2008 Market Rent Comparables by Project (Subarea C)
Table 1C:	2008 Market Rent Comparables by Project (Subarea D)
Table 2A:	2008 New Attached Ownership Projects (Subarea A)
Table 2B:	2008 New Attached Ownership Projects (Subarea B)
Table 2C:	2008 New Attached Ownership Projects (Subarea C)
Table 2D:	2008 New Attached Ownership Project (Subarea D)

**Market Rate Rents (Appendix A - Tables 1A, 1B & 1C)**

KMA used the following market rent data to estimate the current rental rates within the subareas:

1. Subarea A: It was determined that no significant market rate apartment developments have occurred within the subarea. Thus, market data was not available, and it will be necessary to calculate the In-Lieu Fee Reduction on a project-by-project basis.
2. Subareas B, C and D: KMA undertook a rental survey of constructed apartment projects in the subareas.

As shown in Tables 1A, 1B and 1C, the current market rents per square foot of GBA are estimated as follows:

	Current Market Rents / Sf of GBA	
	One-bedroom Units	Two-bedroom Units
Subarea B	\$1.60	\$1.64
Subarea C	\$2.40	\$2.15
Subarea D	\$2.67	\$2.40

To estimate the market rents for new construction projects in Subareas B, C and D, KMA assumed that one-bedroom units average 700 square feet and two-bedroom units average 1,000 square feet. Therefore, utilizing the market rents per square foot of GBA

for recently completed projects, the following summarizes the current market rents per unit:

Current Market Rents		
	One-bedroom Units	Two-bedroom Units
Subarea B	\$1,120	\$1,640
Subarea C	\$1,680	\$2,150
Subarea D	\$1,870	\$2,400

**Market Sales Prices (Appendix A - Tables 2A, 2B, 2C & 2D)**

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. As shown in Tables 2A, 2B, 2C and 2D, two-bedroom units are the typical unit type currently being developed in the City. However, depending upon the subareas, the unit sales price and size varies as follows:

Current Market Sales Prices			
Two-bedroom Units	Average Sales Price	Average Unit Size	Average \$/Sf
Subarea A	\$604,700	1,106	\$547
Subarea B	\$513,000	1,225	\$419
Subarea C	\$722,000	1,452	\$497
Subarea D	\$582,700	1,191	\$489

**MAXIMUM WORKFORCE RENTS AND SALES PRICES (APPENDIX B)**

The maximum affordable rents and sales price calculations are organized in Appendix B as follows:

Appendix B	
Table 1:	2008 Workforce Housing Rent Calculation
Table 2:	2008 Workforce Sales Price Calculation

The following provides the methodology for calculating the 2008 Workforce housing rents and sales prices to be used in the in-lieu fee reduction calculations.

**Maximum Workforce Rents (Appendix B - Table 1)**

The assumptions used to estimate the maximum workforce rents can be summarized as follows:

1. The household incomes are based two-person households for one-bedroom units, and three-person households for two-bedroom units.
2. The household income is set at 150% of the Median for the workforce units.
3. 35% of the defined household income is allocated to housing related expenses.

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

	1-Bdrm	2-Bdrm
Workforce Rents	\$2,092	\$2,354

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 workforce restrictions.

The following compares the market rate rents to the maximum affordable rents under the Workforce Housing Ordinance:

	Subarea B	Subarea C	Subarea D
<b>One-bedroom Units</b>			
Market Rate Rents	\$1,120	\$1,680	\$1870
Workforce Rents	\$2,092	\$2,092	\$2,092
<b>Two-bedroom Units</b>			
Market Rate Rents	\$1,640	\$2,150	\$2,400
Workforce Rents	\$2,354	\$2,354	\$2,354

Based on the data presented above, the market rate rents are currently less than the maximum allowable rents under the Workforce Ordinance for one- and two-bedroom units in all subareas expect for the two-bedroom units in Subarea D.

**Maximum Workforce Sales Prices (Appendix B - Table 2)**

KMA calculated the maximum affordable sales price for workforce income households based on household income statistics distributed by HCD, and the affordability standards imposed by the proposed change to the Workforce Ordinance. The following assumptions were used to calculate the Workforce sales prices:

1. The household incomes are based on benchmark household sizes equal to one person more than the number of bedrooms in the unit.
2. The household income limit is set at 150% of the Median.
3. Forty percent (40%) of the defined household income is allocated to housing related expenses. These expenses are defined as mortgage debt service payments, property taxes, insurance costs and maintenance costs. For the purpose of this analysis, these costs have been estimated as follows:
  - a. The property tax cost is set at 1.1 % of the projected affordable price for the units;
  - b. The insurance and maintenance costs for two-bedroom units are estimated at \$2,600 per year, which equates to \$217 per month;
  - c. The supportable mortgage amount is calculated based on a 30-year amortization and a fixed interest rate at 6.50%; and
  - d. The home buyer down payment is set at 5% of the Workforce sales price.

As shown in Table 2, the maximum 2008 Workforce sales price for two-bedroom units equals \$357,400.

#### **IN-LIEU FEE REDUCTION CALCULATION (APPENDIX C)**

The original In-Lieu Fee calculation methodology was based on the affordability gap associated with fulfilling the Ordinance requirements on-site within a proposed market rate project. However, the on-site Workforce Housing production alternative would allow developers to set-aside 30% of the units as Workforce units. Therefore, the In-Lieu Fee Reduction should be equal to the affordability gap associated with the on-site production of the Workforce units.

The KMA Workforce affordability gap analysis is organized as follows:

Appendix C	
Table 1:	In-Lieu Fee Reduction Calculation (Rental Project - Subarea B)
Table 2:	In-Lieu Fee Reduction Calculation (Rental Project - Subarea C)
Table 3:	In-Lieu Fee Reduction Calculation (Rental Project - Subarea D)
Table 4:	In-Lieu Fee Reduction Calculation (Ownership Project - Subarea A)
Table 5:	In-Lieu Fee Reduction Calculation (Ownership Project - Subarea B)
Table 6:	In-Lieu Fee Reduction Calculation (Ownership Project - Subarea C)
Table 7:	In-Lieu Fee Reduction Calculation (Ownership Project - Subarea D)



### **Workforce Rental Affordability Gap Calculation (Appendix C - Tables 1, 2 & 3)**

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

1. KMA created a prototype apartment project comprised of 100 units, with the following unit mix:
  - a. 50 one-bedroom units averaging 700 square feet per unit; and
  - b. 50 two-bedroom units averaging 1,000 square feet per unit.
2. The stabilized net operating income (NOI) estimates for the 100% market rate prototype and the 30% workforce prototype are based on the following assumptions:<sup>2</sup>
  - a. The income analysis for both market rate and income restricted projects include a standard 5% vacancy and collection allowance.
  - b. Operating expenses:
    - i. General operating expenses are set at \$4,000 per unit.
    - ii. The property management fee is set at 5% of the effective gross income (EGI).
    - iii. The property tax estimates vary between the market rate and income restricted apartment projects. The difference is calculated by comparing the values supported by the various scenarios, assuming a 1.1% tax rate.
    - iv. The annual reserve requirements are estimated at \$150 per unit.
3. The project's value is calculated for each scenario by capitalizing the stabilized NOI at a 5.5% capitalization rate.
4. The estimated project values for each scenario are compared to each other to identify the affordability gaps. These affordability gaps were then translated into the value reduction generated by the income and workforce restrictions.

---

<sup>2</sup> The NOI is the gross potential rental revenue minus a vacancy and collection allowance and minus operating expenses. Debt service payments are not taken into account in the NOI calculation.

As shown in Tables 1, 2 and 3, based on the preceding assumptions, the project values are estimated as follows:

	Estimated Project Value		Affordability Gap
	100%	30%	
	Market Rate	Workforce	
Subarea B	\$16,357,000	\$16,357,000	\$0
Subarea C	\$25,135,000	\$25,135,000	\$0
Subarea D	\$28,745,000	\$28,632,000	\$113,000

As previously stated, tenants will not be willing to pay rent that exceeds the prevailing rate in the market area. Therefore, in Subareas B and C a developer would be indifferent financially to restricting 30% of the units to Workforce rents. As such, a reduction in the In-Lieu Fee would not be appropriate in these subareas given that the market is already producing rental units that are affordable to Workforce households. Therefore, the supportable In-Lieu Fee Reductions are summarized as follows:

	Affordability Gap	Project Size (Sf of GBA)	In-Lieu Fee Reduction
Subarea B	\$0	85,000	\$0
Subarea C	\$0	85,000	\$0
Subarea D	\$113,000	85,000	\$1

**Workforce Ownership Affordability Gap Calculation (Appendix C - Tables 4 - 7)**

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. Tables 4, 5, 6 and 7 present ownership projects with 60 two-bedroom units based on the market research discussed previously. The size of the prototype units for each subarea is provided below:

	Unit Size (Sf)	Total GBA (Sf)
Subarea A	1,106	66,355
Subarea B	1,225	73,520
Subarea C	1,452	87,090
Subarea D	1,191	71,460

The affordability gap estimates the total subsidy required in order to insure that the proposed Workforce income restricted units will be affordable. Assuming that 30%, or 18 units are restricted to the Workforce sales price, the affordability gap calculation for each Subarea is summarized as follows:

	Estimated Value / Unit		Affordability Gap / Affordable Unit
	Market Rate Price	Workforce Price	
Subarea A	\$604,700	\$357,400	\$247,300
Subarea B	\$513,000	\$357,400	\$155,600
Subarea C	\$722,000	\$357,400	\$364,600
Subarea D	\$582,700	\$357,400	\$225,300

Therefore, the supportable In-Lieu Fee Reductions are summarized as follows:

	Total Affordability Gap	Project Size (Sf of GBA)	In-Lieu Fee Reduction
Subarea A	\$4,451,000	66,355	\$67
Subarea B	\$2,801,000	73,520	\$38
Subarea C	\$6,563,000	87,090	\$75
Subarea D	\$4,055,000	71,460	\$57

**WORKFORCE IN-LIEU FEE SCHEDULE (APPENDIX D – TABLE 1)**

KMA calculated the In-Lieu Fee Reduction based on the following assumptions:

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 there is a 28% decrease in land value.
3. The In-Lieu Fee Reduction is calculated at the 100% cost recovery level.
4. The Workforce In-Lieu Fee Schedule for developers that opt to construct 30% workforce units on-site is equal to the In-Lieu Fee minus the In-Lieu Fee Reduction.

**Workforce Rental In-Lieu Fee Schedule**

	FY 2009 Inclusionary In-Lieu Fee		Workforce In-Lieu Fee Reduction		Workforce In-Lieu Fee	
	10 – 49 Units	50+ Units	10 – 49 Units	50+ Units	10 – 49 Units	50+ Units
	Subarea A	TBD	TBD	TBD	TBD	TBD
Subarea B	\$1.07	\$1.07	\$0	\$0	\$1.07	\$1.07
Subarea C	\$23.48	\$32.01	\$0	\$0	\$23.48	\$32.01
Subarea D	\$21.34	\$29.88	\$0.96	\$1.33	\$20.38	\$28.55

As stated previously, market rents in Subareas B and C are at or below the Workforce Housing rents. Therefore, in these subareas, the market is already producing rental units affordable to Workforce households and a reduction in the In-Lieu Fee is not warranted.

**Workforce Ownership In-Lieu Fee Schedule**

	FY 2009 Inclusionary In-Lieu Fee		Workforce In-Lieu Fee Reduction		Workforce In-Lieu Fee	
	10 – 49	50+	10 – 49	50+	10 – 49	50+
	Units	Units	Units	Units	Units	Units
Subarea A	\$40.55	\$56.56	\$48.30	\$67.08	\$0	\$0
Subarea B	\$14.94	\$20.27	\$27.43	\$38.10	\$0	\$0
Subarea C	\$24.54	\$34.15	\$54.26	\$75.36	\$0	\$0
Subarea D	\$19.21	\$26.68	\$40.86	\$56.75	\$0	\$0

Given that the In-Lieu Fee Reductions are higher than the current In-Lieu Fees, a developer would not choose the Workforce Housing alternative even if there was a 100% reduction in the In-Lieu Fees. This phenomenon is the result of the fact that the proposed Workforce Housing Alternative would require a developer to increase the number of affordable units by 50%. In addition, the affordability gap associated with the Workforce units is currently 19% to negative 58% less than the affordability gap identified in the 2005 Inclusionary Housing Ordinance analysis. This difference is summarized below:

	FY2005	FY2009	% Change
	Affordability Gap/ Inclusionary Unit	Affordability Gap/ Workforce Unit	
Subarea A	\$594,800	\$247,300	-58%
Subarea B	\$218,000	\$155,600	-29%
Subarea C	\$307,200	\$363,600	19%
Subarea D	\$161,400	\$225,300	40%

An ancillary finding of this analysis is that it is anticipated that developers will always chose to pay the In-Lieu Fee until the cost of the In-Lieu Fee equals the impact of restricting the units on-site. The City plans to adjust the In-Lieu Fee based on market data in 2010.

## CONCLUSIONS

The following summarizes the KMA findings:

1. There has been no significant rental development in Subarea A. Therefore, there is insufficient market data to support the establishment of a Workforce In-Lieu Fee. If the City chooses to proceed with the proposed amendment, the Workforce In-Lieu Fee for this subarea would be calculated on a project-by-project basis.
2. Based on the market data provided in Appendix A, the rents calculated as affordable to Workforce households is higher than the market rents in all of the subareas except Subarea D, which has a minimal difference between the restricted and market rate rents. Therefore, it can be concluded that the market is already providing rental units affordable to households earning up to 150% of the Median and a reduction in the In-Lieu Fee is not warranted.
3. By doubling the number of affordable units to be created on-site with the Workforce Housing alternative, the resulting affordability gap is higher than the gap associated with providing 15% of the units to Moderate income households. Therefore, the warranted In-Lieu Fee Reduction for providing Workforce ownership units on-site is higher than the current In-Lieu Fee. As such, even if 100% of the In-Lieu Fees are waived, developers would still have a financial gap and, would therefore, choose to pay the In-Lieu Fee instead of providing affordable units on-site.
4. Given that the current ownership In-Lieu Fees reflect 2005 market conditions increased by the CPI for Los Angeles, these fees have not fully adjusted to current market conditions in Pasadena. Until the City adjusts the In-Lieu Fees to be based on market data in 2010, the typical developer would not be interested in providing either Workforce or Moderate income units on-site and will choose to pay the current In-Lieu Fees.
5. If the City chooses to proceed with the proposed amendment, KMA recommends that the Workforce In-Lieu Fees be determined on a project-by-project basis.

## **APPENDIX A**

APPENDIX A - TABLE 1A

2008 MARKET RENT COMPARABLES BY PROJECT (SUBAREA B)  
 WORKFORCE HOUSING IN-LIEU FEE REDUCTION ANALYSIS  
 PASADENA, CALIFORNIA

<u>Project</u>	<u>Year Built</u>	<u>Total Units</u>	<u>Unit Type</u>	<u>Monthly Rent</u>	<u>Unit Size (SF)</u>	<u>\$ / SF</u>
1 Oakland Summit Apartments 650 N. Oakland Ave.	1962	50	0/1	\$895	460	\$1.95
			0/1	\$950	460	\$2.07
2 Bungalows on Madison 405 N. Madison Ave.	1955	14	0/1	\$975	500	\$1.95
			0/1	\$1,000	500	\$2.00
			1/1	\$1,150	650	\$1.77
			1/1	\$1,300	850	\$1.53
			2/1	\$1,700	1,100	\$1.55
2/1	\$1,900	1,100	\$1.73			

	<u>Sample Size</u>	<u>Average Unit Size</u>	<u>Minimum Rent</u>	<u>Maximum Rent</u>	<u>Average Rent</u>	<u>Average Rent/Sf</u>
Studio	4	480	\$900	\$1,000	\$1,000	\$2.08
One-Bedroom Units	2	750	\$1,200	\$1,300	\$1,200	\$1.60
Two-Bedroom Units	2	1,100	\$1,700	\$1,900	\$1,800	\$1.64

Source: Rent.com, Move.com 4/10/2008

APPENDIX A - TABLE 1B

2008 MARKET RENT COMPARABLES BY PROJECT (SUBAREA C)  
 WORKFORCE HOUSING IN-LIEU FEE REDUCTION ANALYSIS  
 PASADENA, CALIFORNIA

Project	Year Built	Total Units	Unit Type	Monthly Rent	Unit Size (SF)	\$ / SF
1 Terraces at Paseo Colorado 375 East Green Street	2002	391	0/1	\$1,805	489	\$3.69
			0/1	\$2,985	836	\$3.57
			1/1	\$1,790	535	\$3.35
			1/1	\$1,920	635	\$3.02
			2/1	\$3,030	980	\$3.09
2 San Pasqual Apartments 975 San Pasqual Street	1973	86	1/1	\$1,810	800	\$2.26
	2000		1/1.5	\$2,035	1,027	\$1.98
			2/2	\$2,175	1,065	\$2.04
			2/2	\$2,375	1,300	\$1.83
3 Monterra Del Mar 280 East Del Mar Blvd.	1974	123	0/1	\$1,368	590	\$2.32
	2000		1/1	\$1,554	660	\$2.35
			1/1	\$1,599	790	\$2.02
			2/1	\$1,661	975	\$1.70
4 Buena Vista Apartments 300 East Bellevue Drive	1973	92	1/1	\$1,519	670	\$2.27
	2000		1/1	\$1,689	785	\$2.15
			1/1	\$1,719	800	\$2.15
			2/1	\$1,899	847	\$2.24
			2/2	\$1,999	917	\$2.18
			2/2	\$2,049	962	\$2.13
			2/2	\$2,099	998	\$2.10
			2/2	\$2,169	1,108	\$1.96
	3/2	\$2,199	1,086	\$2.02		
5 Monterra Del Rey 350 South Madison Avenue	1972	84	1/1	\$1,585	820	\$1.93
	2000		2/2	\$1,870	1,000	\$1.87
			2/2	\$1,895	1,050	\$1.80
			3/2	\$2,150	1,200	\$1.79
6 Arpeggio at Pasadena 325 Cordova Street	2002	135	1/1	\$1,795	560	\$3.21
			1/1	\$2,025	629	\$3.22
			1/1	\$2,195	919	\$2.39
			2/2	\$2,460	1,036	\$2.37
			2/2	\$2,510	1,095	\$2.29
7 Archstone Pasadena 25 S Oak Knoll Ave	2004	120	1/1	\$1,800	686	\$2.62
			1/1	\$1,880	682	\$2.76
			1/1	\$1,925	710	\$2.71
			1/1	\$2,055	750	\$2.74
			1/1	\$2,150	704	\$3.05
			1/1	\$2,150	770	\$2.79
			1/1	\$2,200	828	\$2.66
			2/2	\$2,600	1,106	\$2.35
2/2	\$2,910	1,043	\$2.79			
8 Monterra Del Sol 280 South Euclid Ave.	1972	85	0/1	\$1,465	490	\$2.99
	2000		1/1	\$1,595	720	\$2.22



APPENDIX A - TABLE 1B

2008 MARKET RENT COMPARABLES BY PROJECT (SUBAREA C)  
 WORKFORCE HOUSING IN-LIEU FEE REDUCTION ANALYSIS  
 PASADENA, CALIFORNIA

Project	Year Built	Total Units	Unit Type	Monthly Rent	Unit Size (SF)	\$ / SF
			1/1	\$1,670	820	\$2.04
			2/2	\$1,915	1,000	\$1.92
			2/2	\$2,121	1,180	\$1.80
<b>9 Archstone Del Mar Station</b> 265 Arroyo Parkway	2006	347	0/1	\$2,085	724	\$2.88
			1/1	\$2,274	976	\$2.33
			1/1	\$2,543	1,243	\$2.05
			1/1	\$2,770	877	\$3.16
			1/1	\$2,835	1,296	\$2.19
			2/2	\$2,653	1,075	\$2.47
			2/2	\$3,282	1,246	\$2.63
			2/2	\$3,304	1,447	\$2.28
			2/2	\$3,517	1,211	\$2.90
<b>10 Waterstone at Pasadena</b> 110 S. El Nido Ave.	1968	84	2/1	\$1,375	1,100	\$1.25
<b>11 Archstone Old Town Pasadena</b> 350 Del Mar Blvd.	1972	96	0/1	\$1,680	590	\$2.85
			1/1	\$1,710	680	\$2.51
			2/1	\$2,000	1,000	\$2.00
<b>12 Windrose Apartments</b> 271 E. Bellevue Dr.	1988	134	1/1	\$1,545	610	\$2.53
			1/1	\$1,595	618	\$2.58
			1/1	\$1,645	753	\$2.18
			1/1	\$1,675	780	\$2.15
			1/1	\$1,795	803	\$2.24
			2/2	\$1,975	953	\$2.07
			2/2	\$2,045	1,008	\$2.03
			2/2	\$2,245	1,131	\$1.98
			2/2	\$2,345	1,186	\$1.98
<b>13 Oak Knoll</b> 267 S. Oak Knoll Ave.	1973	57	1/1	\$1,150	500	\$2.30
			1/1	\$1,200	500	\$2.40
			2/1.5	\$1,800	1,050	\$1.71
<b>14 Franklin House</b> 250 S. Oak Knoll Ave.	1964	42	1/1	\$1,260	500	\$2.52
			1/1	\$1,310	500	\$2.62
<b>15 The Mark Pasadena</b> 385 S. Catalina Ave.	1973	84	1/1	\$1,710	725	\$2.36
			1/1.5	\$1,865	854	\$2.18
			2/1.5	\$1,935	854	\$2.27
			2/2	\$2,295	1,054	\$2.18
<b>16 The Bellevue</b> 33 S. Wilson Ave.	2007	45	1/1	\$1,725	700	\$2.46
			1/1	\$2,100	850	\$2.47
			2/2	\$2,295	1,000	\$2.30
			2/2	\$2,795	1,250	\$2.24

	Sample Size	Average Unit Size	Minimum Rent	Maximum Rent	Average Rent	Average Rent / Sf
Studio	6	620	\$1,400	\$3,000	\$1,900	\$3.07
One-Bedroom Units	40	749	\$1,200	\$2,800	\$1,800	\$2.40
Two-Bedroom Units	32	1,070	\$1,400	\$3,500	\$2,300	\$2.15
Three-Bedroom Units	2	1,143	\$2,200	\$2,200	\$2,200	\$1.92

Source: Rent.com, Move.com 4/10/2008

Prepared by: Keyser Marston Associates, Inc.  
 Filename: Work Force In-lieu Fee\_5\_13\_08.xls; APP A - 1B; jtu

APPENDIX A - TABLE 1C

2008 MARKET RENT COMPARABLES BY PROJECT (SUBAREA D)  
 WORKFORCE HOUSING IN-LIEU FEE REDUCTION ANALYSIS  
 PASADENA, CALIFORNIA

Project	Year Built	Total Units	Unit Type	Monthly Rent	Unit Size (SF)	\$/SF
1 Trio 44 N Madison Ave.	2005	304	0/1	\$1,725	532	\$3.24
			0/1	\$2,155	902	\$2.39
			0/1	\$2,191	784	\$2.79
			0/1	\$2,505	740	\$3.39
			0/1	\$2,805	953	\$2.94
			1/1	\$1,985	707	\$2.81
			1/1	\$1,990	791	\$2.52
			1/1	\$2,030	725	\$2.80
			1/1	\$2,565	911	\$2.82
			1/1	\$3,680	1,630	\$2.26
			1/1	\$3,725	1,124	\$3.31
			2/2	\$2,385	1,103	\$2.16
			2/2	\$2,560	1,086	\$2.36
			2/2	\$2,605	1,187	\$2.19
			2 Holly Street Village Apartments 151 East Holly Street	1994 2003	374	0/1
1/1	\$1,535	550				\$2.79
1/1	\$1,778	667				\$2.67
1/1	\$2,102	836				\$2.51
2/1	\$2,312	963				\$2.40
2/1	\$2,458	1,020				\$2.41
2/1	\$2,784	1,099				\$2.53
3 City Place 801 East Walnut Street	2001	214	1/1	\$1,755	681	\$2.58
			1/1	\$1,850	800	\$2.31
			1/1	\$1,975	809	\$2.44
			1/1	\$2,295	914	\$2.51
			2/1	\$2,075	893	\$2.32
			2/2	\$2,365	1,021	\$2.32
			2/2	\$2,880	1,183	\$2.43
			3/2	\$2,995	1,241	\$2.41
4 Arcappella Pasadena 160 E Corson Street	2002	143	1/1	\$1,700	562	\$3.02
			1/1	\$1,800	623	\$2.89
			1/1	\$2,050	917	\$2.24
			2/2	\$2,150	1,002	\$2.15
			2/2	\$2,375	1,087	\$2.18
			2/2	\$2,375	1,032	\$2.30
5 The Stuart at Sierra Madre Villa 3360 E. Foothill Blvd.	2006	188	1/1	\$1,810	585	\$3.09
			1/1	\$1,950	713	\$2.73
			1/1	\$2,010	737	\$2.73
			1/1	\$2,055	771	\$2.67
			1/1	\$2,095	792	\$2.65
			2/2	\$2,575	1,053	\$2.45
			2/2	\$2,765	1,148	\$2.41
			2/2	\$2,800	1,168	\$2.40
			2/2	\$2,800	1,175	\$2.38
			2/2	\$3,000	1,176	\$2.55
			2/2	\$3,450	1,205	\$2.86

APPENDIX A - TABLE 1C

2008 MARKET RENT COMPARABLES BY PROJECT (SUBAREA D)  
 WORKFORCE HOUSING IN-LIEU FEE REDUCTION ANALYSIS  
 PASADENA, CALIFORNIA

Project	Year Built	Total Units	Unit Type	Monthly Rent	Unit Size (SF)	\$ / SF
6 Brookmore Apartments in Old Town Pasadena 189 N. Marengo Ave.	1924	51	0/1	\$1,050	275	\$3.82
	2002		0/1	\$1,375	500	\$2.75
			1/1	\$1,500	550	\$2.73
			1/1	\$1,700	700	\$2.43
Catalina Apartments 168 N. Catalina Ave.	1992	8	2/2	\$1,795	950	\$1.89

	Sample Size	Unit Size	Minimum Rent	Maximum Rent	Average Rent	Average Rent / Sf
Studio	8	722	\$1,100	\$2,800	\$2,100	\$2.91
One-Bedroom Units	23	787	\$1,500	\$3,700	\$2,100	\$2.67
Two-Bedroom Units	27	1,126	\$1,800	\$3,800	\$2,700	\$2.40
Three-Bedroom Units	1	1,241	\$2,995	\$2,995	\$2,995	\$2.41

Source: Rent.com; Move.com 4/10/2008