Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead

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August 04, 2020

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

HEARING ON THE INCLUSIONARY HOUSING ORDINANCE
PROJECT NO. 2020-000601 (1-5)
ADVANCE PLANNING CASE NO. RPPL2020001004, RPPL2020001006
(ALL SUPERVISORIAL DISTRICTS) (3-VOTES)

SUBJECT

The recommended actions are to approve an Addendum to a previously certified Final Environmental Impact Report (EIR) and the Inclusionary Housing Ordinance (Ordinance). The proposed Ordinance establishes mandatory affordable housing requirements for rental and for-sale residential projects that meet certain criteria. A project summary is included as Attachment 1, and the proposed Ordinance is included as Attachment 2.

IT IS RECOMMENDED THAT THE BOARD AFTER THE PUBLIC HEARING,

1. Certify that the Addendum to the EIR for the General Plan Update (RPPL2020001006) (Attachment 4), has been completed in compliance with the California Environmental Quality Act (CEQA) and reflects the independent judgment and analysis of the County of Los Angeles (County); find that the Board of Supervisors (Board) has reviewed and considered the information contained in the Addendum with the EIR prior to approving the project, and approve the Addendum;

2. Indicate its intent to approve the Ordinance (RPPL2020001004), as recommended by the Regional Planning Commission (RPC), and with modifications as proposed by the Department of Regional Planning staff (Staff); and

3. Instruct County Counsel to prepare the necessary final documents for the Ordinance and bring them back to the Board for their consideration.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will approve an Addendum to the previously certified General Plan Update EIR and allow the County to implement an inclusionary housing policy by establishing mandatory affordable housing requirements for rental and for-sale residential projects that meet certain criteria.

Inclusionary housing is a policy that requires market-rate residential developments to set aside a certain percentage of housing units for lower or moderate income households. It is an important tool to add to the County's toolbox to address the County's shortage of affordable housing.

On December 8, 2015, the Board approved a motion to initiate the Equitable Development Work Program, which includes an instruction to Staff to provide a menu of options for the implementation of an inclusionary housing program. On February 9, 2016, the Board approved an action plan to prevent and combat homelessness. The action plan includes strategies for increasing the production of affordable housing, such as inclusionary housing. Furthermore, on February 20, 2018, the Board approved a motion instructing Staff to prepare an Ordinance inclusionary housing ordinance that considers for-sale and rental housing projects, inclusionary requirements tied to different income categories, and options for applicants to fulfill this obligation, which could include, but are not limited to, an in-lieu fee, off-site development, the dedication of land for the development of affordable housing, and the acquisition and rehabilitation of existing affordable housing units.

On April 29, 2020, the RPC held a public hearing on the proposed Ordinance and voted unanimously to recommend approval of the proposed Ordinance with changes. The summary of RPC proceedings is included as Attachment 5. The RPC's resolution is included as Attachment 6.

Economic Feasibility

When establishing an inclusionary housing policy, it is important to demonstrate economic feasibility. In January 2018, the County's consultant completed an inclusionary housing feasibility analysis for the unincorporated areas. It establishes the boundaries of six submarket areas, based on geographic and housing/real estate market data: Antelope Valley; Coastal South Los Angeles; East Los Angeles/Gateway; San Gabriel Valley; Santa Clarita Valley; and South Los Angeles. Coastal Islands and Santa Monica Mountains are excluded because there is limited potential for residential development in these areas. Within each submarket area, the consultant conducted a financial analysis to assess whether an inclusionary housing requirement can be supported for three residential types (single family homes, condominium, and apartments), and if so, what level of requirement can be supported. In March 2020, the County's consultant updated the study to reflect updates to real estate market data and the proposed Ordinance.

The studies concluded that due to a lack of development activities and real estate market conditions that it is not currently feasible to apply inclusionary housing requirements within certain submarket areas as identified in the initial analysis: rental projects in the Antelope Valley, East Los Angeles/Gateway, and South Los Angeles; and condominium projects in the Antelope Valley and South Los Angeles. The studies are included as Attachment 7.

Note that although the feasibility studies were completed before the COVID-19 pandemic, they are based on the best and most current data available and reliably demonstrate feasibility of the proposed Ordinance. While housing development has been impacted by the pandemic and many economic activities have been paused in the short term, there is potential for related industries to reboot as restrictions are lifted and adjustments are made. As the proposed Ordinance requires updates and reevaluation of the studies, Staff will regularly assess and track the long-term impacts of the pandemic to housing development.

Key Components

The proposed Ordinance includes the following key components:

• Set-aside requirements, rental projects: The proposed Ordinance requires rental housing projects with five or more baseline dwelling units to set aside units for extremely low, very low or lower income households.
o To ensure the financial feasibility of projects, the proposed Ordinance establishes:
 Three set-aside options, ranging from 5% to 20% of the unit count depending on the affordability level of the units and the project size;
 Options that include the ability to mix incomes to meet set-aside requirements; and
 Lower set-aside options to address the unique circumstances of smaller development projects (less than 15 baseline dwelling units).

• Set-aside requirements, for-sale projects: The proposed Ordinance requires for-sale housing projects of five or more baseline dwelling units to set aside units for moderate or middle income households. Middle income is a new category created by the proposed Ordinance, which encourages the development of middle income (workforce) homeownership opportunities.
o To further ensure the financial feasibility of for-sale projects, the proposed Ordinance establishes:
 Set-asides by submarket area based on the ranges determined to be financially sustainable for each submarket area;
 An affordability requirement that may be satisfied by the average income of the set-aside units; and
 Lower set-aside options to address the unique circumstances of smaller projects (less than 15 baseline dwelling units)

• Incentives: For for-sale projects with middle income set asides that are not eligible for a density bonus and incentives, the Ordinance provides one incentive and one waiver or reduction of a development standard.

• Offsite Alternatives: The proposed Ordinance allows for the provision of the affordable housing units off-site, if the off-site location is one of the following:
o Within an unincorporated area and within one-quarter mile of the principal project site;
o Within a Highest, High, or Moderate Resource Area, as determined by the State Tax Credit Allocation Committee and State Department of Housing and Community Development (with the offsite units being located in the same or higher resource area as the principal project);
o Within an area with known displacement risk within two miles of the project principal project site, based on evidence to the satisfaction of the Department; or
o Developed as part of a community land trust.

• Comparability: The proposed Ordinance establishes requirements for comparability of set-aside and non-set-aside units for inclusionary projects, including: interior and exterior finishes, access to building amenities, distribution of set-aside units within the project, and the clarification that set-aside units in a for-sale project must be for sale.

• Right of first refusal: When the initial qualified buyer of a for-sale unit sells their home, the proposed

Ordinance reserves the right of first refusal for the County, a County-designated agency, or a qualified nonprofit for the purpose of sale or rental to eligible households.

• Consistency with Density Bonus Ordinance: The proposed Ordinance aligns with the County's existing density bonus program to ensure consistency of policy and ease of implementation. This includes:
o Five baseline dwelling units as the project threshold for the inclusionary requirement;
o Inclusionary set-aside units required by the proposed Ordinance also count toward the set-aside provided for density bonus;
o Same permit review process, covenant, and monitoring requirements; and
o Same requirement for comparability of the bedroom mix between set-aside units and non-set-aside units.

• Reevaluation: The proposed Ordinance requires the County to re-evaluate the set-aside requirements and the boundaries of the submarket areas regularly (no less than every five years) to maintain the financial feasibility of the affordable housing requirements amidst neighborhood and housing market change.

ADDITIONAL STAFF RECOMMENDATIONS

For clarification purposes, to ensure compliance with State law, and as directed by the RPC, Staff made revisions to the proposed Ordinance heard by the RPC on April 29, 2020. In particular, the RPC directed Staff to change the inclusionary housing set-aside affordability duration in rental housing developments from 55 years to 99 years. However, if a developer is subject to inclusionary set-aside requirements and the developer elects to utilize the density bonus program, then the affordability duration for rental set-aside units under both programs would be 55 years. Should changes occur in this constantly changing area of the law, then the aforementioned may be modified accordingly.

These changes are shown in Attachment 3.

Implementation of Strategic Plan Goals

The proposed Ordinance supports the County's Strategic Plan Goal I: Make Investments That Transform Lives; Objective I.1.5: Increase Affordable Housing Throughout L.A. County by providing and preserving a cost-efficient source of quality housing in single-family and multi-family neighborhoods.

FISCAL IMPACT/FINANCING

Adoption of the proposed Ordinance will not result in any significant new costs to the Department of Regional Planning or other County departments and agencies.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Assembly Bill (AB)1505 (Bloom, 2017) allows local jurisdictions to require affordable housing in rental housing developments. It supersedes the 2009 decision of Palmer/Sixth Street Properties, L.P., et al. v. City of Los Angeles, which had determined that rental set aside requirements conflict the right afforded under the Costa-Hawkins Act to establish the initial rental rate for a dwelling or unit. AB 1505 requires ordinances with rental set-asides that exceed 15% of the units for lower income households at 80% Area Median Income to demonstrate through an economic feasibility study that it does not unduly constrain the production of housing.

The proposed Ordinance supports Goals 1 and 3 as well as Policy 3.1 of the County's adopted and State-certified Housing Element, in that it will facilitate the production of lower-cost housing throughout the unincorporated areas to increase housing choices for all economic segments of the population.

In addition to the public hearing conducted by the RPC on April 29, 2020, a public hearing before the Board is required pursuant to Section 22.232.040.B.1 of the County Code. Required notice (Attachment 8) has been given pursuant to the procedures and requirements set forth in Section 22.222.180 of the County Code. Additionally, more than 1,100 members of the public have been notified via email. The email notification list is included as Attachment 9.

ENVIRONMENTAL DOCUMENTATION

The Board certified the General Plan Update EIR on October 6, 2015 (State Clearinghouse No. 2011081042). The certified General Plan Update EIR is available at planning.lacounty.gov/generalplan/eir.

Based on the Addendum, the EIR, and other materials in the record, the County determines that the proposed Ordinance falls within the previously certified General Plan Update EIR as the Ordinance has no new significant environmental impacts; no substantial increase in the severity of previously identified significant effects; no mitigation measures or alternatives previously found infeasible and now feasible; and no mitigation measures or alternatives which are considerably different from those in the EIR. Thus, neither a subsequent nor supplemental EIR is required. However, some changes or additions are necessary to the EIR, making this Addendum the appropriate CEQA document for the proposed Ordinance.

There are no changes that require further review under CEQA.

The required fee, if any, to the California Department of Fish and Wildlife was paid for in conjunction with the previously certified EIR.

Upon your Board's approval of the proposed Ordinance, Staff will file a Notice of Determination with the County Clerk in accordance with section 21152 of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the proposed Ordinance will not significantly impact County services.

Respectfully submitted,

Amy J. Bodek, AICP
Director

AJB:BS:CC:TF:ra

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Chief Executive Office
Arts and Culture
Community Development Authority
Public Works
Fire Department

COUNTY OF LOS ANGELES
DEPARTMENT OF REGIONAL PLANNING

PROJECT SUMMARY

PROJECT DESCRIPTION:	Inclusionary Housing Ordinance: Proposed amendments to the Los Angeles County Code (Title 22) to establish mandatory affordable housing requirements for rental and for-sale residential projects that meet certain criteria. This is a countywide (unincorporated) ordinance.
REQUEST:	Approval and adoption of the Ordinance.
LOCATION:	Countywide (unincorporated areas)
STAFF CONTACT:	Ms. Tina Fung at (213) 974-6417
RPC HEARING DATE(S):	April 29, 2020
RPC RECOMMENDATION:	Approval and recommendation to the Board to consider adoption of the Ordinance.
MEMBERS VOTING AYE:	Commissioners Moon, Modugno, Smith, Louie, and Shell
MEMBERS VOTING NAY:	None
MEMBERS ABSENT:	None
MEMBERS ABSTAINING:	None

KEY ISSUES:

The Draft Ordinance amends Title 22 (Planning and Zoning) of the County Code to:

- Require for-sale and rental housing projects of five or more units to provide affordable housing units at specified percentages and at costs and rents affordable to a range of specified income levels;
- Establish submarket areas to accommodate differences in the real estate market in different geographic areas of the County;
- Provide flexibility by establishing ‘middle

income' as an income category eligible to satisfy inclusionary housing requirements for for-sale projects, and enable eligibility of projects with middle income set-asides to receive an incentive and a waiver or reduction of a development standard;

- Create the program structure, including but not limited to: duration of affordability, comparability of set-aside and non-set-aside units, and an option to provide the affordable units off-site;

- Align the density bonus program with inclusionary housing to ensure consistency of policy and ease of implementation;

- Reserve right of first refusal to the County, or a County-designated agency or nonprofit when the initial buyer of an affordable home created through the Ordinance sells their home; and

- Require the County to regularly reevaluate the affordable housing requirements and the submarket area boundaries.

MAJOR POINTS FOR: The Draft Ordinance is another tool in the County's toolbox to create more affordable housing opportunities for the unincorporated areas.

The Draft Ordinance has been developed to ensure feasibility of the inclusionary housing requirements, and to provide flexibility, access to density bonus, and incentives.

MAJOR POINTS AGAINST: The Draft Ordinance is not comprehensive enough in that it does not apply inclusionary housing requirements in certain communities based on feasibility.

The Draft Ordinance is based on economic feasibility studies that do not consider the impacts of the pandemic on housing development.

Attachment 2

ANALYSIS

This ordinance amending Title 22 – Planning and Zoning of the Los Angeles County Code to establish an Inclusionary Housing Program in the unincorporated areas of Los Angeles County.

MARY C. WICKHAM
County Counsel

By
CASEY YOURN
Senior Deputy County Counsel
Property Division

CY:ss

Requested: 04/15/2020

Revised: 05/07/2020

ORDINANCE NO. ________________________

An ordinance amending Title 22 – Planning and Zoning of the Los Angeles County Code to establish an Inclusionary Housing Program in the unincorporated areas of Los Angeles County.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 22.14.010 is hereby amended to read as follows:

22.14.010 A.

…

Affordable housing and senior citizen housing. The following terms are defined for the purposes of Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), and Chapter 22.166 (Housing Permits):

Affordable housing cost. ~~As defined in Section 50052.5 of the California Health and Safety Code.~~

1. Unless otherwise specified, as defined in section 50052.5 of the California Health and Safety Code.

2. For middle income households, affordable housing cost shall not be less than 28 percent of the gross income of the household, not exceed the product of 35 percent times 130 percent of area median income adjusted for family size appropriate for the unit.

Affordable housing set-aside. Dwelling units reserved for extremely low, very low, lower, ~~or~~ moderate, or middle income households.

Affordable rent. As defined in Section 50053 of the California Health and Safety Code.

Affordable sale price. The maximum sale price of an affordable unit based on the affordable housing cost, as determined by the County.

…

Housing development. A residential development project~~ for five or more dwelling units,~~ including mixed use developments. It may also be a subdivision or a common interest development, as defined in Section 4100 of the California Civil Code, approved by the County and consisting of dwelling units or unimproved residential lots. ~~It may also be either a project to substantially rehabilitate and convert an existing commercial building to residential use, or the substantial rehabilitation of an existing multi-family dwelling, as defined in Section 65863.4(d) of the California Government Code, where the result of rehabilitation would be a net increase in available dwelling units.~~

…

Incentive. ~~As specified in Section 65915(k) of the California Government Code, a~~A reduction of a development standard or a modification of a zoning code requirement, or other regulatory incentive or concession, that results in identifiable and actual cost reductions to provide for affordable housing costs or rents.

Income. See "Income" for the following:

Area median income.

Extremely low income.

Lower income.

Moderate income.

Middle income.

…

Specific adverse impact. As defined in Section 65589.5(d)(2) of the California Government Code.

Submarket area. A geographic area with similar land use and real estate markets, as depicted in Figures 22.14.010-A through 22.14.010-F, below.

FIGURE 22.14.010-A: ANTELOPE VALLEY SUBMARKET AREA

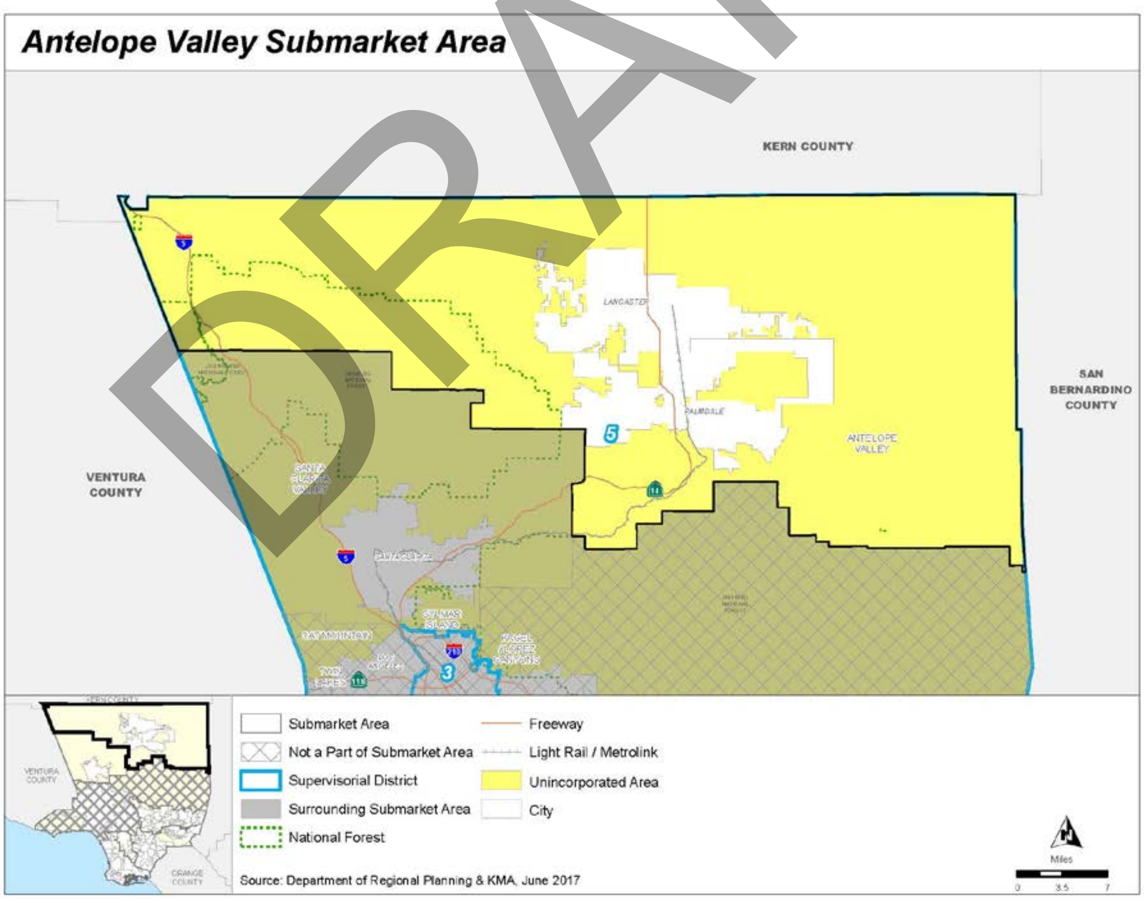


FIGURE 22.14.010-B: COASTAL SOUTH LOS ANGELES SUBMARKET AREA

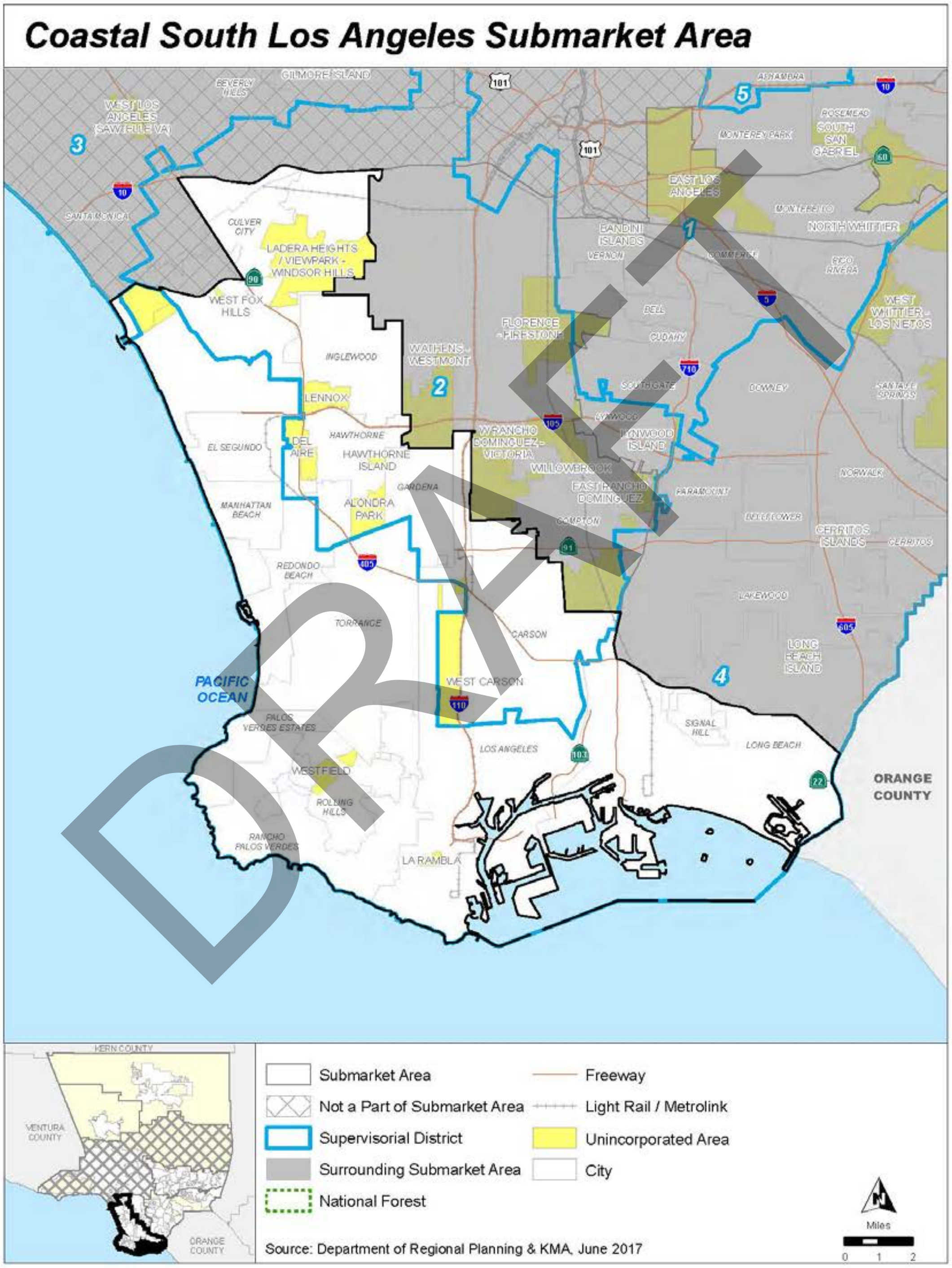


FIGURE 22.14.010-C: EAST LOS ANGELES/GATEWAY SUBMARKET AREA

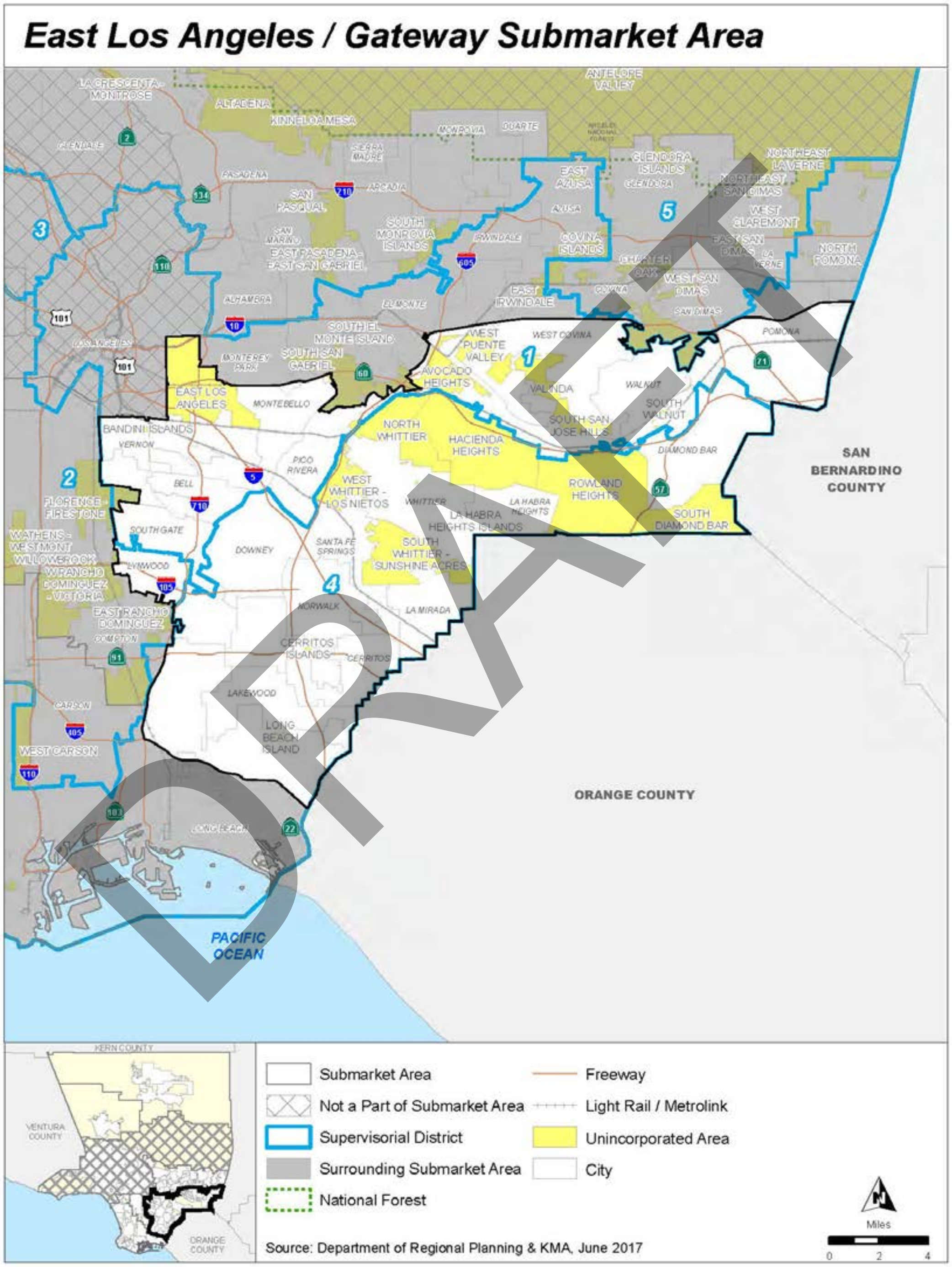


FIGURE 22.14.010-D: SAN GABRIEL VALLEY SUBMARKET AREA

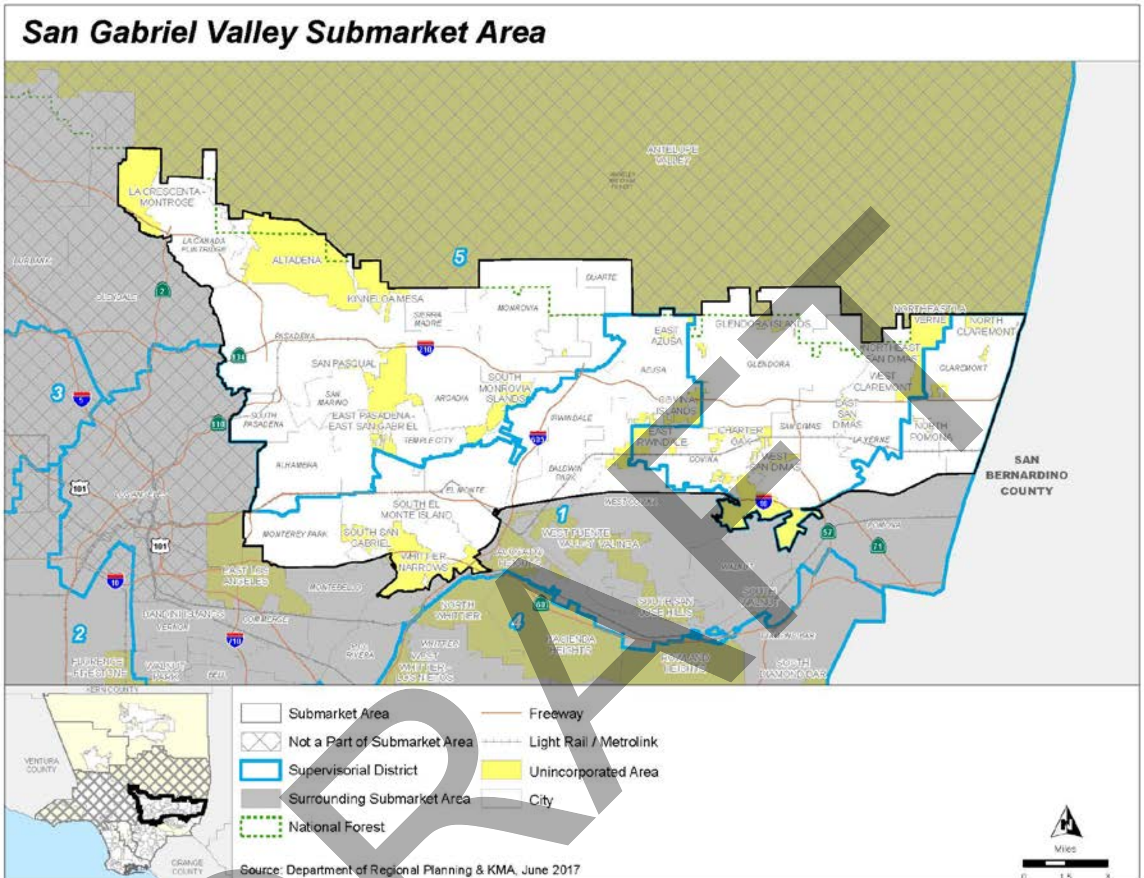


FIGURE 22.14.010-E: SANTA CLARITA VALLEY SUBMARKET AREA

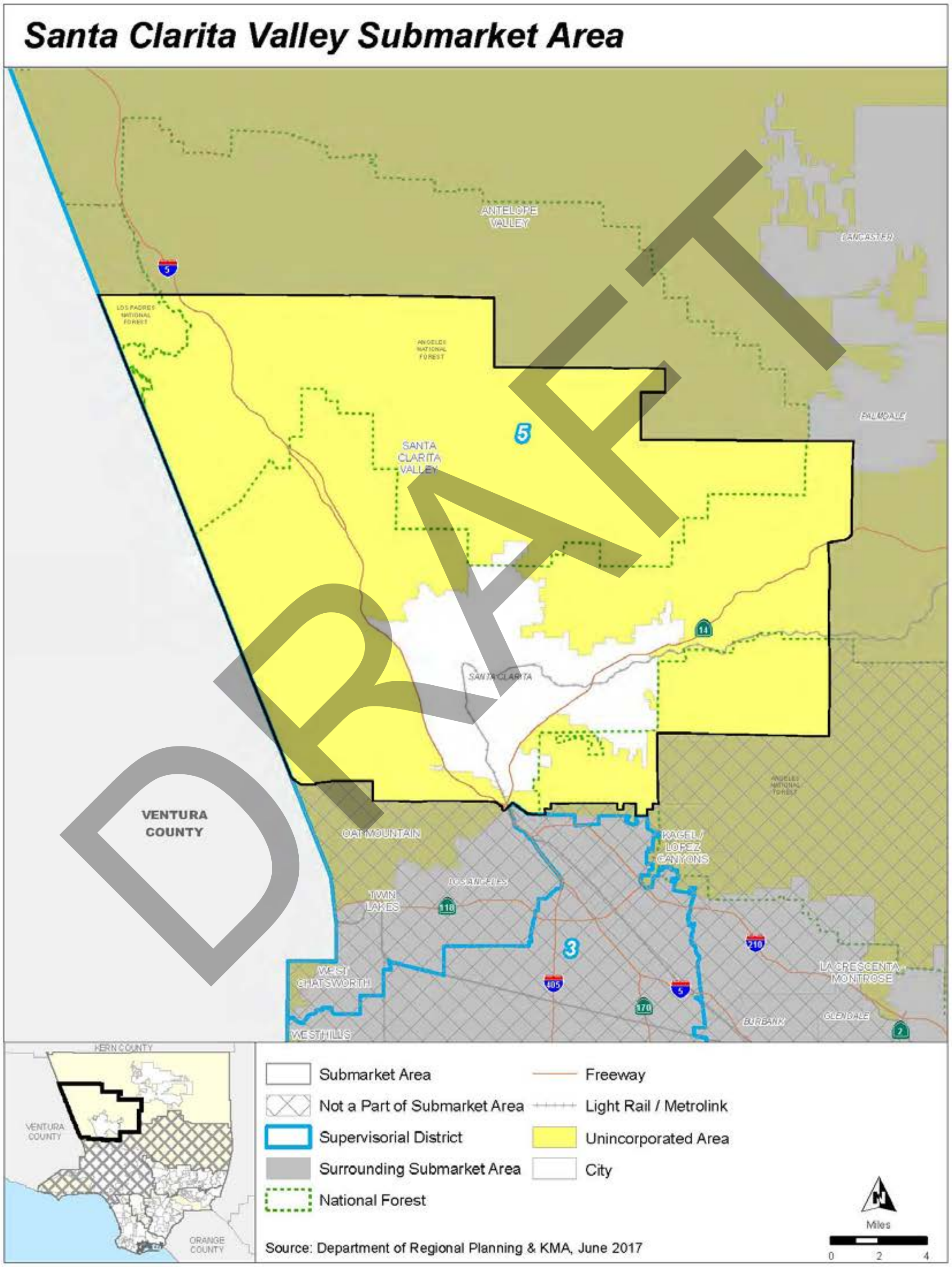
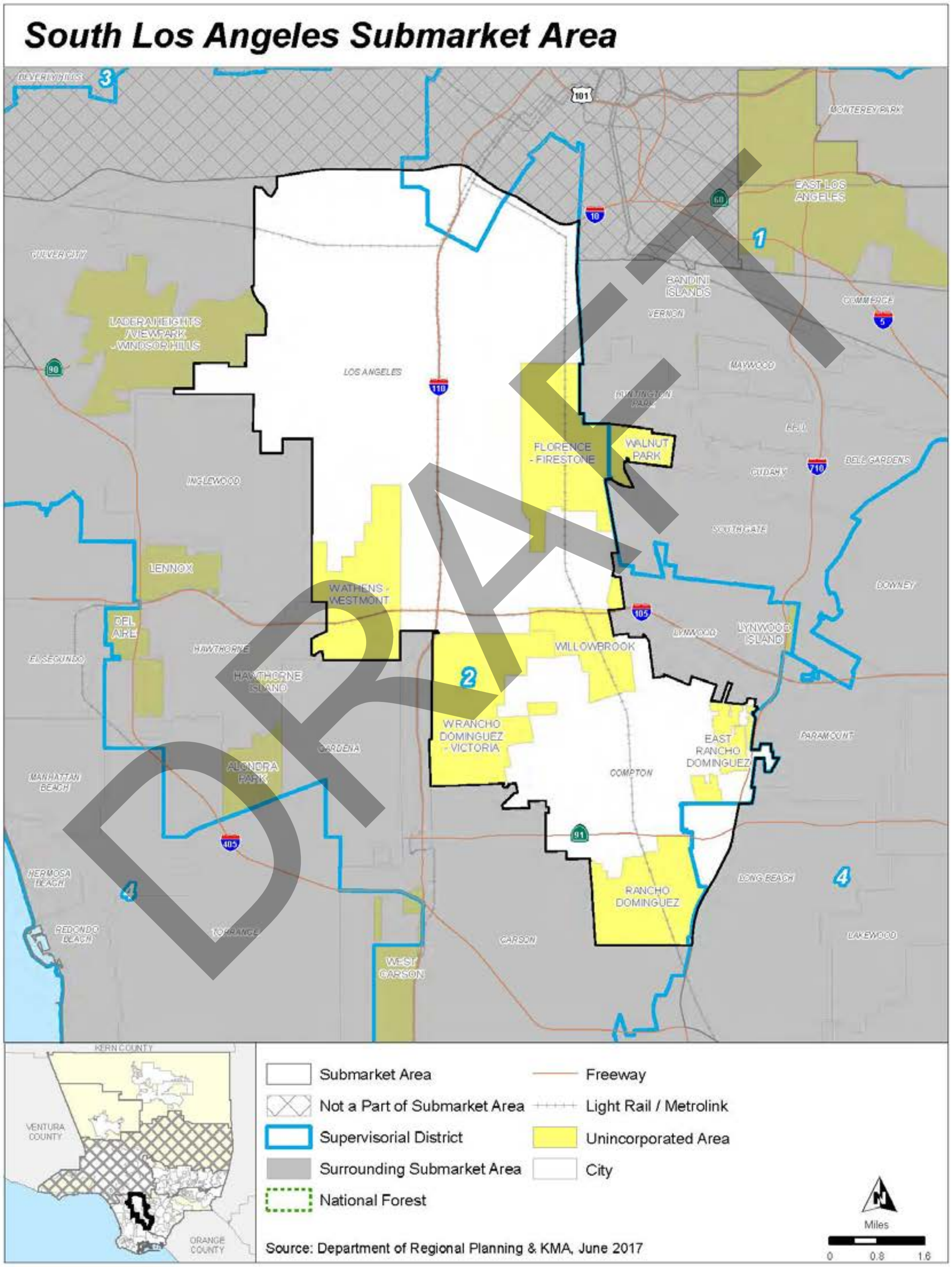


FIGURE 22.14.010-F: SOUTH LOS ANGELES SUBMARKET AREA



Waiver or reduction of development standards. ~~As specified in Section 65915(e) of the California Government Code, a~~A waiver or reduction of development standards that has the effect of physically precluding the construction of a project at the densities or with the incentives permitted by Chapter 22.120 (Density Bonus) or Chapter 22.121 (Inclusionary Housing).

…

SECTION 2. Section 22.14.090 is hereby amended to read as follows:

22.14.090 I.

…

Income.

Area median income. The current median annual household income for Los Angeles County, as estimated yearly by the United States Department of Housing and Urban Development or as published by the California Department of Housing and Community Development.

Extremely low income. An annual income for a household which does not exceed 30 percent of the area median income, as specified by Section 50106 of the California Health and Safety Code.

~~Low income. An annual income for a person or a family which does not exceed 80 percent of the area median income.~~

Lower income. An annual income for a household which does not exceed 80 percent of the area median income, as specified by Section 50079.5 of the California Health and Safety Code. "Low Income" shall mean the same as "Lower Income."

Middle income. An annual income for a household that does not exceed 150 percent of the area median income.

…

SECTION 3. Section 22.16.030 is hereby amended to read as follows:

22.16.030 Land Use Regulations for Zones A-1, A-2, O-S, R-R, and W.

…

C. Use Regulations.

1. Principal Uses. Table 22.16.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.16.030-B: PRINCIPAL USE REGULATIONS FOR AGRICULTURAL, OPEN SPACE, RESORT AND RECREATION, AND WATERSHED ZONES						
	A-1	***A-2***	***O-S***	***R-R***	***W***	***Additional Regulations***
…						
Residential Uses						
…						
Notes: … 16. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits)~~ if it includes affordable housing or senior citizen housing~~.						

…

SECTION 4. Section 22.18.030 is hereby amended to read as follows:

22.18.030 Land Use Regulations for Zones R-A, R-1, R-2, R-3, R-4, and R-5.

…

C. Use Regulations.

1. Principal Uses. Table 22.18.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.18.030-B: PRINCIPAL USE REGULATIONS FOR RESIDENTIAL ZONES							
	R-A	***R-1***	***R-2***	***R-3***	***R-4***	***R-5***	***Additional Regulations***
…							
Residential Uses							
…							
Single-family residences[8]	SPR	SPR	SPR	SPR	SPR	-	Section 22.140.580
Single-family residences on compact lots[8]	-	-	CUP	CUP	CUP	-	Section 22.140.585
…							
Notes: … 8. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits) ~~if it includes affordable housing or senior citizen housing~~.							

…

SECTION 5. Section 22.20.030 is hereby amended to read as follows:

22.20.030 Land Use Regulations for Zones C-H, C-1, C-2, C-3, C-M, C-MJ, and C-R.

…

C. Use Regulations.

1. Principal Uses. Table 22.20.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.20.030-B: PRINCIPAL USE REGULATIONS FOR COMMERCIAL ZONES								
	C-H	***C-1***	***C-2***	***C-3***	***C-M***	***C-MJ***	***C-R***	***Additional Regulations***
…								
Residential Uses								
…								

TABLE 22.20.030-B: PRINCIPAL USE REGULATIONS FOR COMMERCIAL ZONES
Notes: … 25. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits) ~~if it includes affordable housing or senior citizen housing~~. …

…

SECTION 6. Section 22.24.030 is hereby amended to read as follows:

22.24.030 Land Use Regulations for Rural Zones.

…

C. Use Regulations.

1. Principal Uses. Table 22.24.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.24.030-B: PRINCIPAL USE REGULATIONS FOR RURAL ZONES			
	C-RU	***MXD-RU***	***Additional Regulations***
…			
Residential Uses			
…			
Notes: … 13. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits) ~~if it includes affordable housing or senior citizen housing~~.			

…

SECTION 7. Section 22.26.030 is hereby amended to read as follows:

22.26.030 Mixed Use Development Zone.

…

B. Land Use Regulations.

…

3. Use Regulations.

a. Principal Uses.

i. Table 22.26.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.26.030-B: PRINCIPAL USE REGULATIONS FOR ZONE MXD		
		Additional Regulations
…		
Residential Uses		
…		
Notes: … 7. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits) ~~if it includes affordable housing or senior citizen housing~~.		

…

E. Modifications of Development Standards. With the exception of a height bonus granted through lot consolidation in Subsection G, below, the development standards specified in Subsection D, above, may be modified as follows:

…

2. Notwithstanding Subsection E.1, above, any development standard specified in Subsection D, above, may be waived or modified in accordance with Chapter 22.120 (Density Bonus) or Chapter 22.121 (Inclusionary Housing), subject to an Administrative Housing Permit (Section 22.166.040) application, and shall require the approval of a Ministerial Site Plan Review (Chapter 22.186) application.

…

SECTION 8. Section 22.46.030 is hereby amended to read as follows:

22.46.030 Administration.

Specific Plans and associated regulations shall be administered in accordance with Article 8, Chapter 3, Division 1, Title 7 and other applicable provisions of the California Government Code. Such plans and regulations may reference existing provisions and procedures of this Title 22 or they may develop different administrative procedures to use in the implementation of the Specific Plan. Except as otherwise expressively provided in a Specific Plan, property may be used for any purpose and subject to all of the standards and requirements of the basic zone. Where the regulations of a Specific Plan differ from the provisions of the basic zone, such regulations shall supersede the provisions of the basic zone as specified in the Specific Plan.

B. Exceptions.

1. Density Bonus or Inclusionary Housing. Notwithstanding any contrary provisions in this Chapter, any Specific Plan regulations specified in Subsection A, above, may be waived or modified through a Housing Permit (Chapter 22.166) pursuant to Chapter 22.120 (Density Bonus) or Chapter 22.121 (Inclusionary Housing).

…

SECTION 9. The Chapter headings for Division 6 are hereby amended to read as follows:

DIVISION 6: DEVELOPMENT STANDARDS.

Chapters:

...

Chapter 22.120 Density Bonus.

Chapter 22.121 Inclusionary Housing.

…

SECTION 10. Section 22.120.030 is hereby amended to read as follows:

22.120.030 Applicability.

Notwithstanding any contrary provisions in this Title 22, the provisions of this Chapter, in conjunction with Chapter 22.166 (Housing Permits), shall apply in all zones that allow residential use as a principal use, and apply to the eligible housing developments, including projects to substantially rehabilitate and convert an existing multi-family dwelling, as defined in section 65863.4 (d) of the California Government Code, where the result of the rehabilitation would be a net increase in available dwelling units.

SECTION 11. Section 22.120.050 is hereby amended to read as follows:

22.120.050 Affordable Housing.

…

B. Affordable Housing Set-Aside.

1. Duration of Affordability~~ - Rental. The affordability term for affordable housing set-aside units shall be at least 55 years from the issuance of the final certificate of occupancy by Public Works~~.

a. Rental. The affordability term for rental affordable housing set-aside units shall be at least 55 years from the issuance of the final certificate of occupancy by Public Works.

~~a~~b. For-sale. The initial sale of the affordable housing set-aside units shall be restricted to eligible buyers and shall require an equity-sharing agreement with the County, as described in Chapter 22.166 (Housing Permits).

2. ~~Compatibility~~Comparability. Affordable housing set-aside units shall have the same number of bedrooms as the non-set-aside dwelling units. In a housing development with a variety of bedroom counts per dwelling unit, the percentage of affordable set-aside dwelling units with a particular number of bedrooms shall be equal to the percentage of non-set-aside dwelling units with the same number of bedrooms.

3. Location of Units. The affordable housing set-aside units and the density bonus dwelling units may be located in different geographic areas within the housing development.

4. Covenant and Agreement Required. A covenant and agreement ensuring the continuing availability of affordable housing set-aside units shall be recorded, pursuant to Section 22.166.070 (Covenant and Agreement).

5. Timing. All permits and entitlements, including the building permits, for the affordable housing set aside units shall be obtained prior to or concurrently with the permits and entitlements, including the building permits, for the non set-aside units.

…

SECTION 12. Chapter 22.121 is hereby added to read as follows:

Chapter 22.121 Inclusionary Housing.

Sections:

22.121.010 Purpose.

22.121.010 Purpose.

The purpose of this Chapter is to ensure the inclusion of affordable housing units in housing developments that meet certain criteria and encourage mixed-income communities.

22.121.020 Definitions.

Specific terms used in this Chapter are defined in Division 2 (Definitions), under "Affordable Housing and Senior Citizen Housing."

22.121.030 Applicability.

Notwithstanding any contrary provisions in this Title 22, the provisions of this Chapter, in conjunction with Chapter 22.166 (Housing Permits), apply to all housing developments, excluding mobilehome parks, and including projects to substantially rehabilitate and convert an existing commercial building to residential uses, or the substantial rehabilitation of an existing multifamily dwelling, as defined in Section

65863.4 (d) of the California Government Code, where the result of the rehabilitation would be a net increase in available dwelling units, that meet all of the following:

A. Has at least five or more baseline dwelling units;

B. Is located in a submarket area, with the following exceptions:

1. Rental projects or condominium projects located in the South Los Angeles or Antelope Valley submarket areas; or

2. Rental projects located in the East Los Angeles/Gateway submarket area; and

C. Is not located within an area subject to a development agreement or specific plan with an affordable housing requirement.

22.121.040 Application Requirement.

Except as specified otherwise, an Administrative Housing Permit (Section 22.166.040) is required for any housing development subject to this Chapter.

22.121.050 Affordable Housing Set-Aside.

A. Rental. If the project consists of rental units, the affordable housing set-aside units shall be provided at an affordable rent, as described in Table 22.121.050-A, below.

TABLE 22.121.050-A: INCLUSIONARY HOUSING REQUIREMENTS FOR RENTAL PROJECTS			
Option	***Affordability[1]***	***Set-aside***	***Set-aside (Small projects)[2]***
1	Average affordability[3] of 40% AMI or less	10%	5%
2	Average affordability[3] of 65% AMI or less	15%	7%
3	80% AMI or less	20%	10%

TABLE 22.121.050-A: INCLUSIONARY HOUSING REQUIREMENTS FOR RENTAL PROJECTS
Notes: 1. Units shall be set aside for extremely low, very low, or lower income households. 2. Projects with less than 15 baseline dwelling units. 3. Calculations for the average affordability shall comply with Subsection C (Calculation), below.

B. For-sale. If the project consists of for-sale units, the affordable housing set-aside units shall be provided at an affordable sale price, as described in Table 22.121.050-B, below.

TABLE 22.121.050-B: INCLUSIONARY HOUSING REQUIREMENTS FOR FOR-SALE PROJECTS

Submarket Area	***Affordability[1]***	***Set-aside***	***Set-aside (Small projects)[2]***
Coastal South Los Angeles, South Los Angeles (excluding condominiums), East Los Angeles/Gateway	Average affordability[3] of 135% AMI or less	20%	10%
San Gabriel Valley		15%	7%
Santa Clarita Valley, Antelope Valley (excluding condominiums)		5%	-

Notes:
1. Units shall be set aside for moderate or middle income households.
2. Projects with less than 15 baseline dwelling units.
3. Calculations for the average affordability shall comply with Subsection C (Calculation), below.

C. Calculation.

1. Inclusionary Housing Requirement.

a. General. The inclusionary housing requirement shall be calculated using the baseline dwelling units exclusive of a manager's unit or units.

b. Mixed Tenure Project. Where a project consists of both rental and for-sale units, the inclusionary housing requirement shall apply to both rental and for-sale units. The requirement for each tenure shall be calculated separately using the baseline dwelling units under each tenure, exclusive of a manager's unit or units.

c. All calculations resulting in fractional numbers shall be rounded up to the next whole number.

2. Density Bonus. The affordable housing set-aside units required in Chapter 22.120 (Density Bonus) may count toward the affordable housing set-aside units required in this Chapter, in which case such units shall be:

a. Subject to Section 22.120.050.B.1 (Duration of Affordability); and

b. Provided on-site.

3. Average Affordability. Average affordability is the sum of each unit set aside for extremely low income, very low income, lower income, moderate income, or middle income households multiplied by the income level, and divided by the total number of affordable housing set-aside units.

D. Comparability.

1. Bedroom Mix. Affordable housing set-aside units shall have the same number of bedrooms as the non-set aside dwelling units. In a project with a variety of bedroom counts per dwelling unit, the percentage of affordable set-aside dwelling units with a particular number of bedrooms shall be equal to the percentage of non-set-aside dwelling units with the same number of bedrooms.

2. The affordable housing set-aside units shall be indistinguishable from the non-set-aside units in terms of exterior and interior appearance and overall quality of construction. Where reasonable, interior finishes may consist of less

expensive materials and equipment, provided they are new, durable, and of good quality.

3. Affordable housing set-aside units shall have comparable access to building amenities as other non-set-aside units.

4. Affordable housing set-aside units shall not be overly concentrated in one area of the project, and shall be reasonably distributed throughout the project.

5. Affordable housing set-aside units in a common interest development or a single-family residential subdivision shall be for-sale only.

E. Duration of Affordability*.*

1. Rental. Except as specified otherwise in Chapter 22.120 (Density Bonus), the affordability term for rental affordable housing set-aside units shall be at least 99 years from the issuance of the final certificate of occupancy by Public Works.

2. For-sale. The initial sale of the affordable housing set-aside units shall be restricted to eligible buyers and shall require an equity-sharing agreement with the County, as described in Chapter 22.166 (Housing Permits).

F. Location. The required affordable housing set-aside units shall be provided on-site, or off-site provided that:

1. The required affordable housing set-aside units are not subject to Chapter 22.120 (Density Bonus);

2. The off-site parcel is located in an unincorporated area of the County and is one of the following:

a. Located within one-quarter mile of the principal project;

b. Located within a Highest, High, or Moderate Resource Area, as determined by the State Tax Credit Allocation Committee and State Department of Housing and Community Development. Where the principal project is also located in a Highest, High, or Moderate Resource Area, the off-site parcel shall be located in the same or higher resource area category as the principal project;

c. Located within two miles of the principal project and in an area with known displacement risk based on evidence to the satisfaction of the Department; or

d. Developed as part of a community land trust;

3. The off-site parcel, with its developable acreage, zoning and General Plan land use designation, is sufficient to permit the construction of the required set-aside units for the principal project;

4. The required affordable housing set-aside units for the principal project shall not count toward the affordable housing set-aside units required on said off-site parcel pursuant to this Chapter; and

5. Where the applicant partners with a third-party developer for the provisions of the affordable housing set-aside units on the off-site parcel:

a. The applicant shall submit a memorandum of understanding (MOU) to the LACDA for review prior to the approval of an Administrative Housing Permit (Section 22.166.040) application. The MOU shall include the agreed upon payment or compensation that the applicant will give to the partnering third-party developer to construct the set-aside units, with sworn affidavits from both parties;

b. Upon approval of the Administrative Housing Permit (Section 22.166.040) application, the Director shall notify the Commission of said approval with the following:

i. The location of the off-site parcel;

ii. The number of affordable housing set-aside units provided on the off-site parcel;

iii. The household income levels assigned to such set-aside units;

iv. The sizes (square footage) and number of bedrooms of such set-aside units; and

v. A copy of the MOU between the applicant and the partnering third-party developer; and

c. The notice provided by the Director pursuant to Subsection F.5.b, above, shall specify that the matters called up for review by the Commission are limited to those related to the agreed upon payment or compensation specified in the MOU.

G. Covenant and Agreement Required. A covenant and agreement ensuring the continuing availability of affordable housing set-aside units shall be recorded, pursuant to Section 22.166.070 (Covenant and Agreement).

H. Timing. All permits and entitlements, including the building permits, for the affordable housing set-aside units shall be obtained prior to or concurrently with the permits and entitlements, including the building permits, for the non set-aside units.

22.121.060 Incentive and Waiver or Reduction of Development Standard.

A project with any middle income affordable set-aside shall be eligible for one incentive and one waiver or reduction of a development standard, subject to the following:

A. The project is not eligible to receive any incentive or waiver or reduction of development standard provided in Chapter 22.120 (Density Bonus);

B. Incentive. The granting of an incentive pursuant to this Section is subject to the following:

1. A Discretionary Housing Permit (Section 22.166.050), unless the findings specified in Section 22.166.040.C.1.a are satisfied, in which case an Administrative Housing Permit (Section 22.166.040) application is required; and

2. Said incentive shall not be used to request any density bonus or direct financial incentive, such as an exemption from, or a reduction in, the payment of any planning and zoning fees; and

C. Waiver or Reduction of Development Standard. The granting of a waiver or reduction of development standard is subject to a Discretionary Housing Permit (Section 22.166.050), unless the findings specified in Section 22.166.040.C.1.b are satisfied, in which case an Administrative Housing Permit (Section 22.166.040) application is required.

22.121.070 County Feasibility Assessment.

To ensure consistency with long term economic trends, the County shall evaluate the appropriateness of the affordable housing set asides in Table 22.121.050-A and Table 22.121.050-B and evaluate the boundaries of the submarket areas every five years from the effective date of this Chapter. The evaluation may be conducted more frequently as deemed appropriate by the Director.

SECTION 13. Section 22.166.030 is hereby amended to read as follows:

22.166.030 Applicability.

This Chapter applies to projects that provide affordable housing or senior citizen housing and ~~are~~ may be eligible to receive various benefits, including but not limited to: density bonuses, incentives, waivers or reductions of development standards, and permit streamlining pursuant to the State Density Bonus Law, as set forth in Section 65915 of the California Government Code, as amended, or any other state laws or local ordinances or policies that aim to increase the production of affordable housing and senior citizen housing.

SECTION 14. Section 22.166.070 is hereby amended to read as follows:

22.166.070 Covenant and Agreement.

A. Affordable Housing. A covenant and agreement, acceptable to the LACDA, shall be recorded by the applicant with the Registrar-Recorder/County Clerk to ensure the continuing availability of affordable housing set-aside units, and as applicable, age restricted units and child care facilities, in compliance with this Chapter ~~and~~, Chapter 22.120 (Density Bonus), or Chapter 22.121 (Inclusionary Housing). All Housing Permits without a covenant and agreement that is recorded within 180 days of the Housing Permit effective date shall be null and void. ~~The covenant and agreement shall be recorded within 30 days of the Housing Permit effective date.~~

…

2. Rental Affordable Housing Set-Aside Units. When affordable housing set-asides are rental dwelling units, the covenant and agreement shall also include owner requirements related to the following, and subject to the LACDA's review and approval:

a. Duration of affordability, ~~pursuant to Subsection B.1.a (Rental) of Section 22.120.050~~as specified;

…

3. For-Sale Affordable Housing Set-Aside Units. When affordable housing set-asides are for-sale dwelling units ~~solely pursuant to Section 65915 of the California Government Code~~, the covenant and agreement shall also include owner requirements related to the following and subject to the LACDA's review and approval:

…

d. Provisions restricting the initial sale to eligible buyers, and requiring equity sharing with the County that states the following terms:

…

v. The County's initial subsidy shall be equal to the fair market value of the home at the time of initial sale minus the initial sale price, plus the amount of any down payment assistance or mortgage assistance. If upon resale the fair market value is lower than the initial fair market value, then the value at the time of the resale shall be used as the initial fair market value; ~~and~~

vi. The County, a County-designated agency, or a qualified nonprofit shall maintain right of first refusal on the unit for the purpose of sale or rental to eligible households; and

vii. All County equity-sharing proceeds shall be deposited into the County Affordable Housing Trust Fund, or equivalent, and shall be used within five years for any of the purposes described in Section 33334.2(e) of the California Health and Safety Code that promote home ownership.

…

SECTION 15. Section 22.166.080 is hereby amended to read as follows:

22.166.080 Monitoring of Affordable Housing.

The monitoring of affordable housing set-aside units shall be administered by the LACDA. The LACDA shall be responsible for verifying income eligibility, monitoring sales of affordable housing set-aside units to qualified buyers, conducting periodic site inspections, and administering the annual certification of affordable housing set-aside units approved pursuant to this Chapter for the duration of the required term as specified in Chapter 22.120 (Density Bonus) or Chapter 22.121 (Inclusionary Housing).

SECTION 16. Section 22.300.020 is hereby amended to read as follows:

22.300.020 Application of Community Standards Districts to Property.

…

B. Additional Regulations.

1. Density Bonus Exception. Notwithstanding any contrary provisions in this Volume II, any CSD regulations specified in Subsection A, above, may be waived or modified through a Housing Permit (Chapter 22.166), pursuant to Chapter 22.120 (Density Bonus) <u>or Chapter 22.121 (Inclusionary Housing)</u>.

…

[2214010SCCC]

Attachment 3

ANALYSIS

This ordinance amending Title 22 – Planning and Zoning of the Los Angeles County Code to establish an Inclusionary Housing Program in the unincorporated areas of Los Angeles County.

MARY C. WICKHAM
County Counsel

By
CASEY YOURN
Senior Deputy County Counsel
Property Division

CY:ss

Requested: 04/15/2020

Revised: 05/07/2020

ORDINANCE NO. _________________________

An ordinance amending Title 22 – Planning and Zoning of the Los Angeles County Code to establish an Inclusionary Housing Program in the unincorporated areas of Los Angeles County.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 22.14.010 is hereby amended to read as follows:

22.14.010 A.

…

Affordable housing and senior citizen housing. The following terms are defined for the purposes of Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), and Chapter 22.166 (Housing Permits):

Affordable housing cost. ~~As defined in Section 50052.5 of the California Health and Safety Code.~~

1. Unless otherwise specified, as defined in section 50052.5 of the California Health and Safety Code.

2. For middle income households, affordable housing cost shall not be less than 28 percent of the gross income of the household, not exceed the product of 35 percent times 130 percent of area median income adjusted for family size appropriate for the unit.

Affordable housing set-aside. Dwelling units reserved for extremely low, very low, lower, ~~or~~ moderate, or middle income households.

Affordable rent. As defined in Section 50053 of the California Health and Safety Code.

Affordable sale price. The maximum sale price of an affordable unit based on the affordable housing cost, as determined by the County.

…

Housing development. A residential development project~~ for five or more dwelling units,~~ including mixed use developments. It may also be a subdivision or a common interest development, as defined in Section 4100 of the California Civil Code, approved by the County and consisting of dwelling units or unimproved residential lots. ~~It may also be either a project to substantially rehabilitate and convert an existing commercial building to residential use, or the substantial rehabilitation of an existing multi-family dwelling, as defined in Section 65863.4(d) of the California Government Code, where the result of rehabilitation would be a net increase in available dwelling units.~~

…

Incentive. ~~As specified in Section 65915(k) of the California Government Code, a~~A reduction of a development standard or a modification of a zoning code requirement, or other regulatory incentive or concession, that results in identifiable and actual cost reductions to provide for affordable housing costs or rents.

Income. See "Income" for the following:

Area median income.

Extremely low income.

Lower income.

Moderate income.

Middle income.

…

Specific adverse impact. As defined in Section 65589.5(d)(2) of the California Government Code.

Submarket area. A geographic area with similar land use and real estate markets, as depicted in Figures 22.14.010-A through 22.14.010-F, below.

FIGURE 22.14.010-A: ANTELOPE VALLEY SUBMARKET AREA

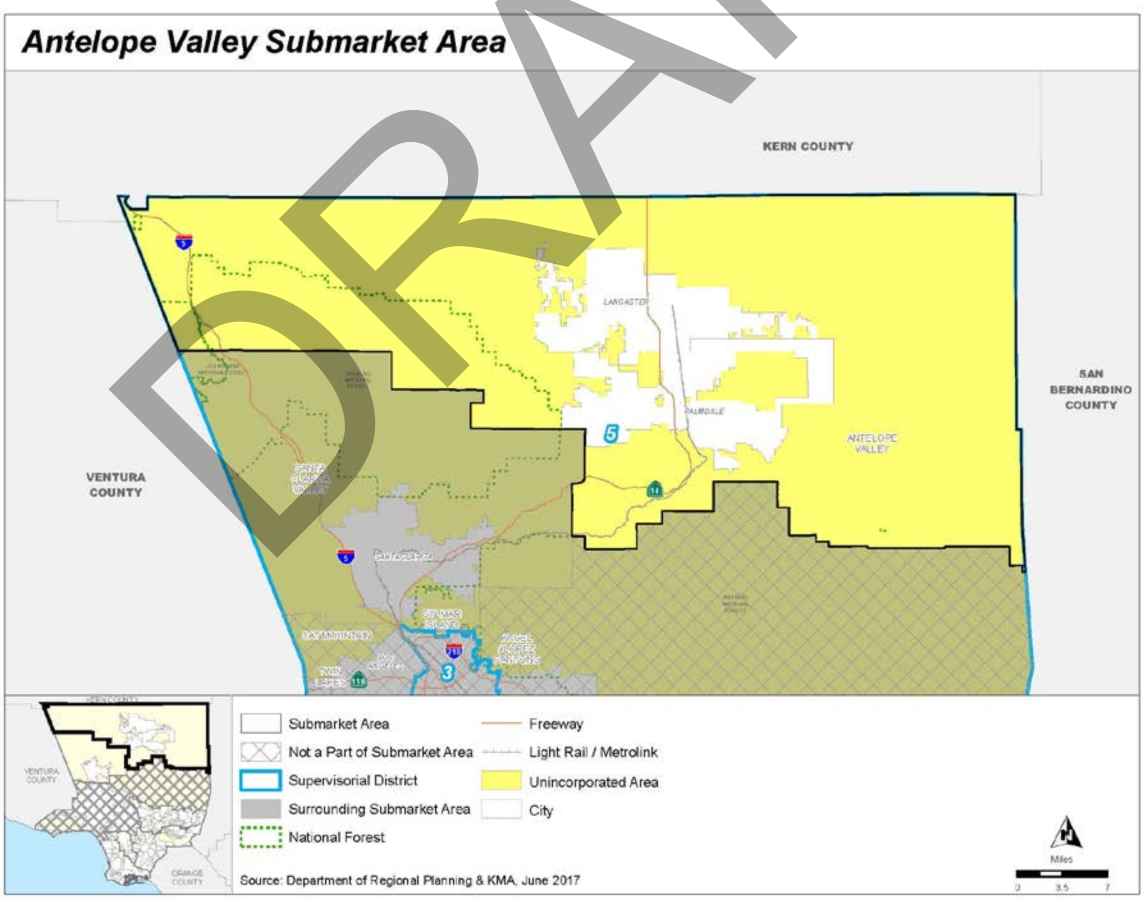


FIGURE 22.14.010-B: COASTAL SOUTH LOS ANGELES SUBMARKET AREA

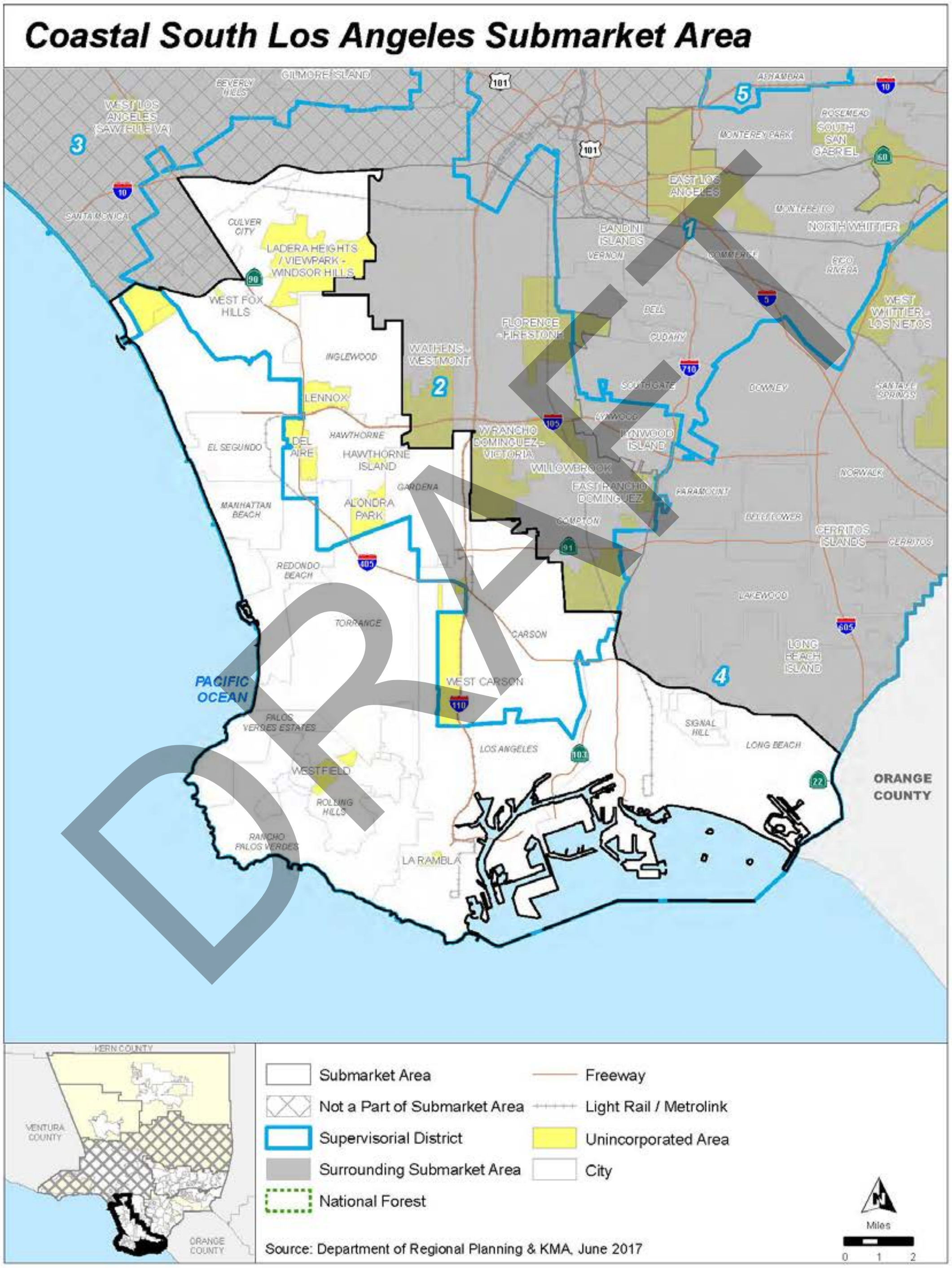
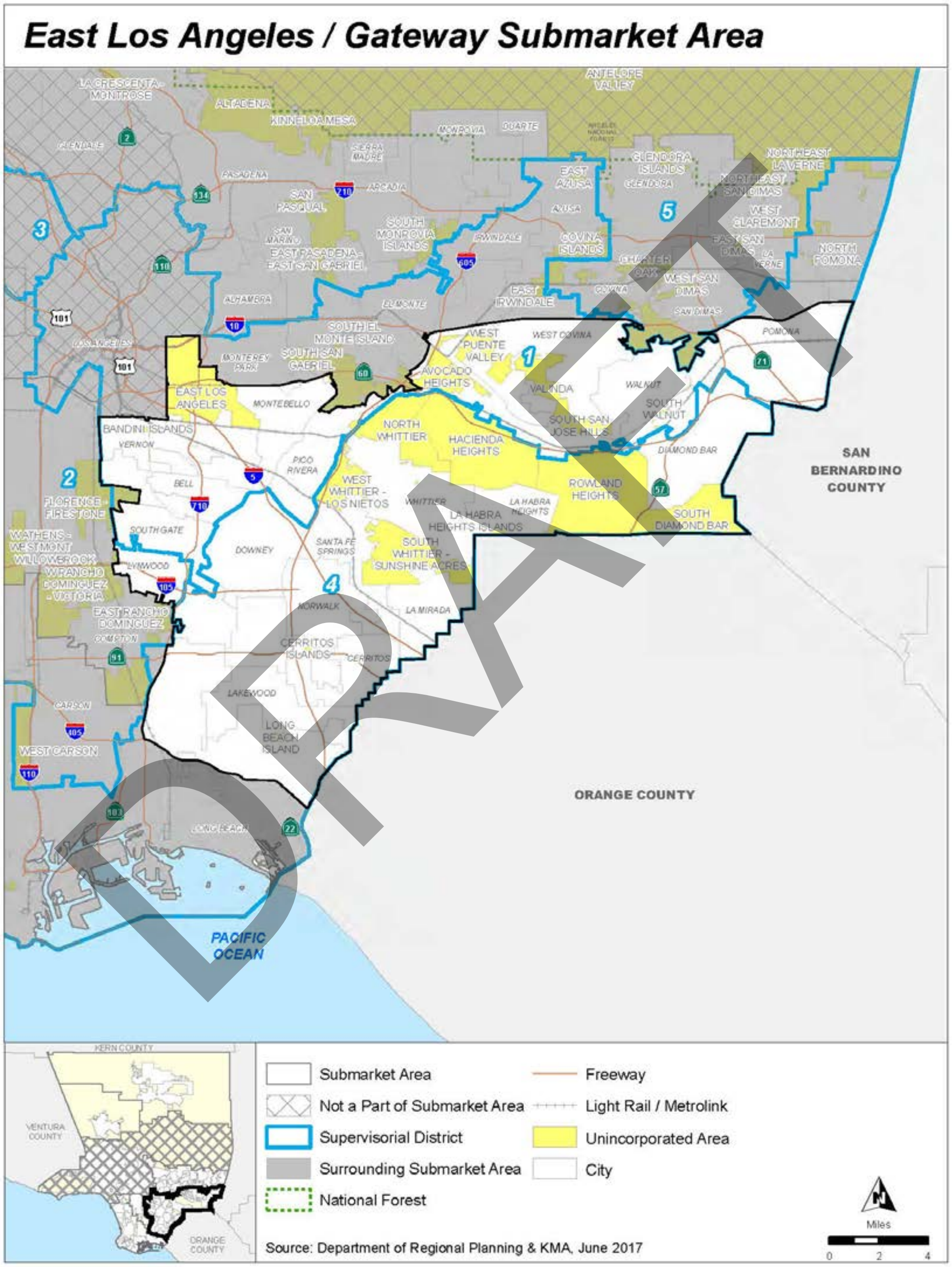


FIGURE 22.14.010-C: EAST LOS ANGELES/GATEWAY SUBMARKET AREA



DRAFT

<u>**FIGURE 22.14.010-D: SAN GABRIEL VALLEY SUBMARKET AREA**</u>

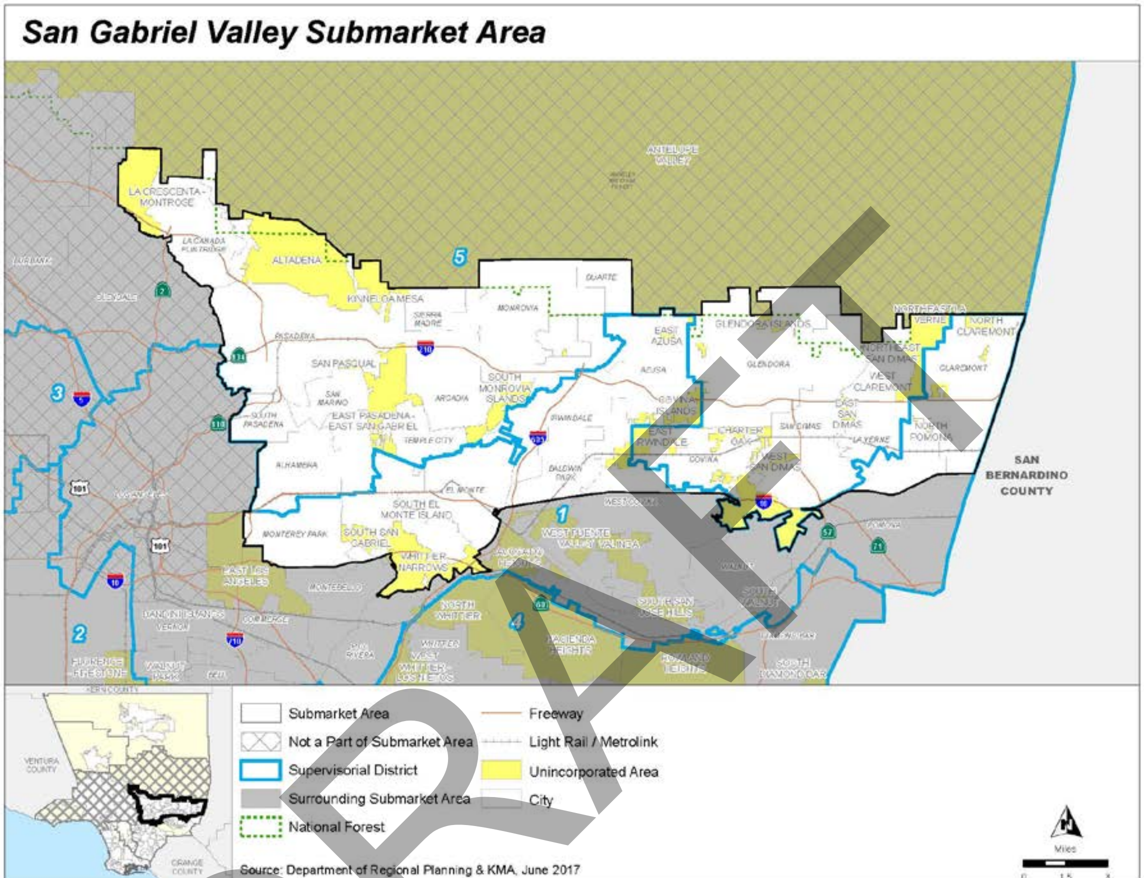


FIGURE 22.14.010-E: SANTA CLARITA VALLEY SUBMARKET AREA

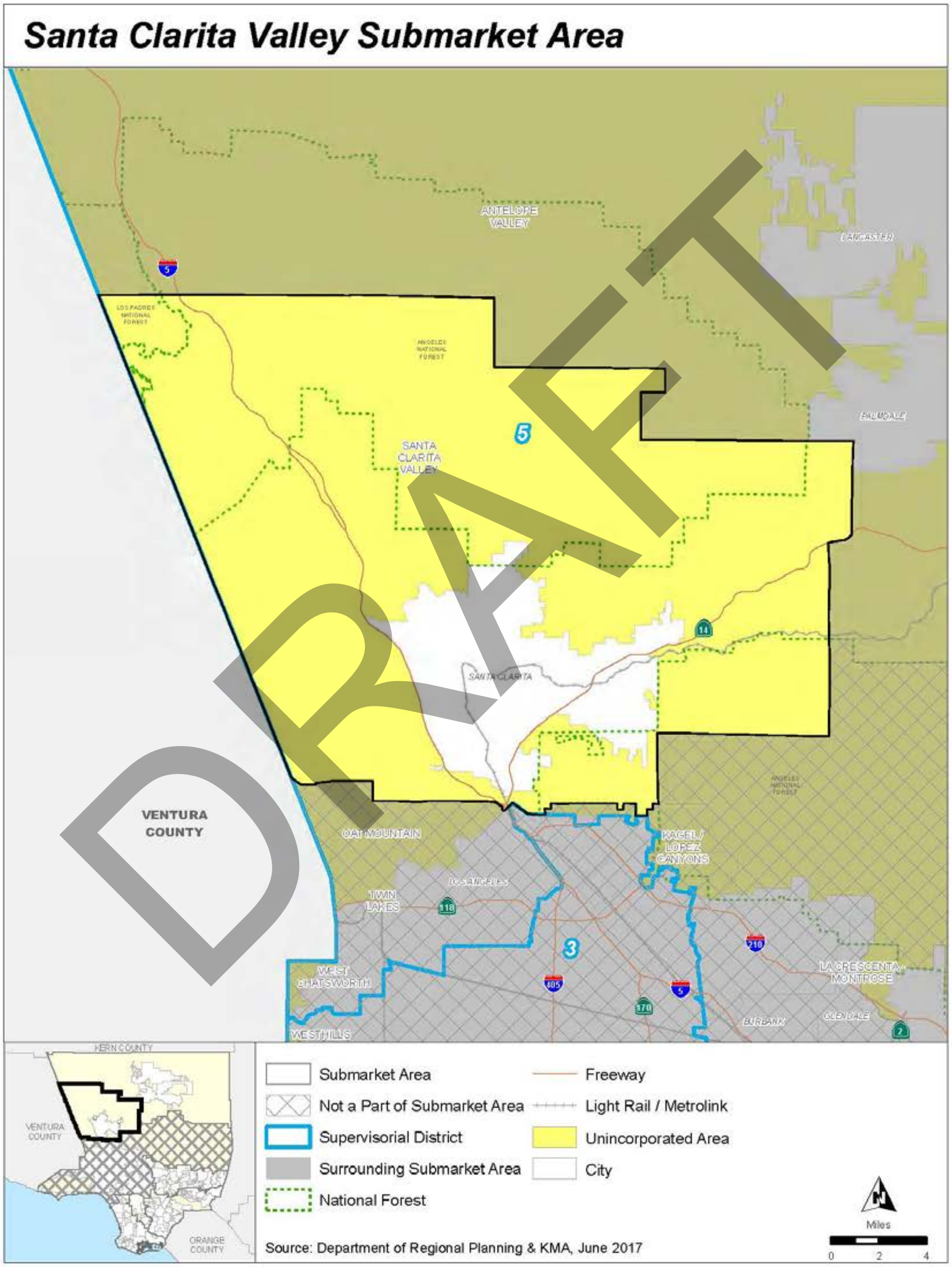
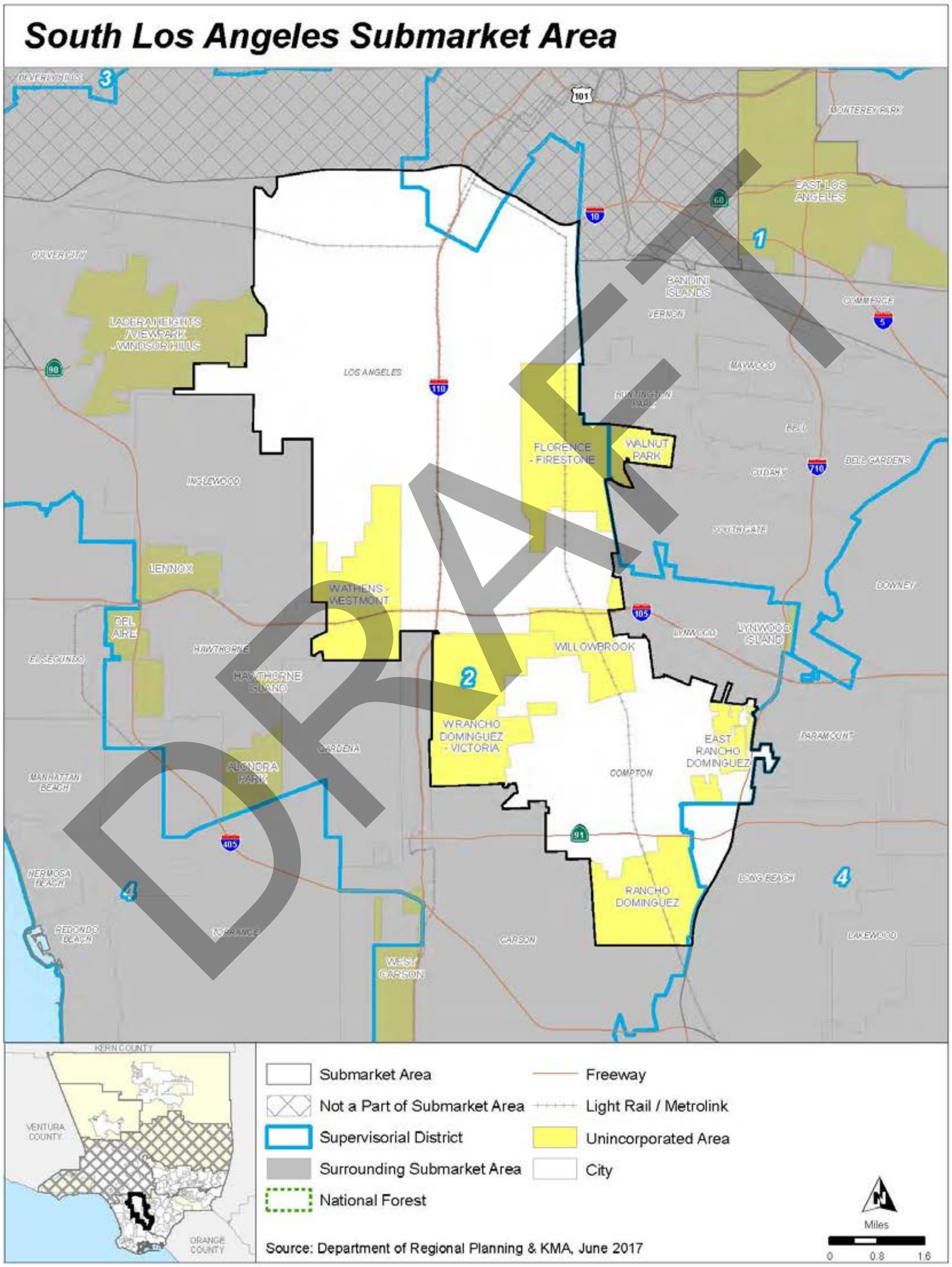


FIGURE 22.14.010-F: SOUTH LOS ANGELES SUBMARKET AREA



Waiver or reduction of development standards. ~~As specified in Section 65915(e) of the California Government Code, a~~A waiver or reduction of development standards that has the effect of physically precluding the construction of a project at the densities or with the incentives permitted by Chapter 22.120 (Density Bonus) or Chapter 22.121 (Inclusionary Housing).

…

SECTION 2. Section 22.14.090 is hereby amended to read as follows:

22.14.090 I.

…

Income.

Area median income. The current median annual household income for Los Angeles County, as estimated yearly by the United States Department of Housing and Urban Development or as published by the California Department of Housing and Community Development.

Extremely low income. An annual income for a household which does not exceed 30 percent of the area median income, as specified by Section 50106 of the California Health and Safety Code.

~~Low income. An annual income for a person or a family which does not exceed 80 percent of the area median income.~~

Lower income. An annual income for a household which does not exceed 80 percent of the area median income, as specified by Section 50079.5 of the California Health and Safety Code. "Low Income" shall mean the same as "Lower Income."

Middle income. An annual income for a household that does not exceed 150 percent of the area median income.

…

SECTION 3. Section 22.16.030 is hereby amended to read as follows:

22.16.030 Land Use Regulations for Zones A-1, A-2, O-S, R-R, and W.

…

C. Use Regulations.

1. Principal Uses. Table 22.16.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.16.030-B: PRINCIPAL USE REGULATIONS FOR AGRICULTURAL, OPEN SPACE, RESORT AND RECREATION, AND WATERSHED ZONES						
	A-1	***A-2***	***O-S***	***R-R***	***W***	***Additional Regulations***
…						
Residential Uses						
…						
Notes: … 16. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits)~~ if it includes affordable housing or senior citizen housing~~.						

…

SECTION 4. Section 22.18.030 is hereby amended to read as follows:

22.18.030 Land Use Regulations for Zones R-A, R-1, R-2, R-3, R-4, and R-5.

…

C. Use Regulations.

1. Principal Uses. Table 22.18.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.18.030-B: PRINCIPAL USE REGULATIONS FOR RESIDENTIAL ZONES							
	R-A	***R-1***	***R-2***	***R-3***	***R-4***	***R-5***	***Additional Regulations***
…							
Residential Uses							
…							
Single-family residences[8]	SPR	SPR	SPR	SPR	SPR	-	Section 22.140.580
Single-family residences on compact lots[8]	-	-	CUP	CUP	CUP	-	Section 22.140.585
…							
Notes: … 8. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits)~~ if it includes affordable housing or senior citizen housing~~.							

…

SECTION 5. Section 22.20.030 is hereby amended to read as follows:

22.20.030 Land Use Regulations for Zones C-H, C-1, C-2, C-3, C-M, C-MJ, and C-R.

…

C. Use Regulations.

1. Principal Uses. Table 22.20.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.20.030-B: PRINCIPAL USE REGULATIONS FOR COMMERCIAL ZONES								
	C-H	***C-1***	***C-2***	***C-3***	***C-M***	***C-MJ***	***C-R***	***Additional Regulations***
…								
Residential Uses								
…								

TABLE 22.20.030-B: PRINCIPAL USE REGULATIONS FOR COMMERCIAL ZONES
Notes: … 25. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits) ~~if it includes affordable housing or senior citizen housing~~. …

…

SECTION 6. Section 22.24.030 is hereby amended to read as follows:

22.24.030 Land Use Regulations for Rural Zones.

…

C. Use Regulations.

1. Principal Uses. Table 22.24.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.24.030-B: PRINCIPAL USE REGULATIONS FOR RURAL ZONES			
	C-RU	***MXD-RU***	***Additional Regulations***
…			
Residential Uses			
…			
Notes: … 13. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits) ~~if it includes affordable housing or senior citizen housing~~.			

…

SECTION 7. Section 22.26.030 is hereby amended to read as follows:

22.26.030 Mixed Use Development Zone.

…

B. Land Use Regulations.

…

3. Use Regulations.

a. Principal Uses.

i. Table 22.26.030-B, below, identifies the permit or review required to establish each principal use.

TABLE 22.26.030-B: PRINCIPAL USE REGULATIONS FOR ZONE MXD		
		Additional Regulations
…		
Residential Uses		
…		
Notes: … 7. Use may also be subject to Chapter 22.120 (Density Bonus), Chapter 22.121 (Inclusionary Housing), or~~and~~ Chapter 22.166 (Housing Permits) ~~if it includes affordable housing or senior citizen housing~~.		

…

E. Modifications of Development Standards. With the exception of a height bonus granted through lot consolidation in Subsection G, below, the development standards specified in Subsection D, above, may be modified as follows:

…

2. Notwithstanding Subsection E.1, above, any development standard specified in Subsection D, above, may be waived or modified in accordance with Chapter 22.120 (Density Bonus) or Chapter 22.121 (Inclusionary Housing), subject to an Administrative Housing Permit (Section 22.166.040) application, and shall require the approval of a Ministerial Site Plan Review (Chapter 22.186) application.

…

SECTION 8. Section 22.46.030 is hereby amended to read as follows:

22.46.030 Administration.

Specific Plans and associated regulations shall be administered in accordance with Article 8, Chapter 3, Division 1, Title 7 and other applicable provisions of the California Government Code. Such plans and regulations may reference existing provisions and procedures of this Title 22 or they may develop different administrative procedures to use in the implementation of the Specific Plan. Except as otherwise expressively provided in a Specific Plan, property may be used for any purpose and subject to all of the standards and requirements of the basic zone. Where the regulations of a Specific Plan differ from the provisions of the basic zone, such regulations shall supersede the provisions of the basic zone as specified in the Specific Plan.

B. Exceptions.

1. Density Bonus or Inclusionary Housing. Notwithstanding any contrary provisions in this Chapter, any Specific Plan regulations specified in Subsection A, above, may be waived or modified through a Housing Permit (Chapter 22.166) pursuant to Chapter 22.120 (Density Bonus) or Chapter 22.121 (Inclusionary Housing).

…

SECTION 9. The Chapter headings for Division 6 are hereby amended to read as follows:

DIVISION 6: DEVELOPMENT STANDARDS.

Chapters:

...

Chapter 22.120 Density Bonus.

Chapter 22.121 Inclusionary Housing.

…

SECTION 10. Section 22.120.030 is hereby amended to read as follows:

22.120.030 Applicability.

Notwithstanding any contrary provisions in this Title 22, the provisions of this Chapter, in conjunction with Chapter 22.166 (Housing Permits), shall apply in all zones that allow residential use as a principal use, and apply to the eligible housing developments, including projects to substantially rehabilitate and convert an existing multi-family dwelling, as defined in section 65863.4 (d) of the California Government Code, where the result of the rehabilitation would be a net increase in available dwelling units.

SECTION 11. Section 22.120.050 is hereby amended to read as follows:

22.120.050 Affordable Housing.

…

B. Affordable Housing Set-Aside.

1. Duration of Affordability~~ - Rental. The affordability term for affordable housing set-aside units shall be at least 55 years from the issuance of the final certificate of occupancy by Public Works~~.

a. Rental. The affordability term for rental affordable housing set-aside units shall be at least 55 years from the issuance of the final certificate of occupancy by Public Works.

~~a~~b. For-sale. The initial sale of the affordable housing set-aside units shall be restricted to eligible buyers and shall require an equity-sharing agreement with the County, as described in Chapter 22.166 (Housing Permits).

2. ~~Compatibility~~Comparability. Affordable housing set-aside units shall have the same number of bedrooms as the non-set-aside dwelling units. In a housing development with a variety of bedroom counts per dwelling unit, the percentage of affordable set-aside dwelling units with a particular number of bedrooms shall be equal to the percentage of non-set-aside dwelling units with the same number of bedrooms.

3. Location of Units. The affordable housing set-aside units and the density bonus dwelling units may be located in different geographic areas within the housing development.~~The affordable housing set-aside units shall be provided on-site, or off-site if one of the following are met:~~

~~a. Located in an unincorporated area of Los Angeles County and within one-quarter mile of the principal project;~~

~~b. Located within a Highest, High, or Moderate Resource Area, as determined by the State Tax Credit Allocation Committee and State Department of Housing and Community Development;~~

~~c. Located in an area with known displacement risk based on evidence to the satisfaction of the Department; or~~

~~d. Developed as part of a new community land trust.~~

4. Covenant and Agreement Required. A covenant and agreement ensuring the continuing availability of affordable housing set-aside units shall be recorded, pursuant to Section 22.166.070 (Covenant and Agreement).

~~4~~5. Timing. All ~~entitlements and~~ permits and entitlements, including the building permits, for ~~on-site or off-site~~ the affordable housing set aside units shall be obtained prior to or concurrently with the ~~entitlements and~~ permits and entitlements, including the building permits, for the non set-aside units.

…

~~**SECTION 12.** Section 22.120.100 is hereby amended to read as follows:~~

~~**22.120.100 Rules and Calculations.**~~

~~…~~

~~D. Density Bonus.~~

~~1. Except as specified otherwise, the density bonus shall be calculated using the baseline dwelling units, exclusive of a manager's unit or units, on contiguous parcels.~~

~~…~~

~~F. Contiguous Parcels. For the purposes of this Chapter, a Housing Permit application may only be filed for contiguous parcels.~~

SECTION ~~13~~12. Chapter 22.121 is hereby added to read as follows:

Chapter 22.121 Inclusionary Housing.

Sections:

22.121.010 Purpose.

22.121.010 Purpose.

The purpose of this Chapter is to ensure the inclusion of affordable housing units in housing developments that meet certain criteria and encourage mixed-income communities.

22.121.020 Definitions.

Specific terms used in this Chapter are defined in Division 2 (Definitions), under "Affordable Housing and Senior Citizen Housing."

22.121.030 Applicability.

Notwithstanding any contrary provisions in this Title 22, the provisions of this Chapter, in conjunction with Chapter 22.166 (Housing Permits), apply to all housing developments, excluding mobilehome parks, and including projects to substantially rehabilitate and convert an existing commercial building to residential uses, or the substantial rehabilitation of an existing multifamily dwelling, as defined in Section

65863.4 (d) of the California Government Code, where the result of the rehabilitation would be a net increase in available dwelling units, that meet all of the following:

A. Has at least five or more baseline dwelling units;

B. Is located in a submarket area, with the following exceptions:

1. Rental projects or condominium projects located in the South Los Angeles or Antelope Valley submarket areas; or

2. Rental projects located in the East Los Angeles/Gateway submarket area; and

C. Is not located within an area subject to a development agreement or specific plan with an affordable housing requirement.

22.121.040 Application Requirement.

Except as specified otherwise, an Administrative Housing Permit (Section 22.166.040) is required for any housing development subject to this Chapter.

22.121.050 Affordable Housing Set-Aside.

A. Rental. If the project consists of rental units, the affordable housing set-aside units shall be provided at an affordable rent, as described in Table 22.121.050-A, below.

TABLE 22.121.050-A: INCLUSIONARY HOUSING REQUIREMENTS FOR RENTAL PROJECTS			
Option	***Affordability[1]***	***Set-aside***	***Set-aside (Small projects)[2]***
1	Average affordability[3] of 40% AMI or less	10%	5%
2	Average affordability[3] of 65% AMI or less	15%	7%
3	80% AMI or less	20%	10%

TABLE 22.121.050-A: INCLUSIONARY HOUSING REQUIREMENTS FOR RENTAL PROJECTS
Notes: 1. Units shall be set aside for extremely low, very low, or lower income households. 2. Projects with less than ~~20~~15 baseline dwelling units. 3. Calculations for the average affordability shall comply with Subsection C (Calculation), below.

B. For-sale. If the project consists of for-sale units, the affordable housing set-aside units shall be provided at an affordable sale price, as described in Table 22.121.050-B, below.

TABLE 22.121.050-B: INCLUSIONARY HOUSING REQUIREMENTS FOR FOR-SALE PROJECTS			
Submarket Area	***Affordability[1]***	***Set-aside***	***Set-aside (Small projects)[2]***
Coastal South Los Angeles, South Los Angeles (excluding condominiums), East Los Angeles/Gateway	Average affordability[3] of 135% AMI or less	20%	10%
San Gabriel Valley		15%	7%
Santa Clarita Valley, Antelope Valley (excluding condominiums)		5%	-
Notes: 1. Units shall be set aside for moderate or middle income households. 2. Projects with less than ~~20~~15 baseline dwelling units. 3. Calculations for the average affordability shall comply with Subsection C (Calculation), below.			

C. Calculation.

1. Inclusionary Housing Requirement.

a. General. The inclusionary housing requirement shall be calculated using the baseline dwelling units exclusive of a manager's unit or units.

b. Mixed Tenure Project. Where a project consists of both rental and for-sale units, the inclusionary housing requirement shall apply to both rental and for-sale units. The requirement for each tenure shall be calculated separately using the baseline dwelling units under each tenure, exclusive of a manager's unit or units.

~~b~~c. All calculations resulting in fractional numbers shall be rounded up to the next whole number.

2. Density Bonus. The affordable housing set-aside units required in Chapter 22.120 (Density Bonus) may count toward ~~inclusionary housing requirement is inclusive of~~ the affordable housing set-aside units ~~provided~~ required in this ~~Section~~ Chapter~~ 22.120 (Density Bonus).~~, in which case such units shall be:

a. Subject to Section 22.120.050.B.1 (Duration of Affordability); and

b. Provided on-site.

3. Average Affordability. Average affordability is the sum of each unit set aside for extremely low income, very low income, lower income, moderate income, or middle income households multiplied by the income level, and divided by the total number of affordable housing set-aside units.

D. Comparability.

1. Bedroom Mix. Affordable housing set-aside units shall have the same number of bedrooms as the non-set aside dwelling units. In a project with a variety of bedroom counts per dwelling unit, the percentage of affordable set-aside dwelling units with a particular number of bedrooms shall be equal to the percentage of non-set-aside dwelling units with the same number of bedrooms.

2. The affordable housing set-aside units shall be indistinguishable from the non-set-aside units in terms of exterior and interior appearance and overall quality of construction. Where reasonable, interior finishes may consist of less

expensive materials and equipment, provided they are new, durable, and of good quality.

3. Affordable housing set-aside units shall have comparable access to building amenities as other non-set-aside units.

4. Affordable housing set-aside units shall not be overly concentrated in one area of the project, and shall be reasonably distributed throughout the project. ~~This does not apply to a senior citizen housing development.~~

5. Affordable housing set-aside units in a common interest development or a single-family residential subdivision shall be for-sale only.

E. Duration of Affordability.

1. Rental. Except as specified otherwise in Chapter 22.120 (Density Bonus), ~~T~~the affordability term for rental affordable housing set-aside units shall be at least ~~55~~99 years from the issuance of the final certificate of occupancy by Public Works.

2. For-sale. The initial sale of the affordable housing set-aside units shall be restricted to eligible buyers and shall require an equity-sharing agreement with the County, as described in Chapter 22.166 (Housing Permits).

F. Location. The required affordable housing set-aside units shall be provided on-site, or off-site provided that ~~if one of the following are met~~:

1. The required affordable housing set-aside units are not subject to Chapter 22.120 (Density Bonus);

2. The off-site parcel is located in an unincorporated area of the County and is one of the following:

a. Located ~~in an unincorporated area of Los Angeles County and~~ within one-quarter mile of the principal project;

~~2~~b. Located within a Highest, High, or Moderate Resource Area, as determined by the State Tax Credit Allocation Committee and State Department of Housing and Community Development. Where the principal project is also located in a Highest, High, or Moderate Resource Area, the off-site parcel shall be located in the same or higher resource area category as the principal project;

~~3~~c. Located within two miles of the principal project and in an area with known displacement risk based on evidence to the satisfaction of the Department; or

~~4~~d. Developed as part of a community land trust;

3. The off-site parcel, with its developable acreage, zoning and General Plan land use designation, is sufficient to permit the construction of the required set-aside units for the principal project;

4. The required affordable housing set-aside units for the principal project shall not count toward the affordable housing set-aside units required on said off-site parcel pursuant to this Chapter; and

5. Where the applicant partners with a third-party developer for the provisions of the affordable housing set-aside units on the off-site parcel:

a. The applicant shall submit a memorandum of understanding (MOU) to the LACDA for review prior to the approval of an Administrative Housing Permit (Section 22.166.040) application. The MOU shall include the agreed upon payment or compensation that the applicant will give to the partnering third-party developer to construct the set-aside units, with sworn affidavits from both parties;

b. Upon approval of the Administrative Housing Permit (Section 22.166.040) application, the Director shall notify the Commission of said approval with the following:

i. The location of the off-site parcel;

ii. The number of affordable housing set-aside units provided on the off-site parcel;

iii. The household income levels assigned to such set-aside units;

iv. The sizes (square footage) and number of bedrooms of such set-aside units; and

v. A copy of the MOU between the applicant and the partnering third-party developer; and

c. The notice provided by the Director pursuant to Subsection F.5.b, above, shall specify that the matters called up for review by the Commission are limited to those related to the agreed upon payment or compensation specified in the MOU.

G. Covenant and Agreement Required. A covenant and agreement ensuring the continuing availability of affordable housing set-aside units shall be recorded, pursuant to Section 22.166.070 (Covenant and Agreement).

~~G~~H. Timing. All permits and entitlements, including the building permits, for ~~on-site or off-site~~ the affordable housing set-aside units shall be obtained prior to or concurrently with the permits and entitlements, including the building permits, for the non set-aside units.

22.121.060 Incentive and Waiver or Reduction of Development Standard.

A project with any middle income affordable set-aside shall be eligible for one incentive and one waiver or reduction of a development standard, subject to the following:

A. The project is not eligible to receive any incentive or waiver or reduction of development standard provided in Chapter 22.120 (Density Bonus);

B. Incentive. The granting of an incentive pursuant to this Section is subject to the following:

1. A Discretionary Housing Permit (Section 22.166.050), unless the findings specified in Section 22.166.040.C.1.a are satisfied, in which case an Administrative Housing Permit (Section 22.166.040) application is required; and

2. Said incentive shall not be used to request any density bonus or direct financial incentive, such as an exemption from, or a reduction in, the payment of any planning and zoning fees; and

C. Waiver or Reduction of Development Standard. The granting of a waiver or reduction of development standard is subject to a Discretionary Housing Permit (Section 22.166.050), unless the findings specified in Section 22.166.040.C.1.b are satisfied, in which case an Administrative Housing Permit (Section 22.166.040) application is required.

22.121.070 County Feasibility Assessment.

To ensure consistency with long term economic trends, the County shall evaluate the appropriateness of the affordable housing set asides in Table 22.121.050-A and Table 22.121.050-B and evaluate the boundaries of the submarket areas every five years from the effective date of this Chapter. The evaluation may be conducted more frequently as deemed appropriate by the Director.

SECTION ~~14~~13. Section 22.166.030 is hereby amended to read as follows:

22.166.030 Applicability.

This Chapter applies to projects that provide affordable housing or senior citizen housing and ~~are~~ may be eligible to receive various benefits, including but not limited to: density bonuses, incentives, waivers or reductions of development standards, and permit streamlining pursuant to the State Density Bonus Law, as set forth in Section 65915 of the California Government Code, as amended, or any other state laws or local ordinances or policies that aim to increase the production of affordable housing and senior citizen housing.

SECTION ~~15~~14. Section 22.166.070 is hereby amended to read as follows:

22.166.070 Covenant and Agreement.

A. Affordable Housing. A covenant and agreement, acceptable to the LACDA, shall be recorded by the applicant with the Registrar-Recorder/County Clerk to ensure the continuing availability of affordable housing set-aside units, and as applicable, age restricted units and child care facilities, in compliance with this Chapter ~~and~~, Chapter 22.120 (Density Bonus), or Chapter 22.121 (Inclusionary Housing). All Housing Permits without a covenant and agreement that is recorded within 180 days of the Housing Permit effective date shall be null and void. ~~The covenant and agreement shall be recorded within 30 days of the Housing Permit effective date.~~

…

2. Rental Affordable Housing Set-Aside Units. When affordable housing set-asides are rental dwelling units, the covenant and agreement shall also include owner requirements related to the following, and subject to the LACDA's review and approval:

a. Duration of affordability, ~~pursuant to Subsection B.1.a (Rental) of Section 22.120.050~~as specified;

…

3. For-Sale Affordable Housing Set-Aside Units. When affordable housing set-asides are for-sale dwelling units ~~solely pursuant to Section 65915 of the California Government Code~~, the covenant and agreement shall also include owner requirements related to the following and subject to the LACDA's review and approval:

…

d. Provisions restricting the initial sale to eligible buyers, and requiring equity sharing with the County that states the following terms:

…

v. The County's initial subsidy shall be equal to the fair market value of the home at the time of initial sale minus the initial sale price, plus the amount of any down payment assistance or mortgage assistance. If upon resale the fair market value is lower than the initial fair market value, then the value at the time of the resale shall be used as the initial fair market value; ~~and~~

vi. The County, a County-designated agency, or a qualified nonprofit shall maintain right of first refusal on the unit for the purpose of sale or rental to eligible households; and

vii~~x~~. All County equity-sharing proceeds shall be deposited into the County Affordable Housing Trust Fund, or equivalent, and shall be used within five years for any of the purposes described in Section 33334.2(e) of the California Health and Safety Code that promote home ownership.

…

SECTION ~~16~~15. Section 22.166.080 is hereby amended to read as follows:

22.166.080 Monitoring of Affordable Housing.

The monitoring of affordable housing set-aside units shall be administered by the LACDA. The LACDA shall be responsible for verifying income eligibility, monitoring sales of affordable housing set-aside units to qualified buyers, conducting periodic site inspections, and administering the annual certification of affordable housing set-aside units approved pursuant to this Chapter for the duration of the required term as specified in Chapter 22.120 (Density Bonus) or Chapter 22.121 (Inclusionary Housing).

SECTION ~~17~~16. Section 22.300.020 is hereby amended to read as follows:

22.300.020 Application of Community Standards Districts to Property.

…

B. Additional Regulations.

1. Density Bonus Exception. Notwithstanding any contrary provisions in this Volume II, any CSD regulations specified in Subsection A, above, may be waived or modified through a Housing Permit (Chapter 22.166), pursuant to Chapter 22.120 (Density Bonus) or Chapter 22.121 (Inclusionary Housing).

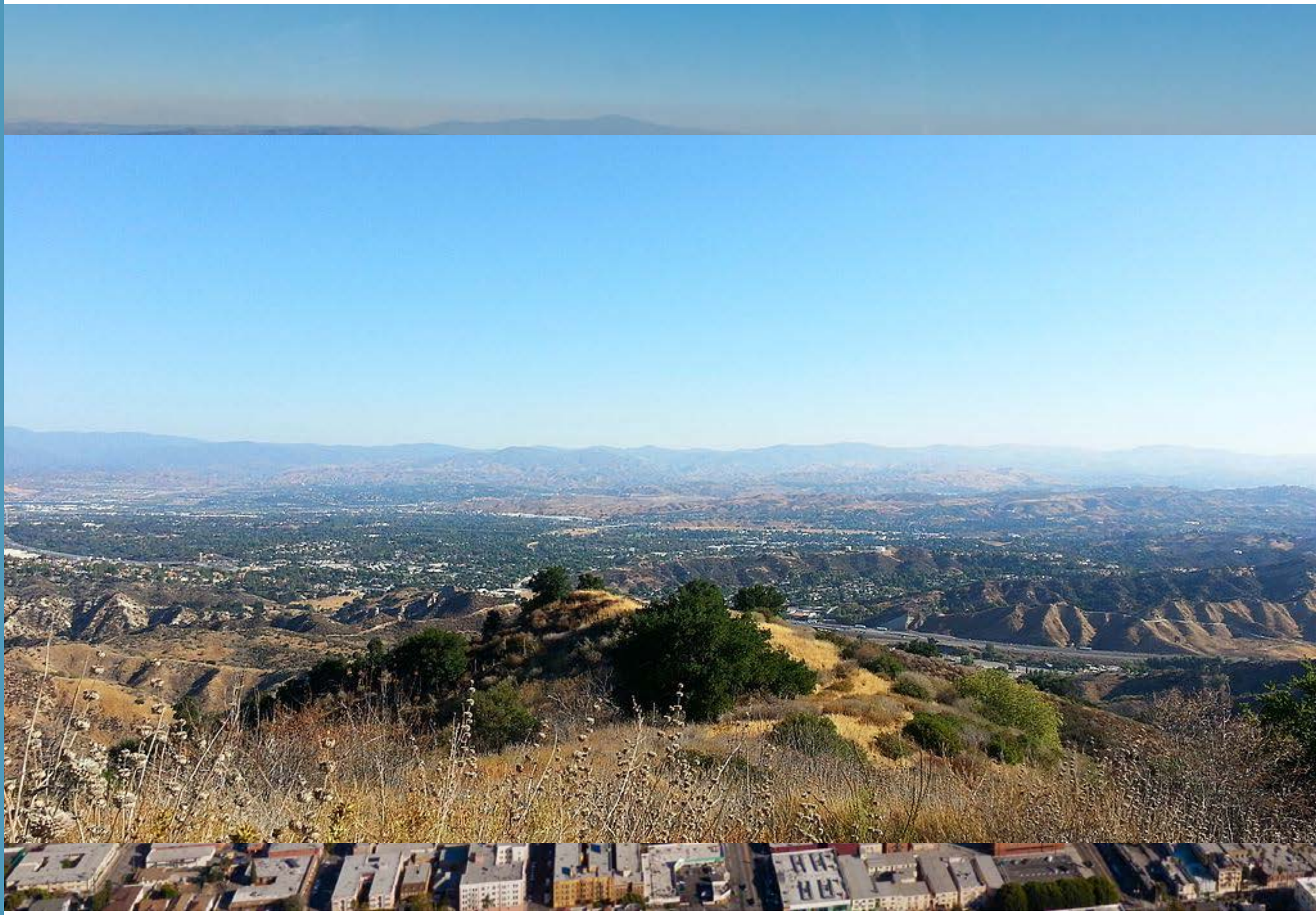
…

[2214010SCCC]

Attachment 4

County of Los Angeles

Inclusionary Housing Program Ordinance Environmental Impact Report Addendum



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Department of Regional Planning
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April 2020

County of Los Angeles
Inclusionary Housing Program Ordinance
Environmental Impact Report Addendum

Prepared by:

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April 2020

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1. INTRODUCTION

1.1 OVERVIEW

This Addendum, to the previously certified Los Angeles County General Plan Update Final Environmental Impact Report (State Clearinghouse # 2011081042; hereinafter "General Plan Update EIR"), is prepared in compliance with the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.; hereinafter "CEQA") and the Guidelines for the Implementation of CEQA (Cal. Code Regs., tit. 14, § 15000, et seq.; hereinafter "Guidelines"). The purpose of this Addendum is to assess any environmental impact differences between the proposed Inclusionary Housing Ordinance (IHO), also referred to as the "Proposed Project" or "Project," and the adopted County of Los Angeles General Plan Update, herein referred to as "General Plan Update." More specifically, this Addendum is designed to determine whether and to what extent the General Plan Update EIR is sufficient for addressing the potential environmental impacts and mitigation measures for the Proposed Project.

Based on substantial evidence provided in this Addendum, the General Plan Update EIR and other materials in the record, the County of Los Angeles (County) determines that the Proposed Project falls within the General Plan Update EIR as the IHO has no new significant environmental impacts; no substantial increase in the severity of previously identified significant effects; no mitigation measures or alternatives previously found infeasible and now feasible; and no mitigation measures or alternatives which are considerably different from those in the General Plan Update EIR. Thus, neither a subsequent nor supplemental environmental impact report (EIR) is required (Pub. Resources Code, § 21166; Guidelines §§ 15162, 15163). However, some changes or additions are necessary to the General Plan Update EIR, making this Addendum the appropriate CEQA document for the Proposed Project (Pub. Resources Code, §21166; Guidelines, §§ 15162 – 15164).

The proposed project involves amendments to Title 22 – Planning and Zoning of the Los Angeles County Code. **Chapter 2.0** of this Addendum describes the proposed project in detail.

This Addendum is organized into the following sections:

Chapter 1.0, Introduction. Chapter 1.0 describes the purpose and organization of this document. The introduction includes applicable statutory sections of the Public Resources Code and Guidelines, a brief planning history, and identification of the General Plan Update EIR findings.

Chapter 2.0, Project Description. Chapter 2.0 describes the Proposed Project, including its characteristics and objectives. Proposed Project characteristics are discussed in the context of the current requirements and the changes to these requirements that would be implemented with the Proposed Project.

Chapter 3.0, Environmental Analysis. Chapter 3.0 provides an environmental analysis of the Proposed Project compared to the General Plan Update. It presents an analysis of the environmental factors identified in Appendix G of the Guidelines, determining for each factor whether the circumstances set forth in Public Resources Code section 21166 and its implementing Guidelines sections 15162 and 15163, governing when preparation of a subsequent EIR or supplemental EIR is required, respectively, are present with respect to the Proposed Project or the situation surrounding the Proposed Project.

Chapter 4.0, References. Chapter 4.0 provides a list of references used in the preparation of this Addendum and identifies the people involved in its preparation and review.

1.2 PROJECT LOCATION

The Project location includes all unincorporated areas in the County. **Figure 2-2** in **Chapter 2.0, Project Description**, of this Addendum depicts the aforementioned.

1.3 LEAD AGENCY AND ADDRESS

County of Los Angeles
Department of Regional Planning
320 W. Temple Street, 13th Floor
Los Angeles, CA 90012

1.4 CONTACT PERSON AND PHONE NUMBER

Tina Fung, Supervising Regional Planner
County of Los Angeles
Department of Regional Planning, Housing Policy Section
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Email: tfung@planning.lacounty.gov

1.5 STATUTORY AUTHORITY

CEQA recognizes that between the date an environmental document for a project is completed and the date that a project is fully implemented, one or more of the following changes may occur: 1) the project may change, 2) the environmental setting in which the project is set may change, and/or 3) previously unknown information can arise. Before proceeding with a project within the scope of a previously certified EIR, CEQA requires the lead agency to evaluate these changes to determine whether they affect the conclusions in the prior environmental document.

When an EIR has been certified and a project within the scope of that evaluated in a previous EIR is modified or otherwise changed after certification, additional CEQA review may be necessary. The key considerations in determining the need for the appropriate type of additional CEQA review are outlined in Public Resources Code section 21166 and Guidelines sections 15162 through 15164. Guidelines section 15162, subdivision a, provides that a subsequent EIR is not required unless any of the following occurs:

(1) Substantial changes are proposed in the project which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR or Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(3) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete or the Negative Declaration was adopted, shows any of the following:

> (A) The project will have one or more significant effects not discussed in the previous EIR or negative declaration;
>
> (B) Significant effects previously examined will be substantially more severe than shown in the previous EIR;
>
> (C) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; and/or
>
> (D) Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

If a subsequent EIR is required pursuant to Guidelines section 15162, subdivision a, a supplemental EIR may be prepared instead if "only minor additions or changes would be necessary to make the previous EIR adequately apply to the project in the changed situation" (Guidelines, § 15163, subd. (a)).

If a subsequent EIR is not required pursuant to Guidelines section 15162, subdivision a, then the lead agency shall determine the appropriate further CEQA documentation, including no further documentation at all (Guidelines, § 15162, subd. (a)).

However, if a subsequent EIR is not required pursuant to Guidelines section 15162, subdivision a, but some changes or additions to the certified EIR have become necessary, an addendum is required (Guidelines, § 15164, subd. (a)). An addendum must include a brief explanation of the agency's decision not to prepare a subsequent EIR, supported by substantial evidence in the record (Guidelines, §15164, subd. (e)). The addendum to the EIR need not be circulated for public review, but it may be included in or attached to the final EIR (Guidelines, § 15164, subd. (c)). The decision-making body must consider the addendum and the final EIR prior to making a decision on the project (Guidelines, § 15164, subd. (d)).

1.6 CEQA GUIDELINES UPDATES

Since adoption of the General Plan Update and certification of the General Plan Update EIR, the CEQA Guidelines were revised to include separate analysis of impacts to Energy, Tribal Cultural Resources and Wildfire. Impacts to Energy, including impacts to electricity and natural gas, are analyzed in Section 5.17 Utilities and Service Systems of the General Plan Update EIR. Section 5.5 Cultural Resources of the General Plan Update EIR included discussion and analysis of tribal cultural resources. Wildfire is discussed in the General Plan Update EIR Section 5.8 Hazards and Hazardous Materials. These impacts are discussed in the same sections within this Addendum as they were discussed in the General Plan Update EIR.

In January 2018, the California Office of Planning and Research transmitted its proposal for the comprehensive updates to the Guidelines to the California Natural Resources Agency. Among other things, this package included proposed updates related to analyzing transportation impacts pursuant to Senate Bill 743, proposed updates to the analysis of greenhouse gas emissions, and revised Guidelines section 15126.2, subdivision a, in response to the California Supreme Court's decision in *California Building Industry Association v. Bay Area Air Quality Management District* (2015) 62 Cal.4th 369. The updated Guidelines became effective in December 2018. The revised Guidelines only apply to a CEQA document if the revised Guidelines are in effect when the document is sent out for public review (Guidelines, § 15007, subd. (c)).

1.7 BACKGROUND AND PLANNING HISTORY

On October 6, 2015 the County certified the General Plan Update EIR and adopted the General Plan Update for the County. The General Plan Update was a comprehensive update of the County General Plan (General Plan) and associated actions. The General Plan includes goals, policies, implementation programs, ordinances and zone changes. The General Plan covers the unincorporated areas and accommodates new housing and employment opportunities in anticipation of population growth. The General Plan Update responded to California State (State) laws current at the time it was written. The General Plan Update included revisions to the land use map and new text, proposing progressive, innovative programs and policies. The General Plan Update focuses growth in the unincorporated areas with access to services and infrastructure and reduces the potential for growth in environmentally sensitive and hazardous areas. The General Plan Update EIR evaluates housing unit growth based on land use designations. Residential growth in housing units was assumed to be 80 percent of capacity (unless the maximum density is less than one unit per acre, in which case the maximum density was used).[1]

The established objectives of the General Plan Update, as cited in the General Plan Update EIR, are as follows:

- Provide a comprehensive update to the General Plan that establishes the goals and policies to create a built environment that fosters the enjoyment, financial stability, and well-being of the unincorporated areas and County.
- Improve the job-housing balance and fiscal sustainability by planning for a diversified employment base, providing a variety of commercial, industrial, and mixed-use land uses.
- Promote sustainability by locating new development near existing infrastructure, services, and jobs.
- Maintain environmentally sustainable communities and reduce greenhouse gas (GHG) emissions that contribute to climate change.
- Support a reasonable share of projected regional population growth.
- Reinforce the vitality, local economy, and individual character of existing communities while balancing housing, employment, and recreational opportunities.

---

1 It should be noted that estimates of growth in housing units in the General Plan Update EIR (i.e., 80 percent of maximum capacity in the residential zones) far exceed forecasted growth as determined by Southern California Association of Governments (SCAG) in recent adopted growth forecasts.

- Promote environmental stewardship that protects the range of natural resources and habitats that uniquely define the character and ecological importance of the unincorporated areas.
- Provide policy guidance to protect and conserve natural resources and to improve the quality of air, water, and biological resources.
- Coordinate equitable sharing of public and private costs associated with providing appropriate community services and infrastructure, and in a context-sensitive manner that addresses community character.
- Ensure that development accounts for physical constraints and the natural hazards of the land.
- Recognize community and stakeholder interests while striving for consensus.
- Protect and enhance recreational opportunities and public access to open space and natural resources.

The General Plan Update EIR provides a programmatic analysis of the potential impacts of the buildout of the General Plan Update. In conjunction with the certification of the Final EIR in October 2015, the Board of Supervisors also adopted Findings of Fact, a Mitigation Monitoring and Reporting Program (MMRP), and a Statement of Overriding Considerations. The CEQA Findings adopted by the County indicate the General Plan Update would result in certain significant environmental impacts that could not be fully avoided by implementation of the feasible mitigation measures. These include impacts to air quality, transportation, utilities, and global climate change. Information and technical analyses from the General Plan Update EIR are summarized throughout this Addendum. The entire General Plan Update EIR is available for review at County offices located 320 W. Temple Street, 13th Floor, Los Angeles, CA 90012 , and online at: http://planning.lacounty.gov/generalplan/ceqa.

1.8 OTHER PLANNING PROJECTS THAT IMPLEMENT GENERAL PLAN POLICIES

On February 20, 2018, the County Board of Supervisors directed the County Department of Regional Planning (DRP) to prepare an Inclusionary Housing Ordinance along with other ordinances to address the affordable housing needs in the unincorporated areas of the County. The IHO is one out of four ordinances that the County has drafted at the direction of the Board of Supervisors to address the affordable housing needs in the County. The other three ordinances are briefly described below.

By-Right Housing Ordinance: The By-Right Housing Ordinance will streamline multi-family residential developments by allowing them by-right in certain zones. The By-Right Housing Ordinance will also include additional policies to further incentivize and streamline multifamily residential developments.

"By-right" development is exempt from CEQA, and no public hearing is required. Allowing multi-family residential developments "by-right" in areas where appropriate and streamlining the review process can help property owners and developers save time and money, which in turn helps increase housing production. In addition, the By-Right Housing Ordinance (BRHO) clarifies how to determine the allowable density and includes a zone change program for internal consistency.

Interim and Supportive Housing Ordinance: The Interim and Supportive Housing Ordinance (ISHO) will ensure compliance with State law regarding shelters, and transitional and supportive housing, as well as other housing types for specific populations. ISHO includes local policies to further encourage development of shelters, transitional and supportive housing, and support the County's efforts to provide solutions to vehicle living. The draft ISHO includes several components, including proposals to: allow accessory shelter use by-right in appropriate zones; offer reduced parking for shelters; enable and streamline conversion of hotels and motels to transitional housing or shelters in zones that permit multifamily and mixed use; and add standards for safe parking lots.

Affordable Housing Preservation Ordinance: The Affordable Housing Preservation Ordinance (AHPO) considers a variety of strategies, including the regulation of condominium conversions and mobile home park closures, and one-for-one replacement or "no net loss" policies. Affordable housing preservation seeks to maintain the supply of lower-cost housing to avoid displacement of tenants or the loss of affordable units due to new development.

In addition to the Proposed Project and three ordinances discussed above, one additional housing related ordinance is also being prepared by the Department of Regional Planning (DRP).

Accessory Dwelling Unit Ordinance: On January 1, 2020, new laws for accessory dwelling units (ADU) and junior accessory dwelling units (JADUs) were enacted by the State that rendered the County's ADU Ordinance null and void. An ADU, also known as a granny or in-law unit, is a dwelling unit that is either attached to, located within the existing living area of, or detached from and located on the same lot as a single-family or multi-family residential building. A JADU is a dwelling unit that is no more than 500 square feet in size and contained entirely within single-family residence. ADUs and JADUs can be a source of rental income for homeowners, or provide additional living space for family members or caregivers.

The By-Right Housing Ordinance, Interim and Supportive Housing Ordinance, and Affordable Housing Preservation Ordinance are considered cumulative projects to this Project as they have the ability to create additional units through zoning changes focused on housing. In addition, the ADU Ordinance is also considered a cumulative project due to its similar time frame.

These ordinances would all work to address the County's affordable housing needs. Therefore, in this Addendum, the cumulative analysis considers the impacts of the Proposed Project together with these related (but separate) housing ordinances.

1.9 MITIGATION REQUIREMENTS

The General Plan Update EIR included mitigation measures to reduce environmental impacts associated with the implementation of the General Plan Update. The General Plan Update EIR includes two types of mitigation: measures to be undertaken by the County and project-level measures to be undertaken by future project applicants, as appropriate, where potential significant impacts could occur when developing individual projects. **Table 1-1** shows all the mitigation measures from the General Plan Update EIR.

Table 1-1
General Plan Update EIR Mitigation Measures

Air Quality	
AQ-1	If, during subsequent project-level environmental review, construction-related criteria air pollutants are determined to have the potential to exceed the applicable Air Quality Management District (AQMD) adopted thresholds of significance, the County of Los Angeles Planning Department shall require that applicants for new development projects incorporate mitigation measures as identified in the CEQA document prepared for the project to reduce air pollutant emissions during construction activities. Mitigation measures that may be identified during the environmental review include but are not limited to: • Using construction equipment rated by the United States Environmental Protection Agency as having Tier 3 (model year 2006 or newer) or Tier 4 (model year 2008 or newer) emission limits, applicable for engines between 50 and 750 horsepower. • Ensuring construction equipment is properly serviced and maintained to the manufacturer's standards. • Limiting nonessential idling of construction equipment to no more than five consecutive minutes. • Water all active construction areas at least three times daily, or as often as needed to control dust emissions. Watering should be sufficient to prevent airborne dust from leaving the site. Increased watering frequency may be necessary whenever wind speeds exceed 15 miles per hour. Reclaimed water should be used whenever possible. • Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least two feet of freeboard (i.e., the minimum required space between the top of the load and the top of the trailer). • Pave, apply water three times daily or as often as necessary to control dust, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas at construction sites. • Sweep daily (with water sweepers using reclaimed water if possible), or as often as needed, all paved access roads, parking areas, and staging areas at the construction site to control dust. • Sweep public streets daily (with water sweepers using reclaimed water if possible) in the vicinity of the project site, or as often as needed, to keep streets free of visible soil material. • Hydroseed or apply non-toxic soil stabilizers to inactive construction areas. • Enclose, cover, water three times daily, or apply non-toxic soil binders to exposed stockpiles (dirt, sand, etc.).
AQ-2	New industrial or warehousing land uses that: 1) have the potential to generate 40 or more diesel trucks per day and 2) are located within 1,000 feet of a sensitive land use (e.g. residential, schools, hospitals, nursing homes), as measured from the property line of the project to the property line of the nearest sensitive use, shall submit a health risk assessment (HRA) to the County of Los Angeles Planning Department prior to future discretionary project approval. The HRA shall be prepared in accordance with policies and procedures of the state Office of Environmental Health Hazard Assessment and the applicable Air Quality Management District. If the HRA shows that the incremental cancer risk exceeds ten in one million (I0E-06), particulate matter concentrations would exceed

	2.5 μg/m³, or the appropriate noncancer hazard index exceeds 1.0, the applicant will be required to identify and demonstrate that best available control technologies for toxics (T-BACTs) are capable of reducing potential cancer and noncancer risks to an acceptable level, including appropriate enforcement mechanisms. T-BACTs may include, but are not limited to, restricting idling onsite or electrifying warehousing docks to reduce diesel particulate matter, or requiring use of newer equipment and/or vehicles. T-BACTs identified in the HRA shall be identified as mitigation measures in the environmental document and/or incorporated into the site development plan as a component of the Proposed Project.
AQ-3	Applicants for sensitive land uses within the following distances as measured from the property line of the project to the property line of the source/edge of the nearest travel lane, from these facilities: • Industrial facilities within 1000 feet • Distribution centers (40 or more trucks per day) within 1,000 feet • Major transportation projects (50,000 or more vehicles per day) within 1,000 feet • Dry cleaners using perchloroethylene within 500 feet • Gasoline dispensing facilities within 300 feet Applicants shall submit a health risk assessment (HRA) to the County prior to future discretionary project approval. The HRA shall be prepared in accordance with policies and procedures of the state Office of Environmental Health Hazard Assessment (OEHHA) and the applicable Air Quality Management District. The latest OEHHA guidelines shall be used for the analysis, including age sensitivity factors, breathing rates, and body weights appropriate for children age 0 to 6 years. If the HRA shows that the incremental cancer risk exceeds ten in one million (10E-06) or the appropriate noncancer hazard index exceeds 1.0, the applicant will be required to identify and demonstrate that mitigation measures are capable of reducing potential cancer and non-cancer risks to an acceptable level (i.e., below ten in one million or a hazard index of 1.0), including appropriate enforcement mechanisms. Measures to reduce risk may include but are not limited to: • Air intakes located away from high volume roadways and/or truck loading zones. • Heating, ventilation, and air conditioning systems of the buildings provided with appropriately sized maximum efficiency rating value (MERV) filters Mitigation measures identified in the HRA shall be identified as mitigation measures in the environmental document and/or incorporated into the site development plan as a component of the Proposed Project. The air intake design and MERV filter requirements shall be noted and/or reflected on all building plans submitted to the County of Los Angeles and shall be verified by the County's Planning Department.
AQ-4	If it is determined during project-level environmental review that a project has the potential to emit nuisance odors beyond the property line, an odor management plan may be required, subject to County of Los Angeles. Facilities that have the potential to generate nuisance odors include but are not limited to: • Wastewater treatment plants • Composting, greenwaste, or recycling facilities • Fiberglass manufacturing facilities • Painting/coating operations • Large-capacity coffee roasters • Food-processing facilities If an odor management plan is determined to be required through CEQA review, the County shall require the project applicant to submit the plan prior to approval to ensure compliance with the applicable Air Quality Management District's Rule 402, for nuisance odors. If applicable, the Odor Management Plan shall identify the Best Available Control Technologies for Toxics (T-BACTs) that will be utilized to reduce potential odors to acceptable levels, including appropriate enforcement mechanisms. T-BACTs may include, but are not limited to, scrubbers (e.g., air pollution control devices) at the industrial facility. T-BACTs identified in the odor management plan shall be identified as mitigation measures in the environmental document and/or incorporated into the site plan.
Biological Resources	
BIO-1	Biological resources shall be analyzed on a project-specific level by a qualified biological consultant. A general survey shall be conducted to characterize the project site, and focused surveys should be conducted as necessary to determine the presence/absence of special-status species (e.g., focused sensitive plant or wildlife surveys). A biological resources assessment report shall be prepared to characterize the biological resources on-site, analyze project-specific impacts to biological resources, and propose appropriate mitigation measures to offset those impacts. The report shall include site location, literature sources, methodology, timing of surveys, vegetation map, site photographs, and descriptions of biological resources on-site (e.g., observed and detected species as well as an analysis of those species with potential to occur onsite).
BIO-2	If there is potential for direct impacts to special-status species with implementation of construction activities, the

	project-specific biological resources assessment report (as mentioned in Mitigation Measure BIO–1) shall include mitigation measures requiring preconstruction surveys for special-status species and/or construction monitoring to ensure avoidance, relocation, or safe escape of special-status species from the construction activities, as appropriate. If special-status species are found to be nesting, brooding, denning, etc. on-site during the pre-construction survey or monitoring, construction activity shall be halted until offspring are weaned, fledged, etc. and are able to escape the site or be safely relocated to appropriate offsite habitat areas. Relocations into areas of appropriate restored habitat would have the best chance of replacing/incrementing populations that are lost due to habitat converted to development. Relocation to restored habitat areas should be the preferred goal of this measure. A qualified biologist shall be on site to conduct surveys, to perform or oversee implementation of protective measures, and to determine when construction activity may resume.
BIO-3	No feasible mitigation measures are available that would reduce impacts to wildlife movement completely. However, corridors shall not be entirely closed by any development, and partial mitigation shall be mandatory for impact on wildlife corridors and wildlife nursery sites. This shall include provision of a minimum of half the corridor width. (The width shall be at least what is needed to remain connective for the top predators using the corridor.) Mitigation can include preservation by deed in perpetuity of other parts of the wildlife corridor connecting through the development area; it can include native landscaping to provide cover on the corridor. For nursery site impacts, mitigation shall include preservation by deed in perpetuity for another comparable nursery site of the same species.
Cultural Resources	
CUL-1	Provide incentives through the Mills Act to encourage the restoration, renovation, or adaptive reuse of historic resources.
CUL-2	Draft a comprehensive historic preservation ordinance for the unincorporated areas.
CUL-3	Prepare an Adaptive Reuse Ordinance within the context of, and in compliance with, existing building codes that considers the conversion of older, economically distressed or historically-significant buildings into multifamily residential developments, live-and-work units, mixed use developments, or commercial uses.
CUL-4	Prior to the issuance of any grading permit, applicants shall provide written evidence to the County of Los Angles that a County-certified archaeologist has been retained to observe grading activities greater than six feet in depth and salvage and catalogue archaeological resources as necessary. The archaeologist shall be present at the pre-grade conference, shall establish procedures for archaeological resource surveillance, and shall establish, in cooperation with the applicant, procedures for temporarily halting or redirecting work to permit the sampling, identification, and evaluation of the artifacts as appropriate. If the archaeological resources are found to be significant, the archaeological observer shall determine appropriate actions, in cooperation with the project applicant, for exploration and/or salvage. Prior to the release of the grading bond the applicant shall obtain approval of the archaeologist's follow-up report from the County. The report shall include the period of inspection, an analysis of any artifacts found and the present repository of the artifacts. Applicant shall prepare excavated material to the point of identification. Applicant shall offer excavated finds for curatorial purposes to the County of Los Angeles, or its designee, on a first refusal basis. These actions, as well as final mitigation and disposition of the resources, shall be subject to the approval of the County. Applicant shall pay curatorial fees if an applicable fee program has been adopted by the Board of Supervisors, and such fee program is in effect at the time of presentation of the materials to the County or its designee, all in a manner meeting the approval of the County. Unanticipated discoveries shall be evaluated for significance by a County-certified archaeologist. If the archaeological resources are found to be significant, then the project shall be required to perform data recovery, professional identification, radiocarbon dates as applicable, and other special studies; submit materials to the California State University Fullerton; and provide a comprehensive final report including appropriate records for the California Department of Parks and Recreation (Building, Structure, and Object Record; Archaeological Site Record; or District Record, as applicable).
CUL-5	Prior to the issuance of any grading permit, applicants shall provide written evidence to the County of Los Angles that a County-certified paleontologist has been retained to observe grading activities greater than six feet in depth and salvage and catalogue paleontological resources as necessary. The paleontologist shall be present at the pre-grade conference, shall establish procedures for paleontologist resource surveillance, and shall establish, in cooperation with the applicant, procedures for temporarily halting or redirecting work to permit the sampling, identification, and evaluation of the artifacts as appropriate. If the paleontological resources are found to be significant, the paleontologist observer shall determine appropriate actions, in cooperation with the project applicant, for exploration and/or salvage. Prior to the release of the grading bond the applicant shall obtain approval of the paleontologist's follow-up report from the County. The report shall include the period of inspection, an analysis of any artifacts found and the present repository of the artifacts. Applicant shall prepare excavated material to the point of identification. Applicant shall offer excavated finds for curatorial purposes to the County of Los Angeles, or its designee, on a first refusal basis. These actions, as well as final mitigation and disposition of the resources, shall be subject to the

	approval of the County. Applicant shall pay curatorial fees if an applicable fee program has been adopted by the Board of Supervisors, and such fee program is in effect at the time of presentation of the materials to the County or its designee, all in a manner meeting the approval of the County. Unanticipated discoveries shall be evaluated for significance by a County-certified a paleontologist. If the paleontological resources are found to be significant, then the project shall be required to perform data recovery, professional identification, radiocarbon dates as applicable, and other special studies; submit materials to the California State University Fullerton; and provide a comprehensive final report including appropriate records for the California Department of Parks and Recreation.
Greenhouse Gas Emissions	
GHG-1	The County shall monitor GHG emissions by updating its GHG emissions inventory every five years. Upon the next update to the CCAP, the inventory, GHG reduction measures, and GHG reductions should be forecasted to 2035 to ensure progress toward achieving an interim target that aligns with the long-term GHG reduction goals of Executive Order S 03 05. The CCAP update should take into account the reductions achievable due to federal and state action as well as ongoing work by the County government and the private sector. The 2035 CCAP update shall be complete by January 1, 2021 with a plan to achieve GHG reductions for 2035 or 2040 provided the state has an actual plan to achieve reductions for 2035 or 2040. New reduction programs in similar sectors as the proposed CCAP (building energy, transportation, waste, water, wastewater, agriculture and others) will likely be necessary. Future targets should be considered in alignment with state reduction targets, as feasible, but it is premature at this time to determine whether or not such targets can be feasibly met through the combination of federal, state, and local action given technical, logistical and financial constraints. Future updates to the CCAP should account for the horizon beyond 2035 as the state adopts actual plans to meet post-2035 targets.
Hydrology and Water Quality	
HYD-1	Prior to approval of a tentative map, future project applicants/developers shall provide proof to the Department of Public Works that all structures are located outside the 100-year floodplain.
Noise	
N-1	Construction activities associated with new development that occurs near sensitive receptors shall be evaluated for potential noise impacts. Mitigation measures such as installation of temporary sound barriers for construction activities that occur adjacent to occupied noise-sensitive structures, equipping construction equipment with mufflers, and reducing non-essential idling of construction equipment to no more than five minutes shall be incorporated into the construction operations to reduce construction-related noise to the extent feasible.
N-2	Prior to the issuance of building permits for any project that involves a noise sensitive use within the 65 dBA CNEL contour (i.e., areas in or above 65 dBA CNEL) along major roadways and freeways the project property owner/developers shall retain an acoustical engineer to conduct an acoustic analysis and identify, where appropriate, site design features (e.g., setbacks, berms, or sound walls), and/or required building acoustical improvements (e.g., sound transmission class rated windows, doors, and attic baffling) to ensure compliance with the County's Noise Compatibility Criteria and the California State Building Code and California Noise Insulation Standards (Title 24 of the California Code of Regulations).
N-3	New development that occurs within 200 feet of a railroad track (according to the FTA's vibration screening distances) shall be evaluated for potential vibration impacts. The project property owner/developers shall retain an acoustical engineer to conduct an acoustic analysis and identify, where appropriate, site design features and/or required building construction improvements to ensure that vibration impacts would remain below acceptable levels of 0.08 RMS in/sec for residential uses.
N-4	Individual projects that use vibration-intensive construction activities, such as pile drivers, jack hammers, and vibratory rollers, near sensitive receptors shall be evaluated for potential vibration impacts. If construction-related vibration is determined to be perceptible at vibration-sensitive uses (i.e., exceed the Federal Transit Administrations vibration annoyance criterion of 78 VdB at sensitive receptor locations), additional requirements, such as use of less-vibration-intensive equipment or construction techniques, shall be implemented during construction (e.g., drilled piles to eliminate use of vibration-intensive pile driver).
N-5	Prior to the issuance of building permits, proposed heavy industrial projects are required to provide evidence that vibration due to the operation of machinery would not adversely affect nearby vibration sensitive uses such as commercial, hotel, institutional, and residential uses. The project property owner/developers shall retain an acoustical engineer to conduct a vibration analysis and identify, where appropriate, project design features and/or required building/ equipment improvements to ensure that vibration impacts would remain below acceptable levels of 78 VdB at sensitive receptor locations. This vibration level is considered to be significant at vibration-sensitive uses. This can be accomplished with vibration-reducing measures such as, but not limited to, equipment placement, equipment selection, vibration dampers, and/or changes to operation modes (speed, power, frequency).
Population and Housing	
PH-1	Prior to adoption of the Antelope Valley Area Plan Update, the County shall identify land use changes to achieve a minimum jobs-housing ratio of 1.3 for the Antelope Valley Planning Area.

Public Services	
PS-1	Prior to issuance of building permits, future project applicants/developers shall pay the Los Angeles County Fire Department Developer Fee in effect at that time.
PS-2	Each subdivision map shall comply with the applicable County Fire Code requirements for fire apparatus access roads, fire flows, and fire hydrants. Final fire flows shall be determined by LACoFD in accordance with Appendix B of the County Fire Code The required fire apparatus road and water requirements shall be in place prior to construction.
PS-3	Prior to approval of a tentative map, a Fuel Modification Plan shall be prepared for each subdivision map in which urban uses would permanently adjoin a natural area, as required by Section 1117.2.1 of the County Fire Code and approved by LACoFD prior to building permit issuance.
PS-4	Prior to adoption of the Antelope Valley Area Plan, the County shall identify an implementation program to ensure adequate funding is available to provide law enforcement services within the Antelope Valley Planning Area. The funding mechanism must provide sufficient revenue to pay for land acquisition, engineering, construction, installation, purchasing, or any other direct costs for capital law enforcement facilities and equipment needed to serve the new development in the Antelope Valley Planning Area.
Transportation/Traffic	
T-1	The County shall continue to monitor potential impacts on roadway segments and intersections on a project by project basis as buildout occurs by requiring traffic studies for all projects that could significantly impact traffic and circulation patterns. Future projects shall be evaluated and traffic improvements shall be identified to maintain minimum levels of service in accordance with the County's Traffic Impact Analysis Guidelines, where feasible mitigation is available.
T-2	The County shall implement over time objectives and policies contained within the General Plan Mobility Element. Implementation of those policies will help mitigate any potential impacts of Project growth and/or highway amendments on the transportation system.
T-3	The County shall participate with Metro, the Congestion Management Program (CMP) Agency in Los Angeles County, on a potential Congestion Mitigation Fee program that would replace the current CMP Debit/Credit approach. Under a countywide fee program, each jurisdiction, including the County, will select and build capital transportation projects, adopt a fee ordinance, collect fees and control revenues. A fee program will require a nexus analysis, apply only to net new construction on commercial and industrial space and additional residential units and needs to be approved by Metro and the local jurisdictions. A countywide fee, if adopted, will allow the County to mitigate the impacts of development via the payment of the transportation impact fee in lieu of asking each development project for individual mitigation measures, or asking for fair share payments of mitigation. The fee program would itself constitute a "fair share" program that would apply to all development (of a certain size) within the unincorporated areas.
T-4	The County shall work with Caltrans as they prepare plans to add additional lanes or complete other improvements to various freeways within and adjacent unincorporated areas. This includes adding or extending mixed flow general purpose lanes, adding or extending existing HOV lanes, adding Express Lanes (high occupancy toll lanes), incorporating truck climbing lanes, improving interchanges and other freeway related improvements.

T-5	The County shall require traffic engineering firms retained to prepare traffic impact studies for future development projects to consult with Caltrans, when a development proposal meets the requirements of Statewide, regional, or area wide significance per CEQA Guidelines §15206(b). Proposed developments meeting the criteria of Statewide, regional or area wide include:
	• Proposed residential developments of more than 500 dwelling units
	• Proposed shopping centers or business establishments employing more than 1,000 persons or encompassing more than 500,000 square feet of floor space.
	• Proposed commercial office buildings employing more than 1,000 persons or encompassing more than 250,000 square feet of floor space
	• Proposed hotel/motel developments of more than 500 rooms
	• When the CEQA criteria of regional significance is not met, Caltrans recommends transportation engineers and/or city representatives consult Caltrans when a proposed development includes the following characteristics:
	  ◦ All proposed developments that have the potential to cause a significant impact to state facilities (right of way, intersections, interchanges, etc.) and when required mitigation improvements are proposed in the initial study. Mitigation concurrence should be obtained from Caltrans as early as possible.
	  ◦ Any development which assigns 50 or more trips during peak hours to a state highway (freeways).
	  ◦ Any development located adjacent to or within 100 feet of a State highway facility and may require

	a Caltrans Encroachment Permit. (Exceptions: additions to single family homes or 10 residential units of less). • When it cannot be determined whether or not Caltrans will expect a traffic impact analysis pursuant to CEQA.
Utilities and Service Systems	
USS-1	Require the use of drought tolerant landscaping, native California plant materials, and evapotranspiration (smart) irrigation systems.
USS-2	Require the use of low-flow fixtures in all non-residential development and residential development with five or more dwelling units, which may include but are not limited to water conserving shower heads, toilets, waterless urinals and motion-sensor faucets, and encourage use of such fixtures in building retrofits as appropriate.
USS-3	Require low water use landscaping in new residential subdivisions and other private development projects, including a reduction in the amount of turf-grass.
USS-4	Promote the use of low-flow and/or waterless plumbing fixtures and appliances in all new non-residential development and residential development of five or more dwelling units.
USS-5	Support amendments to the County Building Code that would promote upgrades to water and energy efficiency when issuing permits for renovations or additions to existing buildings.
USS-6	Apply water conservation policies to all pending development projects, including approved tentative subdivision maps to the extent permitted by law. Where precluded from adding requirements by vested entitlements, encourage water conservation in construction and landscape design.
USS-7	Require new development to provide the infrastructure needed for delivery of recycled water to the property for use in irrigation, even if the recycled water main delivery lines have not yet reached the site, where deemed appropriate by the reviewing authority.
USS-8	Promote the installation of rainwater capture and gray water systems in new development for irrigation, where feasible and practicable.
USS-9	Promote energy efficiency and water conservation upgrades to existing nonresidential buildings at the time of major remodel or additions.
USS-10	Promote the use of permeable paving materials to allow infiltration of surface water into the water table.
USS-11	Maintain stormwater runoff on site by directing drainage into rain gardens, natural landscaped swales, rain barrels, permeable areas, and use of drainage areas as design elements, where feasible and reasonable.
USS-12	Seek methods to decrease impermeable site area where reasonable and feasible, in order to reduce stormwater runoff and increase groundwater infiltration, including use of shared parking and other means, as appropriate.
USS-13	On previously developed sites proposed for major alteration, provide stormwater management improvements to restore natural infiltration, as required by the reviewing authority.
USS-14	Encourage and promote the use of new materials and technology for improved stormwater management, such as pervious paving, green roofs, rain gardens, and vegetated swales.
USS-15	Where detention and retention basins or ponds are required, seek methods to integrate these areas into the landscaping design of the site as amenity areas, such as a network of small ephemeral swales treated with attractive planting.
USS-16	Evaluate development proposals for consistency with the County Green Building Standards Code.
USS-17	Promote Low Impact Development standards on development sites, including but not limited to minimizing impervious surface area and promoting infiltration, in order to reduce the flow and velocity of stormwater runoff throughout the watershed.
USS-18	Require that all new development proposals demonstrate a sufficient and sustainable water supply prior to approval.
USS-19	Monitor growth, and coordinate with water districts as needed to ensure that long-range needs for potable and reclaimed water will be met.
USS-20	If water supplies are reduced from projected levels due to drought, emergency, or other unanticipated events, take appropriate steps to limit, reduce, or otherwise modify growth permitted by the General Plan in consultation with water districts to ensure adequate long-term supply for existing businesses and residents.
USS-21	Upon the availability of non-potable water, discourage and consider restrictions on the use of potable water for washing outdoor surfaces.
USS-22	In cooperation with the Sanitation Districts and other affected agencies, expand opportunities for use of recycled water for the purposes of landscape maintenance, construction, water recharge, and other uses as appropriate.

USS-23	In coordination with applicable water suppliers, adopt and implement a water conservation strategy for public and private development.

1.10 SUMMARY COMPARISON OF SIGNIFICANT IMPACTS IDENTIFIED IN GENERAL PLAN UPDATE EIR COMPARED TO IMPACTS OF IHO ORDINANCE

This Addendum will consider whether the new housing units expected from the IHO would result in a new significant environmental impact or more severe significant environmental impacts than previously identified in the General Plan Update EIR, thereby, requiring a major revision to the EIR. Below is a summary of the analysis as to whether this Addendum to the General Plan Update EIR identified new or more severe significant environmental impacts than those identified in the General Plan Update EIR related to the IHO.

Chapter 3.0 of this Addendum includes a detailed evaluation of environmental effects associated with the IHO, as compared to impacts identified in the General Plan EIR for each CEQA environmental factor area, organized in the same manner as the General Plan Update EIR. Anticipated inclusionary housing development under the IHO represents a small fraction of the total reasonably foreseeable development analyzed in the General Plan EIR. The General Plan Update EIR evaluated projected land use development (based on zoning capacity) in the County that would be constructed and implemented/occupied between 2013 (the General Plan Update EIR baseline year) and 2035. The IHO would facilitate development of affordable housing units. Affordable housing units represent a fraction of the total development anticipated in the General Plan Update EIR.

The IHO in combination with the existing Density Bonus Ordinance (DBO) could result in an increased number of larger projects than would otherwise occur without the IHO. An increase in units could occur because developers of market rate housing would be required to include affordable units and as a result, they may seek to make up for the loss of market rate units by building more total units consistent with the existing DBO. It is also possible that the IHO would inhibit development because of the requirements being considered too onerous, potentially leading to less development than would otherwise occur.

Therefore, it is not possible to determine what fraction, if any, of the units analyzed in the General Plan Update EIR could result from the IHO (i.e. as compared to what would occur without the IHO). In addition, not being able to determine the number of units that could result from the IHO means that it would also be speculative to try to identify where any new units could occur. While potential inclusionary housing areas are identified in the Project Description, whether an area that is identified in this document as meeting the criteria for inclusionary housing 1) will be redeveloped and/or 2) will include developments that request a density bonus pursuant to existing incentives and concessions, is not known.

As detailed further in **Chapter 2.0, Project Description,** the IHO applies to both rental and for sale units within certain submarket areas of the County. It is anticipated that an increase in development under the IHO would likely occur in urbanized areas due to incentives, such as from the DBO. However, the IHO would apply to projects that are not subject to the DBO in the identified submarket areas (See **Chapter 2.0**). Therefore, the IHO would not exclusively apply to urbanized areas, nor would the IHO exclusively apply to multifamily residential units. For project's that do not take advantage of the DBO, the number of units developed would be the same as under a "business as usual" scenario, since the IHO, by itself, does not increase the number of units allowed to be built. The analysis in this Addendum addresses development likely to occur in urbanized areas as a result of the IHO in combination with the DBO, as well as development anticipated in the submarket areas within the County.

Table 1-2 below provides a summary of impacts as identified in the General Plan and analyzed in this Addendum.

Table 1-2
Summary of Impacts
General Plan Update EIR Impacts Compared to IHO Impacts

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
Aesthetics		
Adverse effect on a scenic vista.	**Less than significant.** The existing regulatory setting, as well as the goals and policies contained in the General Plan Update, would serve to lessen potential impacts to scenic vistas. Additionally, approval of the General Plan Update does not authorize construction of development that would affect scenic vistas. Therefore, under the General Plan Update EIR, impacts were found to be less than significant, and no mitigation measures were required.	**Less than significant.** While the project could result in individual projects that are larger than without the IHO, development under the IHO would likely occur in the urbanized portion of the County (i.e., not in hillsides or ridgeline areas. Therefore, to the extent that the IHO would result in additional development it is anticipated that such development would be consistent with the strategies of the General Plan and would not increase development beyond the growth that is already anticipated evaluated from buildout under the General Plan Update EIR. Some impingement of views of scenic resources could occur, but overall impacts are anticipated to be less than significant. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Substantially damage scenic resources within a state scenic highway.	**Less than significant**. The General Plan Update EIR concluded that no development or changes would occur along or near any of the three adopted state	**No impact.** The IHO would likely occur in urbanized areas that already have similar land uses and real estate markets and therefore the three scenic highways

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
	scenic highways within Los Angeles County. While some development or changes could occur near the eligible scenic highways, the development or changes anticipated to occur would be minimal and would only occur near small stretches of the eligible scenic highways. Furthermore, goals and policies of the General Plan would serve to minimize potential impacts to scenic highways. Therefore, the General Plan Update EIR concluded that no significant impact would result from implementation of the General Plan with respect to substantial alteration of scenic resources within a designated scenic highway.	within Los Angeles County would not be impacted. Impacts under the IHO would be less than anticipated for the General Plan Update as a whole because individual projects are anticipated to be developed within urbanized areas and not in locations where any scenic routes could be impacted. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Degradation of visual character.	**Less than Significant.** The General Plan Update EIR concluded the guiding principles, goals, policies, and implementation programs contained in the General Plan would serve to lessen or mitigate potential impacts by providing direction for future decision making, as well as by requiring additional future review of potential impacts of individual development projects that would be accommodated by the General Plan. Therefore, the General Plan Update EIR found impacts related to changes in visual character to be less than significant.	**Less than Significant.** The IHO would apply to both rental and for-sale projects within certain submarket areas in the County, It is anticipated that most of the development would occur in urbanized areas. Furthermore, incentives from projects also subject to the DBO would be more likely to only apply to urbanized areas with zoning that permits multifamily and mixed uses. These areas tend to have visual character typical of urban or suburban environments. Individual projects are anticipated to be developed within urbanized areas and would be consistent with urban/suburban visual character. For projects that do not utilize DBO incentives, the IHO would not by itself increase the number of units that are allowed to be built. The General Plan goals and policies would remain in effect to lessen and mitigate any potential impacts. Therefore, the IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Increase in light and glare.	**Less than Significant.** The General Plan Update EIR concluded that development would generally occur in urbanized areas where existing lighting and light pollution are already high, these increases in light and glare would not be substantial. In rural areas of the County growth could also potentially diminish nighttime views and/or dark skies, but applicable regulations would minimize these impacts. The General Plan Update EIR found impacts related to light and glare would be less than significant.	**Less than Significant.** Individual projects developed in accordance with the IHO are anticipated to occur where development already occurs and where existing lighting is typical of urban uses. Individual projects would be required to comply with County requirements addressing spillover light and glare, and projects would generally be limited to urbanized areas. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Agricultural and Forest Resources		
Convert Prime, Unique, or Important Farmland.	**Significant and Unavoidable.** The General Plan Update EIR concluded that implementation of the Agricultural Resource Area (ARA) policies under the General Plan would reduce both direct and indirect impacts of conversion of mapped Important	**Significant and Unavoidable.** The IHO only applies in zones that allow residential uses as the principal use and applies to projects of five or more units. Agricultural zoning, which would not change with the IHO, precludes apartment development. Even single-family

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
	Farmland. However, these ARAs would not be agricultural preserves and some conversion to non-agricultural uses would be permitted. As such, impacts due to buildout of the General Plan were identified as significant in the Antelope Valley Planning Area and Santa Monica Mountains Planning Area. However, impacts in the remaining nine Planning areas were identified as less than significant.	affordable developments would require a site large enough to be subdivided into single-family lots that would meet the minimum lot size in farmland areas. Subdivisions would trigger a discretionary process with CEQA review, which would include mitigations if impacts to farmland are significant. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Conflict with zoning for agricultural use, or a Williamson Act contract.	**No Impact.** The General Plan Update EIR concluded that implementation of the zoning changes within the General Plan would not involve any rezoning of farmland and impacts regarding conversion of farmland to non-agricultural uses would be less than significant. Furthermore, the General Plan Update EIR identified that the only Williamson Act contracts in effect in Los Angeles County are located on Santa Catalina Island, of which there is no Important Farmland mapped.	**No Impact.** The IHO only applies in zones that allow residential uses as the principal use and applies to project of five or more units. The IHO would not involve the rezoning of farmland or any impacts to Williamson Act contracts. Therefore, the IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Rezoning forestland or timberland.	**No Impact.** The General Plan Update EIR found that the General Plan includes the addition of two new zones created for future use in rural areas. However, neither of these zones are added to the Zoning Map. The remaining zones added as part of the General Plan would only be designated in intensely urban areas and would thus not impact forest land. As the County has no existing zoning specifically designating forest use, implementation of the General Plan would not conflict with existing zoning for forest land or timberland.	**No Impact.** The IHO only applies to projects of five or more units in zones that allow residential uses as the principal use. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Loss or conversion of forest land to non-forest use.	**Less than Significant.** The General Plan Update EIR indicates that Forest land within Los Angeles County is protected through the County's Significant Ecological Area (SEA) Ordinance. Compliance with the SEA Ordinance would reduce potential impacts to forest land to a less than significant level.	**Less than Significant.** While the IHO would apply in zones that allow residential uses, the IHO does not make any changes to the County's SEA Ordinance nor already permitted uses or densities. The IHO itself would not result in any additional development and only requires a set aside for affordable housing, impacts related to the loss of forest land would continue to be less than significant. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impact would occur.
Conversion of Farmland to non-agricultural use or conversion of forest land to non-forest use.	**Significant and Unavoidable.** The General Plan EIR found that in the Antelope Valley Planning Area and Santa Clarita Valley Planning Area there would be a significant indirect impact on conversion of mapped Important Farmland to nonagricultural use due to pressure to convert farmland to non-agricultural uses	**No Impact.** The IHO would not result in development that would result in conversion of Farmland to non-agricultural use or conversion of forest land to non-forest use. In addition, forest and farmlands are generally zoned in a way that would preclude multifamily projects. Therefore, forests and farmlands would not be significantly impacted. The

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	and related incompatibilities between agricultural and urban uses. The General Plan Update EIR indicated that there are no feasible mitigation measures to reduce impacts to farmland in these areas. Impacts in the nine other Planning Areas would be less than significant.	IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Air Quality		
Conflict with or the potential to obstruct implementation of the applicable air quality plan.	**Significant and Unavoidable**. The General Plan Update EIR indicates buildout of the General Plan in 2035 would result in higher populations for the unincorporated areas of the County. The General Plan Update EIR concludes that individual development projects would be consistent with the control measures and regulations identified in the SCAQMD and AVAQMD's AQMPs. However, the General Plan EIR found that development would not be consistent with the AQMPs because the buildout in the unincorporated areas would exceed forecasts in the AQMP.	**Significant and Unavoidable.** The IHO would not increase the growth and development beyond what is anticipated from buildout of the General Plan. The IHO would not by itself increase the number of units allowed for development, as it would only require that developments set aside a percentage of affordable units. Since the release of the General Plan, the SCAQMD adopted an updated AQMP in 2017 that incorporates SCAG's updated population projection numbers from the 2016/2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) that would account for the population increase in unincorporated areas of the County. However, the AVAQMD's Ozone Attainment Plan has not been updated and as a result there is the potential for development from the General Plan to exceed the AVAQMD's plan. The IHO would not be expected to increase the number of units beyond what was analyzed in the General Plan and impacts would not be greater than what was previously analyzed. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Violate any air quality standard or contribute substantially to existing or projected air violation.	**Significant and Unavoidable.** The General Plan Update EIR concluded that for a broad-based General Plan, t is not possible to determine whether the scale and phasing of individual projects could result in the exceedance of the SCAQMD's or the AVAQMD's short-term regional or localized construction emissions thresholds. Mitigation Measure AQ-1, regulatory measures, as well as goals and policies in the General Plan would reduce air pollutant emissions. However, due to the likely scale and extent of construction activities pursuant to the future development that would be accommodated by the General Plan, at least some projects would likely continue to exceed the SCAQMD and AVAQMD thresholds. Therefore, the General Plan EIR determined construction-related air quality impacts of the buildout of the General Plan would be significant and unavoidable.	**Significant and Unavoidable.** As under the General Plan, construction of multiple projects simultaneously could result in total daily construction emissions exceeding regional thresholds and therefore emissions associated with construction could be significant. Mitigation Measure AQ-1, regulatory measures, and general plan goals and policies would reduce these impacts, but it is likely that some projects would exceed the relevant SCAQMD and AVAQMD criteria air pollutant thresholds. The IHO would not substantially change construction or operational air quality impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Cumulatively considerable net increase of any criteria pollutant	**Significant and Unavoidable.** The General Plan Update EIR concluded that buildout of the land use plan would generate	**Significant and Unavoidable.** The IHO would not increase the growth and development beyond what is anticipated from

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	additional vehicle trips and area sources of criteria air pollutant emissions that exceed SCAQMD's and AVAQMD's regional significance thresholds and would contribute to the nonattainment designations of the SoCAB and Antelope Valley portion of the MDAB. Mitigation Measure AQ-1 as well as General Plan goals and policies would reduce these impacts. However, due to the magnitude of emissions generated by the buildout, mitigation measures would not reduce impacts below SCAQMD's or AVAQMD's thresholds.	buildout of the General Plan. As a result, the cumulative air quality emissions associated with the IHO were already accounted for within the General Plan Update EIR. The IHO would not substantially change cumulative air quality impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Expose sensitive receptors to substantial pollutant concentrations.	**Less than Significant with Mitigation.** The General Plan Update EIR indicated that, due to the broad-based nature of the EIR, it was not possible to determine whether the scale and phasing of individual projects would result in the exceedance of localized emissions thresholds. Nevertheless, because of the likely scale of future development that would be accommodated under the General Plan, at least some projects were expected to individually result in exceedances of the CAAQS and/or NAAQS. New land uses in the unincorporated areas are expected to generate truck trips that could generate an increase in DPM that would contribute to cancer and non-cancer risks in the SoCAB and/or Antelope Valley portion of the MDAB. These increased truck trips could impact existing sensitive receptors. Since the nature of these emissions could not be determined at the time of General Plan preparation, the impacts are considered significant. Mitigation Measure AQ-3 would ensure that placement of sensitive receptors near major sources of air pollution would achieve the incremental risk thresholds established by SCAQMD and AVAQMD, and impacts would be less than significant.	**Less than Significant with Mitigation.** The IHO is only applicable to residential and mixed-use projects. As a result, the IHO would not generate new sources of mobile or stationary-source TAC emissions typically associated with industrial or commercial processes. However, sensitive receptors may be placed near existing TAC sources (which as an impact of the environment on the project is not an impact under CEQA). The General Plan goals and policies as well as Mitigation Measure AQ-3 would continue to apply to projects subject to the IHO and impacts would be reduced to a less than significant level. The IHO would not substantially change impacts on sensitive receptors ass compared to those identified for the General Plan Update; no new or greater impacts would occur.
Create objectionable odors.	**Less than Significant with Mitigation.** The General Plan Update EIR concluded that industrial land uses associated with the General Plan could create objectionable odors. However, Mitigation Measure AQ-4 would ensure that odor impacts are minimized and facilities would comply with SCAQMD and AVAQMD Rule 402. Therefore, impacts were considered less than significant.	**Less than significant with Mitigation.** The IHO would not encourage the development of industrial land uses that could create objectionable odors. Residential use is not associated with odor nuisance and Mitigation Measure AQ-4 would reduce this impact to a less than significant level. The IHO would not substantially change cumulative air quality impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Biological Resources		
Effect on candidate, sensitive, or special status species.	**Significant and Unavoidable.** The General Plan Update EIR concluded that the buildout of the General Plan will result in impacts to various habitat types, which will result in the loss of special-status species	**Significant and Unavoidable.** The IHO would not make changes to the SEA designations or policies. The IHO would apply to areas where residential use is the primary use and most likely would occur within urban areas.

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	through direct mortality or via indirect effects (e.g., through wildlife habitat loss and edge effects at the urban-wildland interface). Mitigation Measures BIO-1 and BIO-2 would reduce direct impacts, there is no mitigation provided for the indirect impacts to special-status species through the loss of common (i.e., non-sensitive) habitats. Thus, impacts are considered significant and unavoidable.	Generally, these areas provide little, if any, biological resources in the form of habitat, species or plant communities therefore, threatened, endangered, protected and sensitive species, and habitats, are not anticipated to be affected. However, as determined in the General Plan EIR, there would still be the potential for development, including projects subject to the IHO, to have indirect impacts on special status species through loss of common (i.e. non-sensitive) habitats. These impacts would remain significant and unavoidable. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Effect on riparian habitats, other sensitive natural communities.	**Less than Significant with Mitigation.** The General Plan Update EIR concluded that buildout of the General Plan will impact various habitat types, including riparian habitat and other sensitive plant communities. Mitigation Measures BIO-1 and BIO-3 would reduce impacts to sensitive habitat to a less than significant level.	**Less than Significant.** The IHO would apply in residential zones generally within urban areas. Sensitive areas have building requirements and discretionary permit review processes to protect the most sensitive natural communities in the unincorporated areas. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Effect on protected wetlands.	**Less than Significant with Mitigation.** The General Plan Update EIR concluded that buildout of the General Plan may impact wetland areas and these impacts may have a significant adverse effect on wetlands through hydromodification, filling, diversion or change in water quality. Mitigation Measure BIO-1 would in combination with the requirements for regulatory permitting (e.g., Section 404 permitting and any associated mitigation requirements), impacts to wetlands would be considered less than significant.	**Less than Significant.** The IHO would not increase the overall growth and development beyond what is anticipated in the General Plan Update EIR, nor would the ordinance change the location of planned development. The unincorporated area of Los Angeles County contains areas with coastal wetlands, drainages, marshes and vernal pools. Any impacts related to implementation of the IHO to these areas have already been evaluated by the General Plan. For waterways in the unincorporated areas that are note located in special management areas, the General Plan includes polices to preserve wetlands and streambeds. In addition, where state and federal agencies are involved in the review and permitting of projects in these areas when necessary. Therefore, the IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Potential to interfere with movement of wildlife species.	**Significant and Unavoidable.** The General Plan Update EIR indicated that buildout could impact regional wildlife linkages and nursery sites, constituting a potentially significant adverse effect on wildlife movement and nursery sites. Mitigation Measure BIO-1 and the SEA Ordinance provide some protection to avoid or minimize impacts to wildlife corridors and nursery sites; however, for those projects where avoidance or minimization of impacts is infeasible, the policies proposed in the General Plan do not provide for mitigation for loss of wildlife movement opportunities or nursery sites. If	**Less than Significant.** Many of the areas that are identified as wildlife linkages or that serve as important habitat and/or connections between habitat and wildlife migratory routes, are zoned for watershed, open space, agriculture and a limited amount of low-density residential development. The IHO would only affect residentially zoned areas that allow more than five units, and therefore in general would not affect areas that provide wildlife linkages or nursery sites. The IHO would not increase development beyond what is already anticipated under the General Plan. Therefore, the IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts

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	development impacts regional wildlife linkages and impedes wildlife movement, connectivity will be lost on a regional scale in these vital landscape corridors and linkages. Thus, impacts to wildlife movement are significant and unavoidable.	would occur.
Potential to conflict with any local policies protecting biological resources, such as a tree preservation ordinance.	**Less than Significant.** The General Plan Update EIR indicates that development will impact oak trees and oak woodlands. The County Oak Tree Ordinance and Oak Woodlands Conservation Management Plan (OWCMP) are applied on a project-specific level and consistency with these plans is determined on a project-by-project basis. The General Plan Update EIR found that the policies of the General Plan support the conservation of oak trees and oak woodlands and do not conflict with the County Oak Tree Ordinance or OWCMP.	**Less than Significant.** There are oaks and other unique native trees within the unincorporated areas of Los Angeles County. Many of them exist within SEAs or sensitive coastal habitat areas, which are not likely to be subject to the IHO. The removal of oak trees requires appropriate permits and approvals through the Los Angeles County Department of Regional Planning, such as Oak Tree Permits. Therefore, the IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Potential to conflict with the provisions of an adopted habitat conservation plan.	**Less than Significant.** The General Plan Update EIR found that the policies of the General Plan Update would not conflict with these goals and policies of these plans and LCPs and that impacts would be less than significant.	**Less than Significant.** There would continue to be no conflict with respect to compliance with any adopted Habitat Conservation Plans, Natural Community Conservation Plans, or other approved local, regional, or state habitat conservation plans. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Cultural Resources		
Significant historical resources.	**Significant and Unavoidable.** Large number of historical resources could be disturbed. The General Plan Update EIR concluded that compliance with the goals, policies, and implementation measures of the General Plan would reduce impacts to historical resources. However, the policies afford only limited protection to historic structures and would not ultimately prevent the demolition of a historic structure if preservation is determined to be infeasible. The determination of feasibility will occur on a case by case basis as future development applications on sites containing historic structures are submitted. Additionally, some structures that are not currently considered for historic value (as they must generally be at least 50 years or older) could become worthy of consideration during the planning period for the General Plan. While policies would minimize the probability of historic structures being demolished, these policies cannot ensure that the demolition of a historic structure would not occur in the future. Mitigation Measures CUL-1, CUL-2, and CUL-3 would reduce impacts to historic resources, but impacts are considered significant and unavoidable.	**Less than Significant with Mitigation.** It is not possible to determine exactly where development subject to the IHO would occur. The policies within the General Plan would continue to minimize the probability of historic structures being demolished and Mitigation Measures CUL-1, CUL-2, and CUL-3 would reduce impacts to historic resources. Further any project that includes an historical resource, as defined by PRC Section 21084.1 that meet PRC 5024.1(g) as potentially eligible, would require discretionary review to ensure the development meets Secretary of Interior Standards for Rehabilitation or Reconstruction. Based on the above, it is speculative at this time to identify the loss of any particular resource. However, impacts to historical resources are identified and disclosed in the General Plan Update EIR. While there is the potential for impacts to occur at individual sites, these impacts would be within those identified in the General Plan Update EIR. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

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Archaeological Resources.	**Less than Significant with Mitigation.** The General Plan Update EIR concluded that development could impact known and unknown archaeological sites. However, existing federal, state, and local regulations address the provision of studies to identify archaeological resources. Mitigation Measures CUL-4 and CUL-5, which apply in the event of an unanticipated discovery of archaeological resources during grading and excavation of the site, would reduce impacts to a less than significant level.	**Less than Significant with Mitigation.** The IHO would generally be expected to apply in urban areas where sites are already developed, and impacts would not be substantial since land is already disturbed and resources already impacted. If unexpected archaeological or paleontological resources are discovered during excavation activities such resources must be evaluated in accordance with federal, State, and local guidelines, including those set forth in California Public Resources Code Section 21083.2. California Health and Safety Code Section 7050.5, Public Resource Code 5097.98, and CEQA Guidelines Section 15064.5(e) address how unexpected finds of human remains are to be handled. In addition, mitigation measures identified in the General Plan EIR would apply to development under the IHO. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Unique Paleontological Resources.	**Less than Significant with Mitigation.** The General Plan Update EIR indicates ground disturbance could damage fossils buried in soils. Abundant fossils occur in several rock formations in the County. These formations have produced numerous important fossil specimens. Therefore, the County contains significant, nonrenewable, paleontological resources and are considered to have high sensitivity. Implementation of Mitigation Measures CUL-4 and CUL-5 would reduce impacts to a less than significant level.	**Less than Significant with Mitigation.** The IHO would generally be expected to apply in urban areas where sites are already developed and substantially disturbed, and impacts would not be expected to occur. In cases where undeveloped parcels are found to contain paleontological resources, or parcels that are adjacent to paleontological resources, Mitigation Measures CUL-4 and CUL-5 would continue to ensure impacts are reduced to a less than significant level. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Human remains.	**Less than Significant.** The General Plan Update EIR determined that excavation during construction activities has the potential to disturb human burial grounds, including Native American burials, in underdeveloped areas of Los Angeles County. However, there are Public Resources Code Section 5097.98 mandates the process to be followed in the event of a discovery of any human remains and would mitigate all potential impacts. The California Health and Safety Code (Sections 7050.5, 7051, and 7054) also have provisions protecting human burial remains from disturbance, vandalism, or destruction. Therefore, compliance with these regulations would ensure impacts to human burial grounds are less than significant.	**Less than significant.** Projects subject to the IHO would be required to comply with Public Resources Code Section 5097.98 as well as the California Health and Safety Code (Sections 7050.5, 7051, and 7054). The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Geology and Soils		
Earthquake faults, ground shaking, ground-failure, liquefaction, landslides.	**Less than Significant.** Compliance with existing state and county regulations, as well as the goals and policies included as part of the General Plan would ensure that impacts associated with	**Less than Significant.** Development under the IHO would not exacerbate existing conditions. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts

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	exposure to strong seismic ground shaking, seismic-related ground failure including liquefaction, and landslides are reduced to a less than significant level.	would occur.
Soil erosion and loss of topsoil	**Less than Significant.** Construction and site grading of future development projects pursuant to the General Plan could cause substantial soil erosion without effective soil-erosion measures. Adherence to the requirements of the County Code and the CBC, together with the safeguards afforded by the County's building plan check and development review process, would help ensure that appropriate erosion controls are devised and implemented during construction. Furthermore, construction activities on project sites larger than one acre would be subject to National Pollution Discharge Elimination System (NPDES) requirements. Required erosion control measures may include temporary and/or permanent erosion control measures such as desilting basins, check dams, riprap or other devices or methods, as approved by the County. Consequently, impacts would be less than significant.	**Less than Significant.** Residential projects subject to the IHO would be required to comply with CBC regulations and the County's development review process, which would ensure appropriate erosion controls are devised and implemented during project construction. Applicable IHO projects would also have to comply with NPDES requirements as appropriate. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Unstable geologic unit or expansive soil	**Less than Significant.** Buildout of the General Plan would increase numbers of residents, workers, and structures in Los Angeles County. The County is geographically expansive, embracing a variety of geologic settings and soil types. Areas of unstable geologic units or unstable or expansive soils are known to occur locally. Development considered for approval under the General Plan could expose structures or persons to potentially significant hazards due to unstable geologic units or soils. Compliance with existing state and county regulations, as well as the goals and policies included as part of the General Plan would ensure that the impacts associated with erosion and topsoil loss, as well as development atop unstable geologic units and soil, or expansive soil are minimized to the maximum extent practicable. Consequently, the overall, associated impacts would be less than significant.	**Less than Significant.** Development under the IHO has the potential to expose structures or persons to hazards due to unstable geologic units or soils. However, compliance with existing state and county regulations, as well as relevant General Plan goals and policies, would ensure that no new or greater impacts would occur. Development under the IHO would not exacerbate existing soil conditions. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Septic tanks or alternative waste water disposal systems	**Less than significant**. The General Plan Update EIR concluded that soil conditions would adequately support proposed septic tanks. Most new development that is anticipated in the County would not require the use of septic tanks or alternative wastewater disposal systems. In those few cases where septic	**Less than Significant.** The IHO does not increase development beyond what is already anticipated under buildout of the General Plan. It is more likely that septic systems would be necessary in rural areas of the Santa Clarita Valley and Antelope Valley Planning Areas, where soil conditions are able to accommodate such systems. Projects subject to the IHO will still be

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	systems might be necessary, such as rural areas of the Santa Clarita Valley and Antelope Valley Planning Areas, the prevailing soil conditions in Los Angeles County are generally amenable to the use to such systems. In addition, all on-site wastewater treatment systems (OWTS) will be required to comply with County Code, Titles 11 and 28 and other regulations applicable to OWTS, including requirements for preparation and submittal of feasibility reports in order to obtain the Department of Public Health - Environmental Health approval for construction and installation of OWTS. As such, there would be no impact from implementation of the General Plan at sites where soils might otherwise not be capable of supporting the use of septic tanks or alternative wastewater disposal systems. Impacts would be less than significant..	required to comply with regulations applicable to OWTS. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Greenhouse Gas Emissions		
GHG emissions	**Significant and Unavoidable.** The General Plan Update EIR concluded that buildout of the General Plan would generate greenhouse gas (GHG) emissions that would have a significant impact on the environment. The General Plan would contribute to global climate change through direct and indirect emissions of GHG from land uses within the unincorporated areas. Impacts from GHG emissions within the unincorporated areas would be significant for long-term growth anticipated under the General Plan. Mitigation Measure GHG-1 as well as the Community Climate Action Plan (CCAP) would reduce impacts from buildout of the General Plan. However, additional statewide measures would be necessary to reduce GHG emissions under the General Plan to meet the long-term GHG reduction goals. Since no additional statewide measures are available, impacts are significant and unavoidable.	**Less than Significant** Since the release of the General Plan, the state has passed Senate Bill 32 (SB 32), which called for a statewide reduction of GHG emissions to 40% below 1990 levels by 2030 and the California Air Resources Board (CARB) released the 2017 Scoping Plan in order to create a framework to meet these deadlines. However, similar to the General Plan, even with the implementation of Mitigation Measure GHG-1 and CCAP measures, additional statewide measures are necessary to meet the long-term GHG reduction goals. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Conflict with applicable plan, policy or regulation adopted for the purpose of reducing emissions of GHGs.	**Significant and Unavoidable.** To achieve the local goals identified in CARB's 2008 Scoping Plan, the General Plan included the CCAP which identifies and evaluates feasible and effective policies to reduce GHG emissions. Implementation of the CCAP would be necessary to ensure that the local GHG reduction goals for the County under AB 32 would be met. Adoption and implementation of the CCAP in its entirety would reduce GHG emissions to less than significant levels. However, in the absence of an adopted CCAP, consistency with plans adopted for the purpose of reducing GHG emissions toward the short-term target of AB	**Less than Significant.** The IHO would e consistent with the statewide GHG reduction policies evaluated within the General Plan. Since the adoption of the General Plan in 2015, the state has passed SB 32, which called for a statewide reduction of GHG emissions to 40% below 1990 levels by 2030 and the California Air Resources Board (CARB) released the 2017 Scoping Plan in order to create a framework to meet these deadlines. The General Plan determined that the CCAP was necessary to meet local goals within the 2008 CARB Scoping Plan to meet AB 32. The IHO is consistent with the CCAP in promoting housing near transit through the implementation of density bonus. The IHO would not substantially change impacts as

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	32 could be significant. Impacts would be significant and unavoidable.	compared to those identified for the General Plan Update; no new or greater impacts would occur.
Hazards and Hazardous Materials		
Routine transport, use, or disposal of hazardous materials; Accidental or reasonably foreseeable release of hazardous materials into the environment; Emit hazardous materials in proximity to schools.	**Less than Significant.** Numerous federal, state and local regulations exist that require strict adherence to specific guidelines regarding the use, transportation, and disposal of hazardous materials. Implementation of the General Plan would involve an increase in the transport, use, and disposal of hazardous materials. However, any future development and use of land uses would be required to comply with applicable federal, state and local regulations related to hazardous materials. Required compliance with these regulations would ensure impacts related to transport, use and disposal of hazardous materials would be less than significant.	**Less than Significant.** The IHO would result in additional affordable housing in the unincorporated County. Construction of new housing could require the demolition of existing buildings which could contain hazardous materials such as asbestos or lead paint. Handling of hazardous materials in the course of construction would be regulated by existing Health & Safety Code and Fire Code requirements. In some cases, a project level environmental assessment would determine the potential for impacts as well as any required mitigation. Furthermore, projects subject to the IHO are residential projects that do not typically involve the use, storage, disposal, and transportation of hazardous materials other than typical household cleaning products. Therefore, projects subject to the IHO would not involve substantial transport, use, and disposal of hazardous materials. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Project that is on a list of hazardous materials site.	**Less than Significant.** Compliance with applicable existing regulations and processes would ensure that the General Plan would not result in a significant hazard to the public or the environment from future development on existing hazardous materials sites.	**Less than Significant.** Federal and state regulations as well as policies within the Land Use Element of the General Plan would reduce the potential for the public and the environmental to be exposed to hazardous materials from existing site conditions. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Hazards from airports and airstrips.	**Less than Significant**. Implementation of the General Plan may result in land use designations that allow development within two miles of a public airport, private airstrip, or heliport. However, existing FAA regulations, County policies and regulations, and General Plan goals and policies are intended to identify and properly address potential airport hazards prior to implementation of specific projects within the County.	**Less than Significant.** The IHO by itself would not increase the number of units that are allowed to be built since it only required a set aside of affordable units for applicable projects. The IHO would not make changes to County policies, regulations, and General Plan goals that are intended to identify and address potential airport hazards. All projects would continue to be subject to existing FAA regulations, County policies and regulations, and General Plan goals and policies. As such no new or greater impacts would occur.
Impair implementation of emergency response plan.	**Less than Significant.** Compliance with applicable regulations and implementation of the General Plan goals and policies would ensure the risk of impaired implementation or physical interference with an adopted emergency response plan or emergency evacuation plan is less than significant.	**Less than Significant.** Projects subject to the IHO would be required to implement applicable regulations as well as General Plan goals and policies to reduce the risk of impaired implementation or physical interference of an adopted emergency response plan or emergency evacuation plan. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

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Wildfire risk.	**Less than Significant.** The General Plan Update EIR concludes that policies and conditions of approval for future development projects within the County, in addition to compliance with applicable regulations, will minimize impacts related to wildland fires.	**Less than Significant.** Projects subject to the IHO constructed in these areas as a result of this ordinance would be regulated by existing Health & Safety Code, Building Code and Fire Code requirements. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Hydrology and Water Quality		
Violate water quality standards or waste discharge requirements.	**Less than Significant.** The General Plan Update EIR concluded that implementation of the General Plan would comply with water quality standards and waste discharge requirements and would not substantially degrade water quality. Construction projects of one acre or more in area in each of the three Water Board regions (Los Angeles, Lahontan, and Central Valley) would be required to comply with the General Construction Permit, Order No. 2012-0006-DWQ, issued by the State Water Resources Control Board (SWRCB) in 2012. Projects obtain coverage by developing and implementing a Storm Water Pollution Prevention Plan (SWPPP) estimating sediment risk from construction activities to receiving waters and specifying Best Management Practices (BMPs) that would be used by the project to minimize pollution of stormwater. Impacts would be less than significant upon compliance with regulatory requirements and General Plan policies.	**Less than Significant.** Projects subject to the IHO would be required to develop and implement a SWPPP and BMPs to minimize pollution of runoff. As such, impacts would remain less than significant upon compliance with regulatory requirements and General Plan policies. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Groundwater depletion, interfere with recharge.	**Less than Significant.** The General Plan Update EIR concluded that development pursuant to the General Plan would interfere with groundwater recharge. Developments in the unincorporated areas of Planning Areas would be mostly limited to redevelopments and reuses of currently developed areas. Thus, redevelopments in those Planning Areas would result in relatively minor increases in impervious areas.	**Less than Significant.** The IHO requires the set aside of affordable housing and is not expected to result in new development that would otherwise not occur. Therefore, it is unlikely there would be any increase in impervious surface as a result of the IHO. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Alter drainage patterns resulting in substantial erosion or siltation.	**Less than Significant.** The General Plan Update EIR concluded the General Plan would not substantially alter drainage patterns in Los Angeles County and would not result in substantial erosion or siltation. Under the MS4 Permit certain categories of development and redevelopment projects are required to mimic predevelopment hydrology through infiltration, evapotranspiration, and rainfall harvest and use. These requirements would ensure that there would not be a substantial change in drainage patterns in the Los Angeles Water Board Region, Lahontan Water	**Less than Significant.** Projects subject to the IHO are required to mimic predevelopment hydrology, evapotranspiration, and rainfall harvest as required by the MS4 permit. As a result, the IHO would not create a substantial change in drainage patterns to the Los Angeles Water Board Region, Lahontan Water Board Region, or the Central Valley Water Board Region. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
	Board Region, and Central Valley Water Board Region. Impacts would be less than significant.	
Alter drainage patterns resulting in substantial increase in surface runoff.	**Less than Significant.** Developments pursuant to the General Plan would not substantially increase runoff rates or volumes and substantial consequent flood hazards would not occur. The General Plan EIR found impacts would be less than significant.	**Less than Significant.** Projects subject to the IHO would be constructed within the Los Angeles and Central Valley Water Board Regions. The MS4 permits in these areas will require the projects to mimic predevelopment hydrology through infiltration, evapotranspiration, and rainfall harvest and use. Any grading or paving would need to comply with LID and NPDES requirements to receive construction permits. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Housing in 100-year flood hazard area; Placing structures to 100-year flood hazard area that could impede flood flows.	**Less than Significant.** The General Plan Update EIR found that forecast housing development could occur within 100-year flood hazard areas. However, development within 100-year flood zones would require improvements to flood control facilities, and issuance of Letters of Map Revision by the Federal Emergency Management Agency (FEMA) showing changes to 100-year flood zones reflecting such improvements; or that the floor beams of the lowest floor of the structure are raised above the 100-year flood elevation. Flood insurance available through the National Flood Insurance Program (NFIP) would also be required. Therefore, buildout of the General Plan would not place substantial numbers of people or structures at risk of flooding in 100-year flood zones, and impacts would be less than significant.	**Less than Significant.** If a project subject to the IHO is constructed within a flood zone, it would be required to improve flood control facilities and issue Letters of Map Revision by FEMA to demonstrate improvement; or construct floor beams raised above the 100-year flood elevations. Additionally, these projects would be required to comply with the County's municipal code for building with flood-prone areas. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Flooding.	**Less than Significant.** The general Plan Update EIR indicates that dam inundation areas span some unincorporated areas of all the County except the South Bay Planning Area; and parts of the Antelope – Fremont Valleys, Santa Clara, San Gabriel River, Santa Monica Bay, Los Angeles River, and San Pedro Channel Islands watersheds. Considering the relatively small proportional net increases in numbers of residents and workers that would be put at potential risk from dam inundation; the operation of most of the dams as flood control dams, not impounding large reservoirs most of the time; and safety requirements and inspections by the Division of Safety of Dams, the General Plan EIR found that impacts would be less than significant.	**Less than Significant.** As noted in the General Plan Update EIR, there is a relatively small proportional net increase in numbers of residents and workers that would be put in potential risk. Moreover, most of the dams are flood control dams subject to the safety requirements and inspections by the Division of Safety of Dams. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
Seiche, tsunami, mudflow.	**Less than Significant.** As analyzed in the General Plan Update EIR, parts of the County are subject to inundation by seiche, tsunami, or mudflow. Buildout of the General Plan would not subject substantially increased numbers of people or structures to tsunami flood hazards. Therefore, buildout of the General Plan would not subject substantially increased numbers of people or structures subject to tsunami flood hazards. Impacts would be less than significant.	**Less than Significant.** The presence of a potential landslide hazard will be determined at the project level. The only unincorporated area in a tsunami hazard zone is Marina del Rey, which is already built-out with high-density housing and is subject to the Marina del Rey Local Coastal Program, which contains analysis and policies governing assessment of tsunami and seiche risk. Further, Marina del Rey would not be subject to the IHO. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Land Use and Planning		
Potential to physically divide a community.	**Less than Significant.** The General Plan identifies proposed and planned roadways in Los Angeles County. At a programmatic level, the General Plan does not allow land uses patterns that would result in division of an established neighborhood or community. Although policy maps included in the Land Use and Mobility Elements of the General Plan identify locations for Transit Oriented Districts, highways, and transit projects, these changes and improvements are not anticipated to divide established neighborhoods. Impacts would be less than significant.	**Less than Significant.** The IHO would only apply in residential areas and would be consistent with the existing zoning and the General Plan land use designation. Any residential projects subject to IHO that are not consistent with zoning or the General Plan land use designation (and therefore with the potential to divide an existing neighborhood) would be subject to the County process for zone changes or General Plan amendments. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Conflict with any applicable land use plan, policy, or regulation.	**Less than Significant.** The General Plan Update EIR concluded that the General Plan would not conflict with goals contained within SCAG's 2012–2035 RTP/SCS or other land use plans. Therefore, impacts related to compatibility between the General Plan and applicable plans adopted for the purpose of avoiding or mitigating environmental effects would be less than significant.	**Less than Significant.** The IHO would be consistent with local land use plans, goals, and policies calling for more affordable housing, transit serving development, mixed-use development served by high-quality transit. The IHO would further accomplish the goals, objectives, policies and programs of the Housing Element of the General Plan by expanding the supply of affordable housing. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Conflict with any applicable habitat conservation plan.	**Less than Significant.** The General Plan Update EIR concluded that the General Plan would not conflict with adopted habitat conservation plans. Although buildout of the General Plan would include development and redevelopment in areas covered by conservations plans, such development would be required to comply with provisions of those plans. Therefore, impacts would be less than significant.	**Less than Significant.** Projects subject to the IHO developed in areas covered by conservation plans would be required to comply with provisions of those plans. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
Mineral Resources		
Loss of availability of mineral resource of value to region or state.	**Significant and Unavoidable.** The General Plan Update EIR concluded that implementation of the General Plan would cause the loss of availability of a known mineral resource in the Antelope Valley Planning Area but not in the other 10 Planning Areas. No mitigation measures are available that would reduce impacts of buildout from the General Plan are considered infeasible.	**Less than Significant.** While projects subject to the IHO could be constructed in the Antelope Valley Planning Area, it is not anticipated that project sites to be developed under the IHO are currently in use as mineral extraction. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Loss of availability of locally important mineral resource recovery site.	**Significant and Unavoidable.** Mineral resources are limited and nonrenewable and cannot be increased elsewhere to compensate for loss of availability of mineral resources. Compensatory mitigation outside of the region is also infeasible; such mitigation would not reduce the loss of availability of mineral resources in Los Angeles County due to the very high cost of transporting aggregate.	**Less than Significant.** The IHO is not likely to affect mineral resource zones or otherwise result in the loss of locally important mineral resources. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Noise and Vibration		
Generation of noise levels in excess of standards	**Significant and unavoidable.** The General Plan Update EIR found that anticipated development would result in an increase in traffic on local roadways in Los Angeles County, which would substantially increase the existing ambient noise environment. Implementation of policies within the General Plan would reduce traffic noise impacts to existing noise sensitive uses to the extent feasible. However, no additional feasible mitigation measures are available to further reduce impacts. Residential land uses comprise the majority of existing sensitive uses within Los Angeles County that would be impacted by the increase in traffic generated noise levels. Construction of sound barriers would be inappropriate for residential land uses that face the roadway as it would create aesthetic and access concerns. Furthermore, for individual development projects, the cost to mitigate off-site traffic noise impacts to existing uses (such as through the construction of sound walls and/or berms) may often be out of proportion with the level of impact. Impacts were found to be significant and unavoidable.	**Less than Significant.** Construction noise would be subject to Title 12 of Los Angeles County Code, which regulates construction noise and establishes acceptable noise exposure standards for different land use types. The IHO would not lead to the development of industrial uses, which tend to generate the most significant operational noise impacts. Projects subject to the IHO would be residential and mixed-use developments which do not generate significant amounts of noise compared to other types of uses. Traffic associated with development under the IHO would be within the assumptions made and analyzed in the General Plan Update EIR. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
Exposure of persons to or generation of excessive groundborne vibration or noise levels	**Significant and Unavoidable.** The General Plan Update EIR found that due to the potential for proximity of construction activities to sensitive uses and potential longevity of construction activities, impacts would be significant and unavoidable.	**Less than Significant with Mitigation.** Construction of projects subject to the IHO may result in short-term ground-borne vibration or groundborne noise levels and would be required to implement Mitigation Measure N-4, consistent with the General Plan Update EIR. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Permanent increase in ambient noise levels	**Significant and Unavoidable.** Buildout of the General Plan would result in an increase in traffic on local roadways in Los Angeles County, which would substantially increase the existing ambient noise environment.	**Less than Significant with Mitigation.** Due to their size, most projects would result in a less than significant contribution to traffic and therefore a less than significant permanent increase in noise levels. Projects would be required to implement Mitigation Measure N-2 and are required to achieve interior noise limits. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Temporary or periodic increase in ambient noise levels	**Significant and Unavoidable.** Construction activities associated with any individual development may occur near noise-sensitive receptors and, depending on the project type noise, disturbances may occur for prolonged periods of time. Mitigation Measure N-1 would reduce impacts associated with construction activities to the extent feasible. However, due to the potential for proximity of construction activities to sensitive uses and potential longevity of construction activities, impacts construction noise would be significant and unavoidable.	**Less than Significant with Mitigation.** Title 12 of Los Angeles County Code regulates construction noise and establishes acceptable noise exposure standards for different land use types. Mitigation Measure N-1 would reduce impacts associated with construction activities to the extent feasible. Existing noise levels on sites where projects are most likely to occur is anticipated to be generally urban and traffic dominated. Noise impacts would be temporary and typical for construction activity, which is allowable in urban areas and therefore reasonably anticipated to occur. In addition, all stationary equipment (primarily anticipated to be HVAC equipment) would be required to not exceed 5 dBA above ambient noise levels. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Proximity to public or private airport	**Less than Significant**. The General Plan Update EIR explains that development required to be consistent with any applicable Airport Land Use Compatibility Plan (ALUCP) constraints pertaining to nearby developments. Furthermore, compliance with policies included in the Land Use Element and Noise Element of the General Plan related to land use compatibility would ensure that development would not conflict with airport land use plans. Therefore, future development under the General Plan would be consistent with adopted ALUCPs and there would be no significant noise exposure impacts relative to airport or airstrip noise levels (and would not exacerbate existing impacts).	**Less than Significant.** The IHO would be required to comply with policies included in the Land Use Element and Noise Element of the General Plan to ensure that development would not conflict with airport land use plans. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
Population and Housing		
Induce population growth.	**Less than Significant with Mitigation.** Under the General Plan, the Antelope Valley Planning Area would result in a large increase in housing. This would be considered a significant impact without mitigation. Mitigation Measure PH-1 would reduce potential impacts to population and housing to a level that is less than significant.	**Less than Significant.** The IHO would require affordable housing set asides in applicable zones and submarket areas. If a project subject to the IHO elects to apply the DBO provisions, then additional residential units may be constructed. However, it is not anticipated to result in a substantial increase in population compared to that anticipated in the General Plan EIR, and the effects of the IHO on its own (without the DBO) would be minimal and well within the assumptions of the General Plan. The IHO itself would not increase housing development but would require low income units be implemented within a development project. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Displace housing or people.	**Less than Significant.** The General Plan Update EIR concluded that existing uses would continue even where new zoning and land use designations are proposed. None of the existing uses would be forced to be removed or relocated as a result of the project implementation. Compliance with the Housing Element would facilitate the development of a variety of housing types by providing a supply of land that is adequate to accommodate the RHNA and maintain an inventory of housing opportunities sites. Therefore, the General Plan Update EIR found no significant impacts.	**Less than Significant.** The IHO would not result in the permanent displacement of substantial numbers of existing housing units, either market rate or affordable. The purpose of the IHO is to increase affordable housing supply in the unincorporated areas of Los Angeles County. In the event that a site is redeveloped, and existing housing is replaced, the IHO would allow the applicant to elect for a density bonus contingent on low income housing and therefore provide more residential units. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Public Services		
Impact to environment based on new government facilities such as fire/emergency stations, police stations, and schools	**Less than Significant with Mitigation.** To maintain or achieve acceptable service ratios for fire and law enforcement, Mitigation Measures PS-1, PS-2, PS-3, PS-4 would reduce impacts to a less than significant level.	**Less than Significant with Mitigation.** Projects subject to the IHO are not expected to increase population beyond what is already anticipated under the General Plan. Implementation of Mitigation Measures PS-1, PS-2, PS-3, and PS-4 would reduce impacts to a less than significant level.
Recreation		
Substantial physical deterioration of recreational facilities.	**Less than Significant.** The General Plan Update EIR indicates that forecast development would generate additional residents that would increase the use of existing parks and recreational facilities such that substantial physical deterioration may occur or be accelerated. According to the General Plan Parks and Recreation Element, the unincorporated areas face a deficit in local parkland of over 3,719 acres, and nine of the 11 Planning Areas have deficits in regional parkland. The Department of Parks and Recreation's Parks Needs Assessment, completed in 2016, inventories existing park resources,	**Less than Significant.** The IHO would not induce population growth within the County, rather it would serve the existing residents by adding affordable units to the housing stock. All new development would be subject to the Quimby Act and local policies and guidelines regarding the provision of parks and recreation facilities. Therefore, the IHO would not substantially increase the use of existing neighborhood and regional parks and recreational facilities such that substantial physical deterioration would be substantially exacerbated. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
	quantifies the need for additional resources in 188 Los Angeles County sub-areas (cities and unincorporated areas), and estimates the potential cost of meeting that need. Funding from a parcel tax approved in 2016 will be allocated locally according to need by the Regional Parks and Open Space District. Further, the General Plan Update EIR found that policies and programs would assure that funding for parkland acquisition would be proportional to increases in population pursuant to the Quimby Act and that impacts would be less than significant.	
Require construction of recreational facilities that might have an adverse effect on the environment.	**Less than Significant.** Goals, policies, and actions in the General Plan including the creation of a County Parks and Recreation Master Plan, a trails program, and Parks Sustainability Program would guide the development of future recreational facilities. Existing federal, state, and local regulations, would mitigate potential adverse impacts to the environment that may result from the expansion of parks, recreational facilities, and trails pursuant to buildout of the General Plan. Furthermore, subsequent environmental review would be required for development of park projects under existing regulations. Consequently, the General Plan Update EIR determined impacts would be less than significant.	**Less than Significant.** The IHO would not induce population growth and would add to the affordable housing stock for the County. Projects subject to the IHO would comply with existing federal, state, and local regulations regarding parks and recreational facilities. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Transportation and Traffic		
Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system; Conflict with an applicable congestion management program.	**Significant and Unavoidable.** The General Plan Update EIR concludes that buildout of the General Plan would impact levels of service on the existing roadway system. Mitigation Measures T-1 through T-5 would reduce these impacts, however, the impacted locations are still considered to be significant. Furthermore, inasmuch as the primary responsibility for approving and/or completing certain improvements located within cities lies with agencies other than the County (i.e., cities and Caltrans), there is the potential that significant impacts may not be fully mitigated if such improvements are not completed for reasons beyond the County's control (e.g., the County cannot undertake or require improvements outside of the County's jurisdiction or the County cannot construct improvements in the Caltrans right-of-way without Caltrans' approval). Therefore, the General Plan Update EIR determined impacts would be significant and unavoidable.	**Significant and Unavoidable.** The IHO would require the set aside of affordable housing for projects of five or more units. Similar to the General Plan, it is not possible to determine exactly where inclusionary housing development would occur. When combined with the DBO, projects subject to the IHO could increase the number of units compared to what is allowed under the zoning. In general, projects that make use of the DBO are located in urbanized areas often in close proximity to transit and walkable areas. The IHO would not substantially change traffic impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
Air Traffic.	**Less than Significant**. The General Plan is not anticipated to result in the development of a new airport within Los Angeles County nor will it introduce new land uses that could prevent safety hazards to air traffic. Furthermore, policies of the General Plan are aimed at improving the compatibility between aviation facilities and their surroundings, encouraging greater multi-modal access to airports and encouraging the development of a decentralized system of major airports. The General Plan EIR found impacts to be less than significant.	**Less than Significant.** While the IHO would allow projects in the vicinity of an airport, these projects would be limited in number and therefore unlikely to significantly affect flight paths or air travel. Existing FAA regulations and the ALUCPs and are intended to identify and properly address potential airport hazards prior to implementation of specific projects. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Design feature.	**Less than Significant**. The General Plan Update EIR found that there would not be substantially increased hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment). The General Plan promotes highways to be built to specific standards that have been set by the County. These include increasing the number of lanes on major highways and other improvements under the Highway Plan. Hazards due to roadway design features will be evaluated on a project-by-project basis. All new highways and upgrades will be planned, designed and built to County standards. The General Plan Update EIR found impacts to be less than significant.	**No Impact.** Development in accordance with the IHO is not anticipated to result in hazards due to design features or increase conflicts between incompatible uses. The IHO would not result in changes being made to the local roadways or impede public access on any public right-of-way. Therefore, implementation of the IHO would have no impact related to design feature hazards. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impact would occur.
Emergency access.	**Less than Significant.** The General Plan Update EIR found that development would not result in inadequate emergency access. For projects of sufficient size, discretionary review of emergency access is evaluated on a project-by-project basis. The General Plan Update EIR found that buildout will enhance the capacity of the roadway system by upgrading roadways and intersections when necessary, ensure that the future dedication and acquisitions of roadways are based on projected demand, and implement the construction of paved crossover points through medians for emergency vehicles. Additionally, the General Plan Update EIR found that the General Plan will facilitate the consideration of the needs for emergency access in transportation planning. The County will maintain a current evacuation plan, ensure that new development is provided with adequate emergency and/or secondary access, including two points of ingress and egress for most subdivisions, require visible street name signage, and provide directional	**Less than Significant.** Any lane closures must be approved by the County and they would not be approved if substantial delays could result. Typically, the County requires a construction traffic management plan, including use of flag personnel to help direct traffic around any roadway closures. Compliance with access standards, including the Haul Route Monitoring Program would reduce potential impacts on roadways designated as haul routes and emergency response services during construction of individual projects. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; n no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
	signage to freeways at key intersections to assist in emergency evacuation operations. The General Plan Update EIR determined impacts to be less than significant.	
Conflict with adopted policies, plans, or programs regarding public transit, bicycle or pedestrian facilities, or otherwise decrease the performance or safety of such facilities.	**Less than Significant**. The General Plan Update EIR found that the General Plan would not conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks). The General Plan supports alternative modes of transportation, including walking and bicycling, to reduce total VMT. Additionally, the General Plan establishes several policies to ensure the safety and mobility of pedestrians and bicyclists. The County will provide safe and convenient access to safe transit, bikeways, and walkways, consider the safety and convenience of pedestrians and cyclists in the design and development of transportation systems, provide safe pedestrian connections across barriers, such as major traffic corridors, drainage and flood control facilities, and grade separations, adopt consistent standards for implementation of Americans with Disabilities Act requirements and in the development review process prioritize direct pedestrian access between building entrances, sidewalks and transit stops. The General Plan EIR determined impacts would be less than significant.	**Less than Significant.** Development in accordance with the IHO would be located within residential areas and remain consistent with the underlying zoning for the site. In combination with the DBO, projects subject to the IHO could increase the unit count of individual projects. Projects would continue to be consistent with General Plan policies. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Utilities and Service Systems		
Wastewater treatment requirements.	**Less than Significant**. According to the General Plan Update EIR, wastewater generation under the General Plan would not exceed wastewater treatment requirements of any of the four Regional Water Quality Control Boards having jurisdiction in Los Angeles County. General Plan implementation Programs require Department of Regional Planning and the Department of Public Works (DPW) to jointly secure sources of funding and to set priorities for preparing studies to assess infrastructure needs for the 11 Planning Areas. Once funding has been secured and priorities have been set, the County will prepare a Capital Improvement Plan for each of the 11 Planning Areas. Each Capital Improvement Plan shall include a Waste Management Study and Stormwater System Study. General Plan policies also require the County to support capital improvement plans to improve aging and deficient wastewater systems, particularly in areas where the General Plan encourages	**Less than Significant.** Development associated with the IHO would be well within the expected growth for the unincorporated County evaluated in the General Plan Update EIR and would not exceed RWQCB standards for treatment of wastewater or wastewater treatment capacity. Additionally, water conservation practices and compliance with best management practices (i.e., low flow toilets and automatic sinks), as well as Title 24 requirements, are likely to reduce wastewater generation. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
	development, such as Transit Oriented Districts (TODs). Therefore, the General Plan Update EIR found that polices and required regulations would ensure impacts are less than significant.	
New water or wastewater treatment facilities; Determination of capacity.	**Less than Significant**. The General Plan Update EIR explains that projects are required to pay connection fees to the LACSD, or corresponding types of fees to the City of Los Angeles Bureau of Sanitation, as applicable. Payments of such fees would reduce adverse impacts to wastewater generation capacity in the Antelope Valley and Santa Clarita Valley Planning Areas. The General Plan Update EIR determined there is sufficient wastewater treatment capacity in the remaining Planning Areas and impacts would be less than significant.	**Less than Significant.** Development in accordance with the IHO would be likely to occur in urbanized areas zoned for residential development and would be expected to connect to the existing sewer lines. The size of individual projects is anticipated to be relatively small (although incrementally bigger than they would otherwise have been as a result of the potential for increased use of the existing DBO), resulting in minor impacts to the sewer system in the vicinity of each site. Development in accordance with the IHO would be required to comply with all applicable County regulations. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Water supply.	**Significant and Unavoidable.** The General Plan Update EIR concludes that adequate water supplies have been identified in the UWMP's for the County for demand as projected through the year 2035. However, additional water supplies necessary to serve buildout of the General Plan, which is expected to occur beyond the year 2035, have not been identified for the Antelope Valley and Santa Clarita Valley Planning Areas. It is uncertain whether the water districts serving the Antelope Valley and Santa Clarita Valley Planning Areas would be able to secure water supplies greater than those currently forecasted for 2035. Mitigation Measures USS-1 through USS-23 would lower these impacts, however the General Plan Update EIR finds that impacts would be significant and unavoidable.	**Less than Significant.** The IHO does not increase development beyond what is already anticipated under buildout of the General Plan. It is unlikely to result in projects that would not have sufficient reliable water supplies available to serve the project demands from existing entitlements and resources. Developments constructed as a result of the project are likely to be located in infill areas on land previously developed with residential and served by water systems that would provide will-serve letters verifying water supply. Projects would be subject to LID requirements, drought-tolerant landscaping requirements, and CALGreen construction requirements for low-flow fixtures and water conservation features. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.
Impacts to landfills; Comply with applicable regulations regarding solid waste.	**Less than Significant.** The General Plan Update EIR finds that generation of solid waste would increase as the population increases with buildout of the General Plan. Correspondingly, there would be a need for additional landfill capacity and related support facilities. Both the forecasted net increase in solid waste generation by General Plan buildout and the forecast total solid waste generation in unincorporated County areas at General Plan buildout are well within the total residual per day daily disposal capacity of the nine landfills analyzed in the General Plan Update EIR. The General Plan Update EIR concludes that buildout would not require construction of	**Less than Significant.** The IHO does not increase development beyond what is already anticipated under buildout of the General Plan. It is unlikely to result in projects that would significantly impact landfill capacity. Inclusionary housing developments are likely to be located in areas with existing residential uses that are already served by existing landfills. Projects that obtain planning and building approvals would be consistent with solid waste regulations. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Impact	Level of Significance General Plan Update EIR	Level of Significance IHO
	new or expanded landfills, and impacts are found to be less than significant.	

As shown in the table above, development associated with the IHO would be consistent with growth assumptions in the General Plan Update EIR. As a result, and as demonstrated in this Addendum, all impacts would be less than those analyzed in the General Plan Update.

Because total inclusionary housing development in the County represents a very small component of the anticipated increase in development analyzed in the General Plan Update EIR, impacts would be less than those identified in the General Plan Update EIR. Therefore, as summarized in Table 1-2 and analyzed in more detail in **Chapter 3.0**, the IHO would not result in 1) substantial changes that require major revisions to the General Plan Update EIR; 2) substantial changes to circumstances, related to significant effects, that require major revisions to the General Plan Update EIR; 3) new information of substantial importance which was not known and could not have been known at the time to General Plan Update EIR was certified. Therefore, the IHO would not trigger any of the conditions that require the preparation of a subsequent or supplemental EIR under Guidelines sections 15162 and 15163, and therefore an Addendum to the General Plan Update EIR is the appropriate CEQA document to address the IHO.

1.11 INCORPORATION BY REFERENCE

The following documents were used in the preparation of this Addendum, and are incorporated herein by reference, consistent with Section 15150 of the Guidelines:

- Los Angeles County General Plan Update Final Program Environmental Impact Report, certified October 7, 2015.
- An ordinance amending Title 22 – Planning and Zoning of the Los Angeles County Code to establish an Inclusionary Housing Program in the unincorporated areas of Los Angeles County

The Inclusionary Housing Ordinance is available on the County's website at: http://planning.lacounty.gov/inclusionary

The General Plan Update Final EIR is available for review at the County of Los Angeles, Department of Regional Planning, 320 W. Temple Street, Room 1356, Los Angeles, CA, 90012, and on-line:

- Draft PEIR: http://planning.lacounty.gov/assets/upl/project/gp_2035_deir.pdf
- Final PEIR: http://planning.lacounty.gov/assets/upl/project/gp_2035_lac-gpu-final-eir-final.pdf

2.0 PROJECT DESCRIPTION

2.1 LOS ANGELES COUNTY GENERAL PLAN UPDATE PEIR

As noted in **Chapter 1.0, Introduction**, the General Plan Update is the project analyzed in the Los Angeles County General Plan Update EIR (General Plan Update EIR).[1]

Encompassing approximately 4,083 square miles, the County is geographically one of the largest counties in the country. It stretches along 75 miles of the Pacific Coast of Southern California and is bordered by Orange County to the southeast, San Bernardino County to the east, Kern County to the north, and Ventura County to the west. It also includes two offshore islands, Santa Catalina Island and San Clemente Island. The regional location of the County is shown in **Figure 2-1**, **Regional Vicinity.**

The area for the Proposed Project includes only the unincorporated areas of the County (unincorporated areas), approximately 65 percent of the total land area in the County falls within the unincorporated areas. The unincorporated areas in the northern portion of the County are covered by large amounts of sparsely populated land and include the Angeles National Forest, part of the Los Padres National Forest, and the Mojave Desert. The unincorporated areas in the southern portion of the County consist of noncontiguous land areas, which are often referred to as Los Angeles County's "unincorporated urban islands." These unincorporated areas are shown in **Figure 2-2**, **Unincorporated Areas of Los Angeles County**.

Zoning is the key tool used to implement land use policies related to the use of land, buildings, location and form of structures. Zoning regulations are generally intended to guide the development of the unincorporated areas in an orderly manner, based on the adopted general plan, to protect and enhance the quality of the natural and built environment, and to promote the public health, safety, and general welfare.

The General Plan Update was a comprehensive update to the County's General Plan. The purpose of the General Plan is to guide growth and development within the unincorporated areas. As part of the 2015 General Plan Update, several elements to the General Plan were revised, combined, and otherwise reorganized. The General Plan Update also included minor amendments to the County Code related to Significant Ecological SEA Ordinance, Hillside Management Area HMA Ordinance, amendments to the MXD zone, and amendments to a number of other zones, as well as adoption of the Community Climate Action Plan (CCAP).

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1 Los Angeles County, General Plan 2035 Programmatic EIR, Certified October 6, 2015 available at: http://planning.lacounty.gov/generalplan/eir

One major policy change was to encourage more housing. To do this, the General Plan Update included changes to General Plan land use policy maps and zoning maps to encourage high density housing and commercial-residential mixed uses along major commercial corridors within Transit Oriented Districts (TODs). The Mixed Use (MXD) zone was applied to some of the major corridors designated Mixed Use (MU).

Although the General Plan Update includes policies to encourage high-density housing, it may not do enough to encourage the development of affordable housing in tandem with market rate housing. The purpose of the Inclusionary Housing Ordinance (IHO) is to increase the affordable housing stock in the unincorporated areas and also to create mixed-income communities that add vibrancy to neighborhoods.

The General Plan Update EIR identifies and analyzes projections for population, households, and employment (post 2035). As shown in **Table 2-1** below, buildout of the General Plan Update would result in 358,930 additional residential dwelling units compared to existing land uses. Most of the new development is expected to occur in the Antelope Valley Planning Area, which will accommodate about 70.6 percent of new residential units and 76 percent of the population growth.

Table 2-1
General Plan Residential Buildout Projections (by Planning Area)

Planning Area	Existing (2013)		Proposed Project Buildout (Post 2035)	
	Units	**Population**	**Units**	**Population**
Antelope Valley Planning Area	24,739	93,490	278,158	1,070,571
Coastal Islands Planning Area	44	158	21	0
East San Gabriel Valley Planning Area	63,835	239,218	70,097	255,952
Gateway Planning Area	28,743	104,061	34,446	120,358
Metro Planning Area	73,068	235,990	92,158	301,073
San Fernando Valley Planning Area	9,039	32,488	13,464	47,060
Santa Clarita Valley Planning Area	28,501	104,116	77,155	237,638
Santa Monica Mountains Planning Area	5,703	21,757	6,788	26,128
South Bay Planning Area	19,952	69,474	25,929	86,392
West San Gabriel Valley Planning Area	34,765	125,736	43,877	156,685
Westside Planning Area	12,099	39,926	17,316	55,033
Total	**300,478**	**1,066,414**	**659,409**	**2,356,890**
Increase Over Existing			**358,931**	**1,290,476**

Source: General Plan 2035 EIR, Table 3-7

2.2 BACKGROUND

As identified in the Los Angeles County Affordable Housing Action Plan, the County is confronting a housing crisis.[2] Residents are experiencing a shortage of 551,807 affordable homes for households earning less than $41,500 for a four-person household.[3] The County's lowest-income renters spend about 70 percent of their income on rent, which leaves only 30 percent of their income for daily essentials such as food, transportation, health expenses, and other needs.[4]

Housing need in the County is expected to continue to rise with projected population growth. Projected County population growth translates into a Regional Housing Needs Assessment (RHNA) for the County's unincorporated areas for the 2014-2021 Housing Element planning period of 27,440 units.[5] **Table 2-2** shows the breakdown of the RHNA allocation by Area Median Income (AMI) income categories. As of the end of 2019, 21,283 units are needed by October 2021 in order to meet housing needs in the unincorporated areas of the County. Given past performance, the County is well short of being on-track to meet this number.

Table 2-2
Los Angeles County Unincorporated Areas RHNA Progress/Building Permit Activity

Income Level	RHNA Allocation by Income Level	2014 Year 1	2015 Year 2	2016 Year 3	2017 Year 4	2018 Year 5	2019 Year 6	2020 Year 7	2021 Year 8	Total Units to Date	Total Remaining RHNA
Extremely Low/ Very Low	7,404	159	32	35	354	38	54			672	6,732
Lower	4,281	0	0	0	108	14	107			229	4,052
Moderate	4,930	0	0	0	0	19	0			19	4,911
Above Moderate	10,825	513	1,790	620	622	563	1,130			5,237	5,588
Total RHNA	27,440	672	1,822	655	1,084	634	1,291			6,157	21,283

Source: County of Los Angeles Housing Permit Data, Housing Section, 2020

2 Los Angeles County Department of Regional Planning (January 2018) Los Angeles County Affordable Housing Action Plan. http://planning.lacounty.gov/assets/upl/project/housing_la_ahap_action-plan.pdf

3 Maxwell, C. (February 24, 2017). New Study Finds Los Angeles County Needs 551,807 Affordable Homes. https://chpc.net/resources/newsletter-new-study-finds-los-angeles-county-needs-551807-affordable-homes/

4 Los Angeles County Rents in Crisis: A Call for Action, California Housing Partnership Corporation (May 2017) http://1p08d91kd0c03rlxhmhtydpr.wpengine.netdna-cdn.com/wp-content/uploads/2017/05/Los-Angeles-County-2017.pdf

5 The County's RHNA for the 2014-2021 planning period is 30,145 units, but it has been adjusted to account for annexations that have occurred to date.

Table 2-2 shows the County's progress in meeting its RHNA through residential building permit activity. SCAG recently released draft RHNA numbers for the 2021-2029 housing element planning period, and the County has an even higher target of nearly 90,000 units. As shown in **Table 2-2**, the County is not producing enough affordable housing to adequately serve the need.

In response to the local and statewide housing crisis, the County is working to increase housing choice, affordability and livability in the unincorporated areas. One piece of the County's overall plan is the proposed IHO. Inclusionary housing ordinances have been adopted in more than 500 jurisdictions in the United States and can be an effective strategy for creating mixed-income housing projects and mitigating economic segregation by dispersing affordable housing throughout the community. The primary focus of an inclusionary housing ordinance is the provision of affordable housing units with market-rate housing developments. In California, the financial impacts associated with inclusionary housing requirements can potentially be offset by the density bonus that is mandated by Government Code sections 65915-65918 (Section 65915) and implemented through the County's Density Bonus Ordinance.

On February 20th, 2018, the County Board of Supervisors directed DRP to prepare an inclusionary housing ordinance to assist addressing the affordable housing need in the unincorporated areas. The purpose of the IHO is to ensure production of affordable units in new development by establishing affordable housing set-aside requirements on residential projects that meet certain criteria. These requirements are set at a level that can be supported on a financially feasible basis, as determined through an economic feasibility study.

2.3 INCLUSIONARY HOUSING ORDINANCE SUBMARKET AREAS

An Inclusionary Housing Feasibility Analysis[6] was conducted to evaluate the economic tradeoffs associated with new inclusionary housing requirements. The study conducted a series of pro forma analyses of prototype ownership and rental apartment projects in six submarket areas to determine what affordable unit set-asides and range of in-lieu fees can be supported on a financially feasible basis without adversely deterring future development.

Submarket Areas

Given the geographic, social, and economic diversity of the unincorporated areas, submarket areas were identified based on similar land use, real estate markets, and development activities. The boundaries of each submarket area were determined to ensure that individual unincorporated areas were entirely

6 Keyser Marson Associates, Inclusionary Housing Analysis (2018), available at: http://planning.lacounty.gov/assets/upl/project/housing_la_ahap_appendixE.pdf

located within one submarket area. The IHO is proposed to apply to housing developments that are located within submarket areas as described above except for rental units or condominium units located in the South Los Angeles or Antelope Valley submarket areas, and rental units in the East Los Angeles/Gateway submarket area, as the feasibility analyses determined that these markets were not feasible for the IHO.

- Coastal South Los Angeles
- East Los Angeles/Gateway (SFR and condo only)
- South LA (SFR only)
- San Gabriel Valley
- Santa Clarita Valley
- Antelope Valley (SFR only)

The submarket areas are shown in **Figures 2-3** through **2-9.**

Other than specifying that development subject to the IHO would apply to the mapped submarket areas, the IHO does not identify specific development projects or specific locations for development. Some sites are considered to have higher potential to develop with inclusionary housing, but inclusionary housing development can occur anywhere, within a submarket area, that is zoned for residential development.

To ensure consistency with long term economic trends, the County will evaluate the boundaries of the submarket areas every five years from the effective date of the IHO.

The IHO would not apply in any area subject to a development agreement or specific plan with an affordable housing requirement.

2.4 APPROACH TO ANALYSIS

DRP sought State funding assistance with the IHO, By Right Housing Ordinance, ISHO, and AHPO (see **Chapter 1.0, Introduction,** for a description of these other planning efforts). DRP sought a grant authorized under the Planning Grants Program (PGP) provisions of SB 2 (Chapter 364, Statutes of 2017). For purposes of the grant application and the County's affordable housing projections under these proposed four ordinances, DRP estimated the number of units that the four ordinances together could be expected to provide. Estimates of units were made by category: supportive, affordable, and market rate housing. DRP based their estimate on the previous five years of approved housing permits for each of the categories. As a result, DRP estimated that the number of units would increase by a total of about 92 percent compared to the number of units approved in the years 2014 to 2018, as shown in **Table 2-3** below.

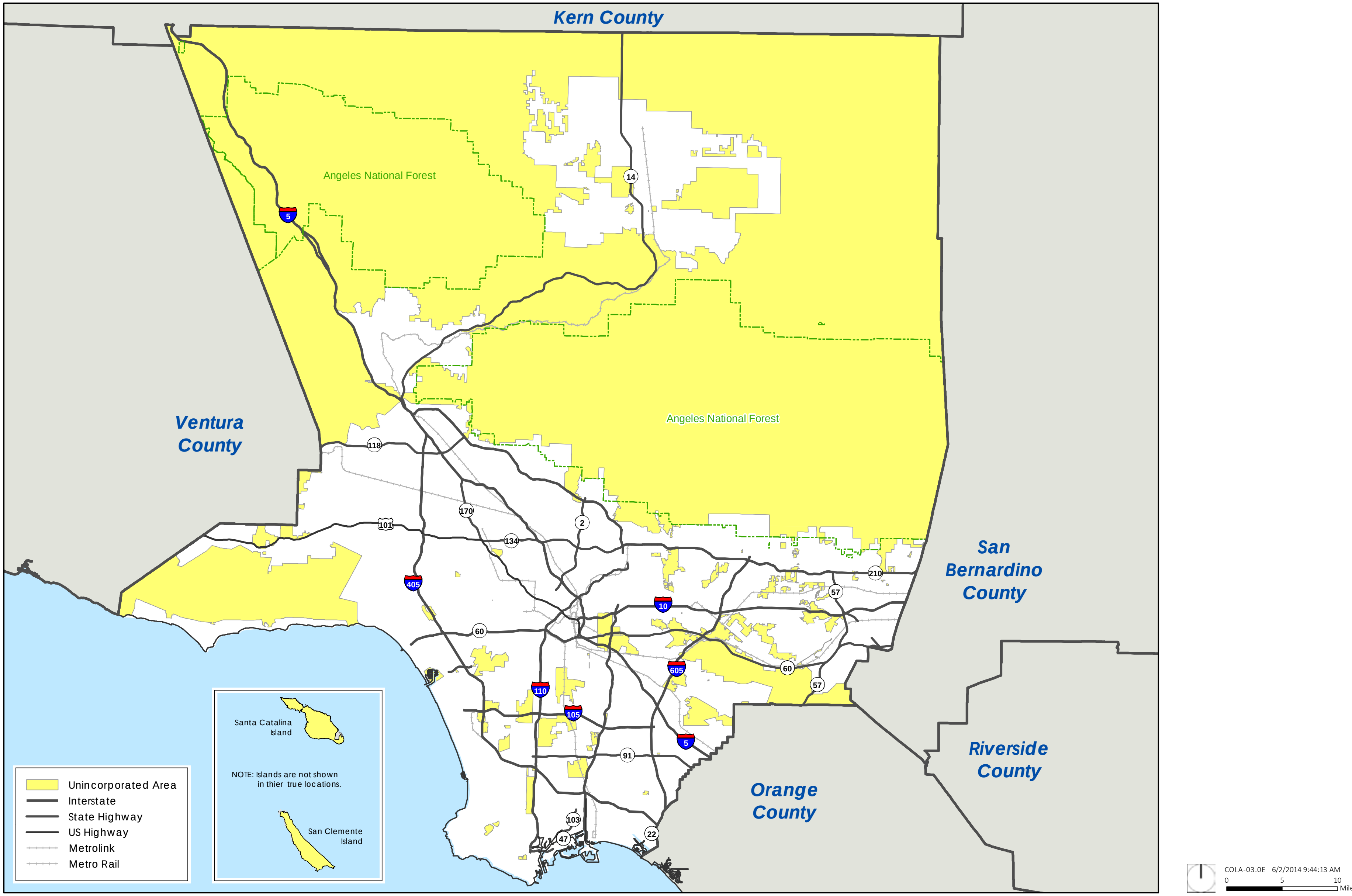
SOURCE: Placeworks, 2014; ESRI, 2014

FIGURE **2-1**

IMPACT SCIENCES

Regional Vicinity

1337.001•01/2020



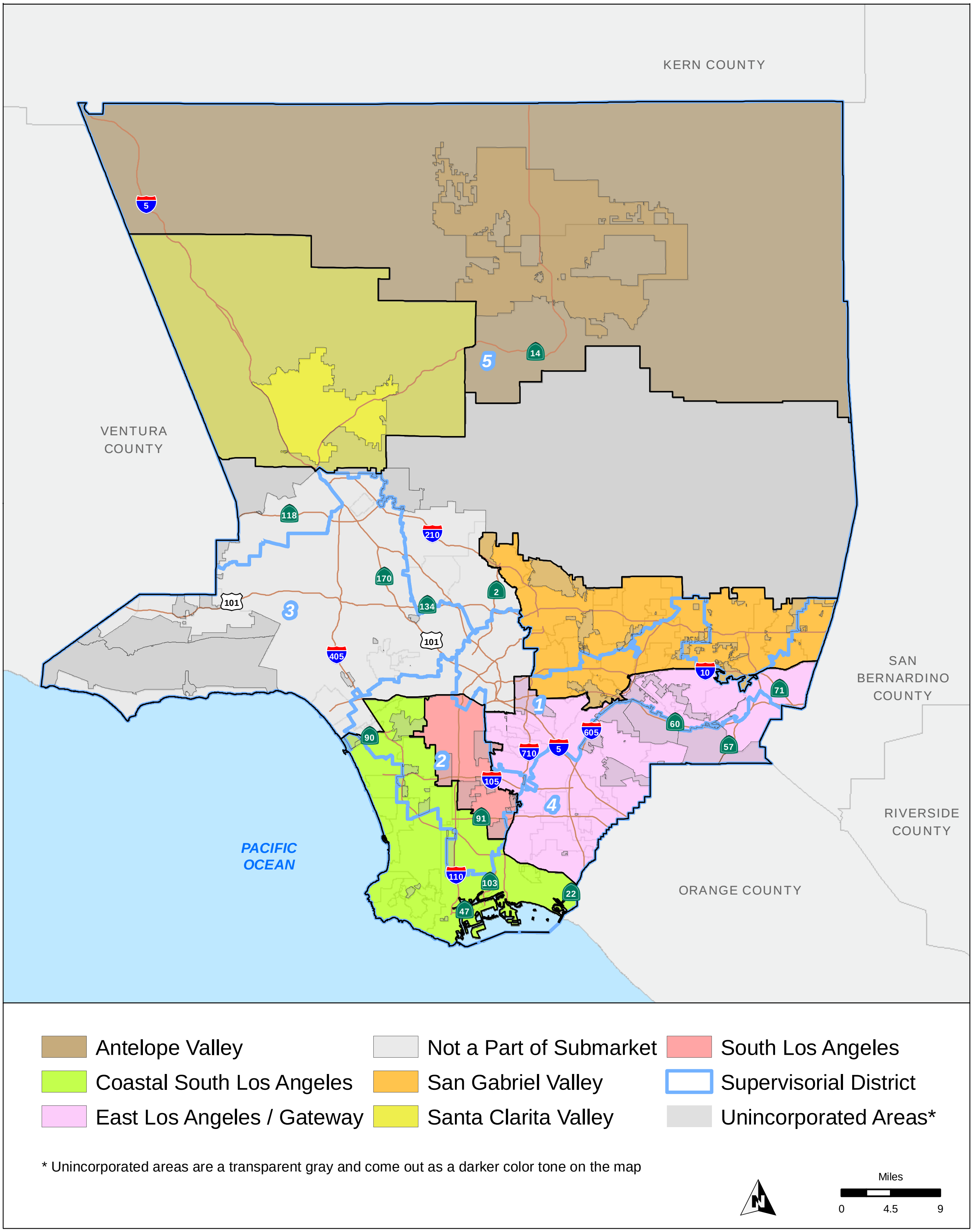
SOURCE: Placeworks, DRP, 2013

FIGURE 2-2

IMPACT SCIENCES

Unincorporated Areas of Los Angeles County

1337.001•01/2020



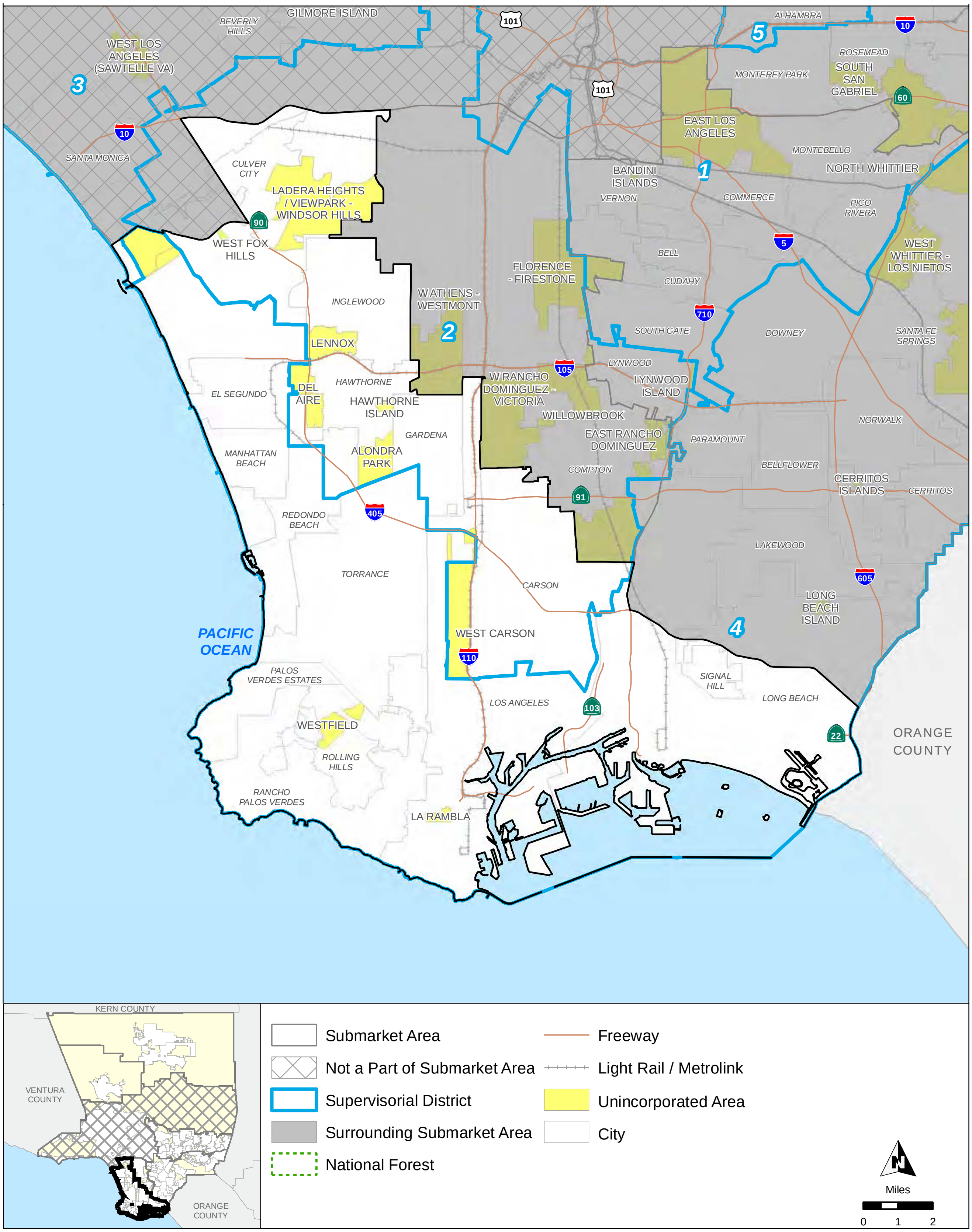
SOURCE: Deparement of Regional Planning & KMA, 2017

FIGURE **2-3**

IMPACT SCIENCES

Los Angeles County Submarket Areas

1337.001•01/2020

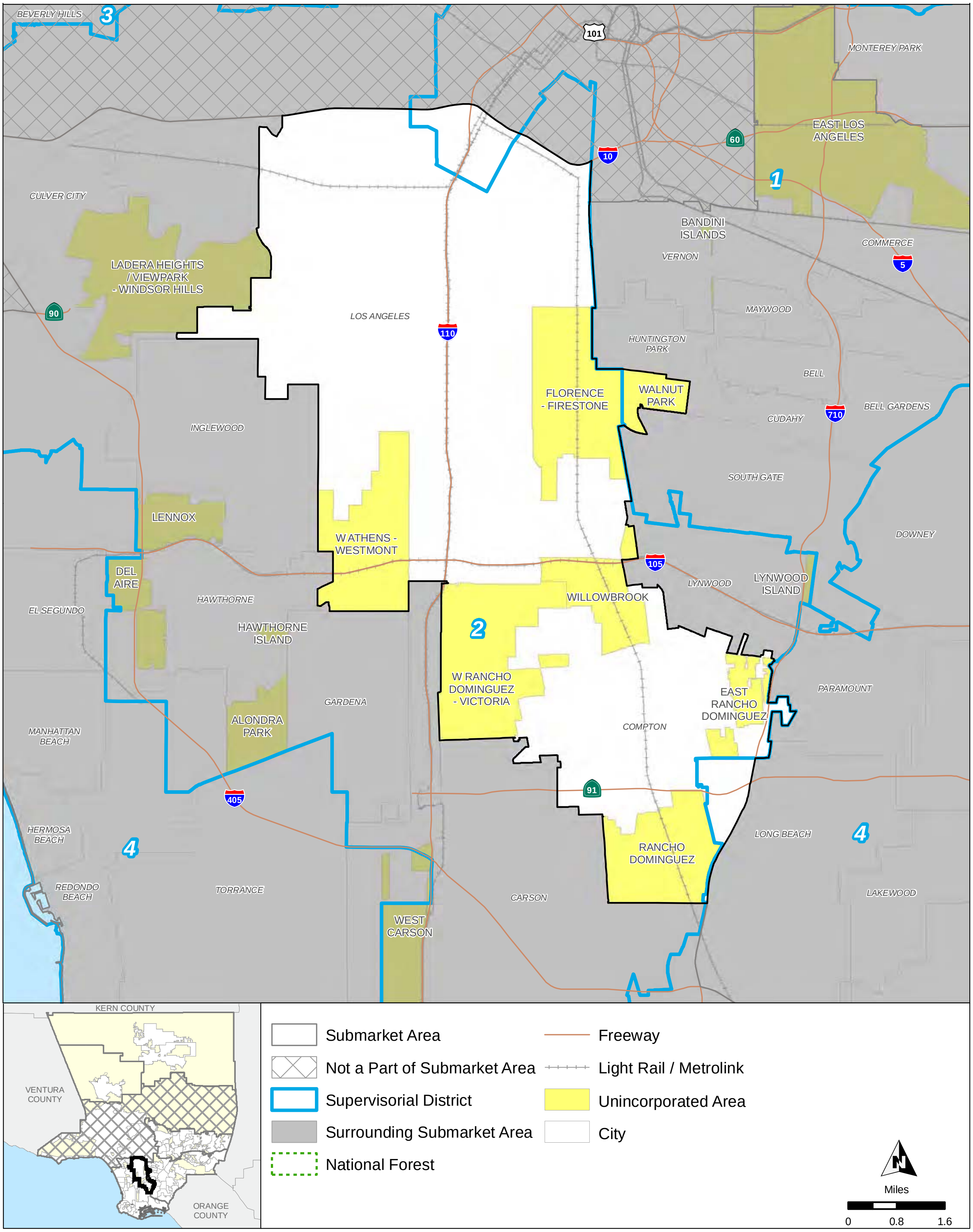


SOURCE: Deparement of Regional Planning & KMA, 2017

FIGURE **2-4**

IMPACT SCIENCES

Coastal South Los Angeles Submarket Area



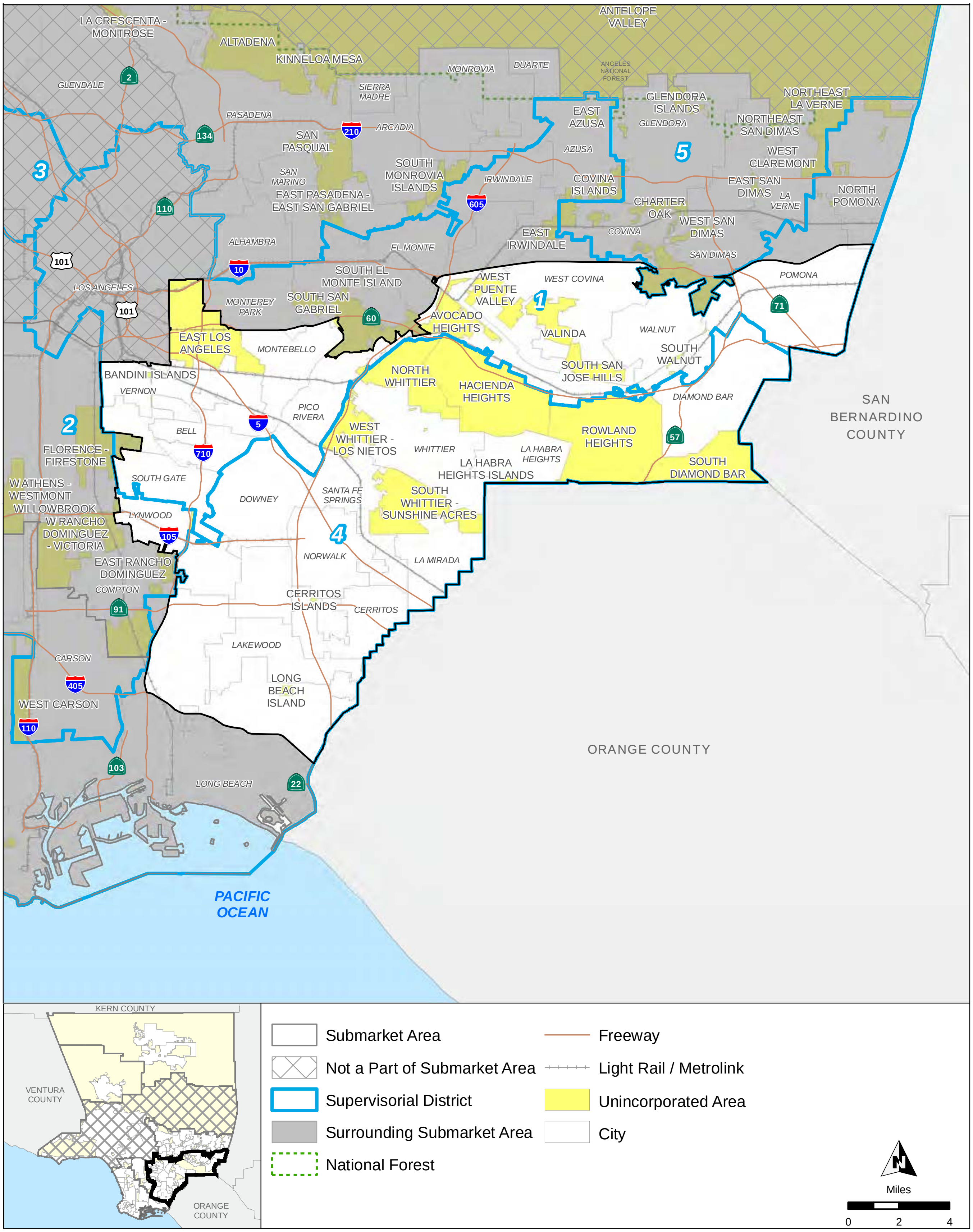
SOURCE: Deparement of Regional Planning & KMA, 2017

FIGURE 2-5

IMPACT SCIENCES

South Los Angeles Submarket Area

1337.001•01/2020



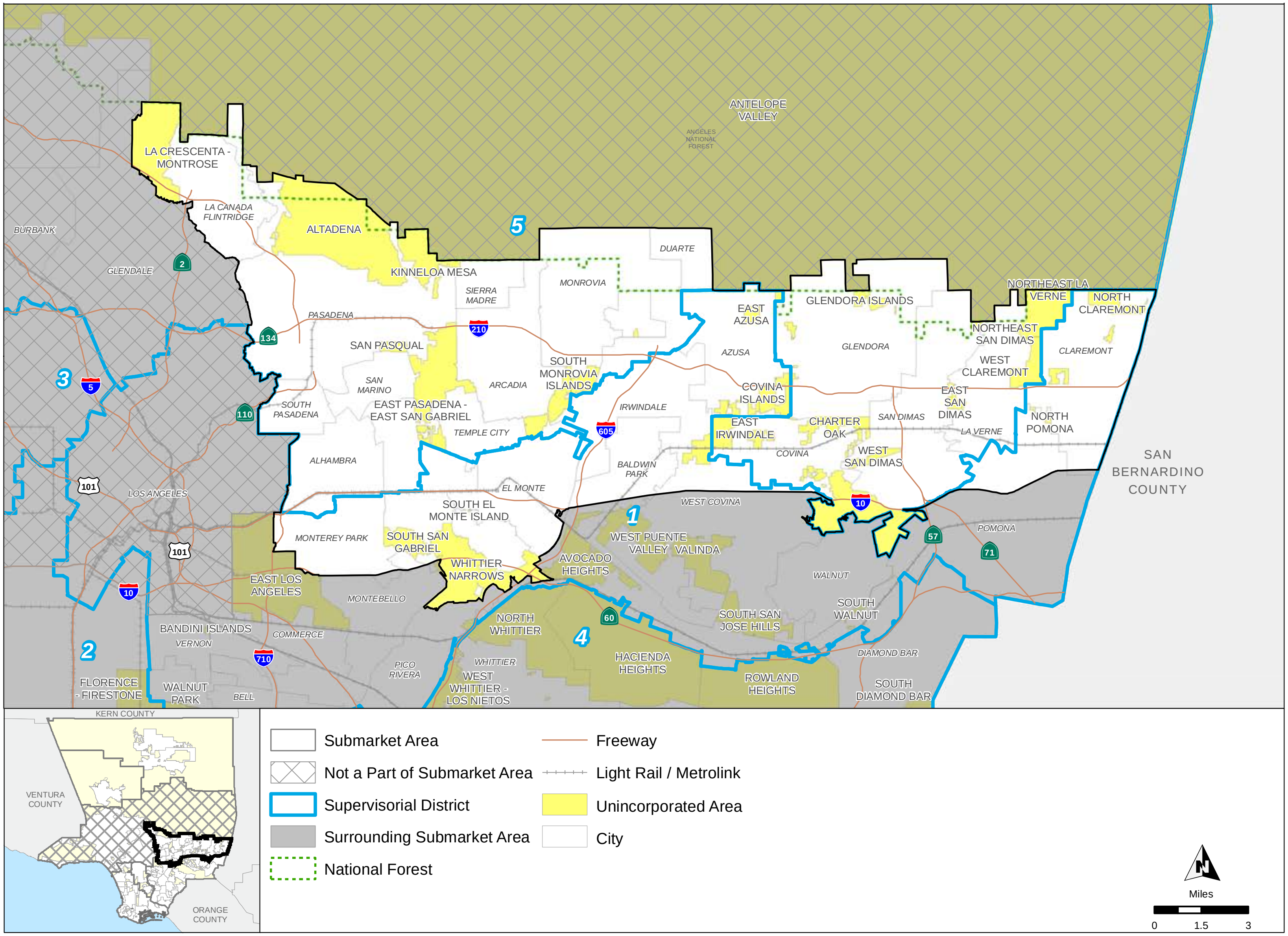
SOURCE: Deparement of Regional Planning & KMA, 2017

FIGURE **2-6**

East Los Angeles Gateway Submarket Area

IMPACT SCIENCES

1337.001•01/2020



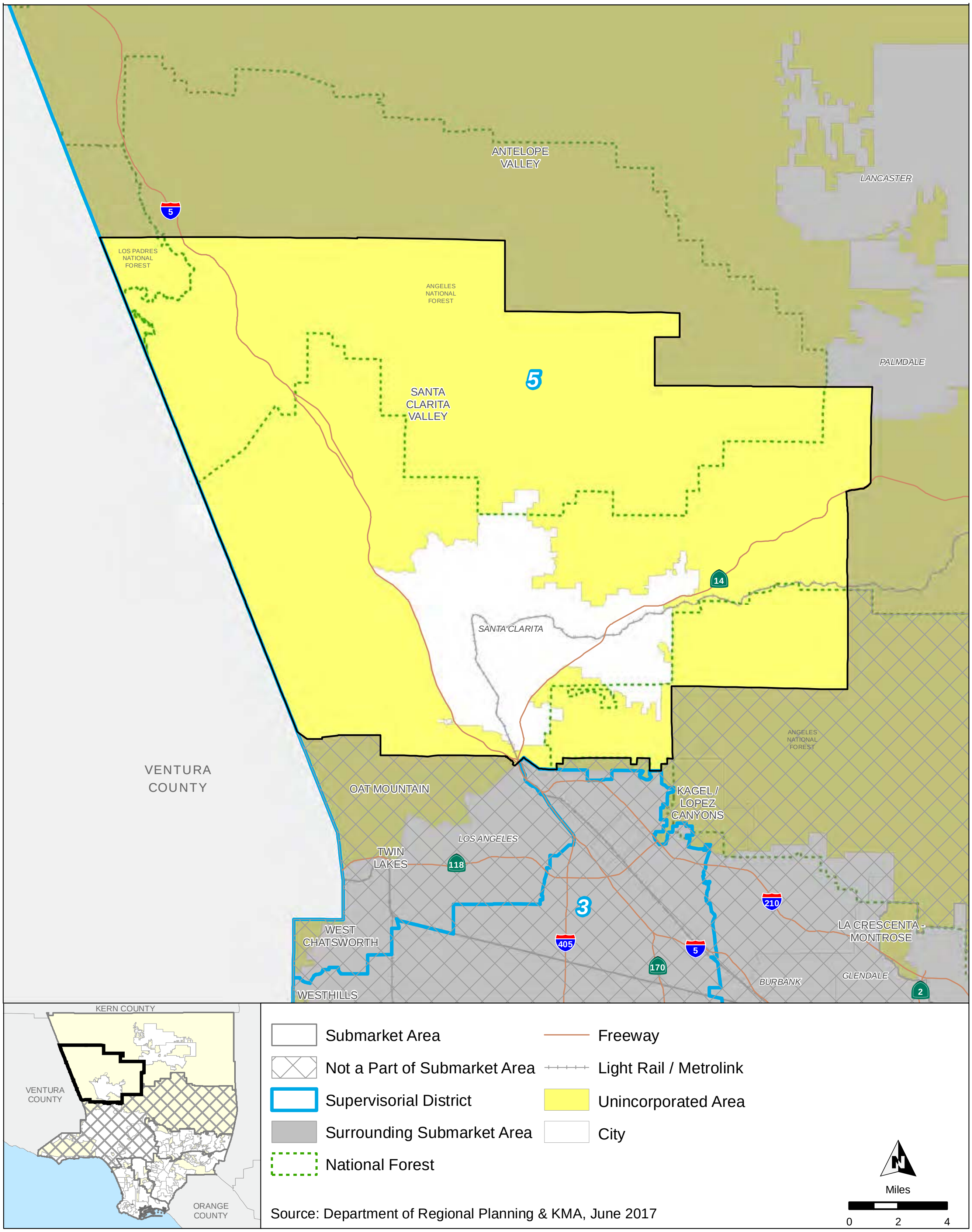
SOURCE: Department of Regional Planning, KMA, 2017

FIGURE **2-7**

IMPACT SCIENCES

San Gabriel Valley Submarket Area

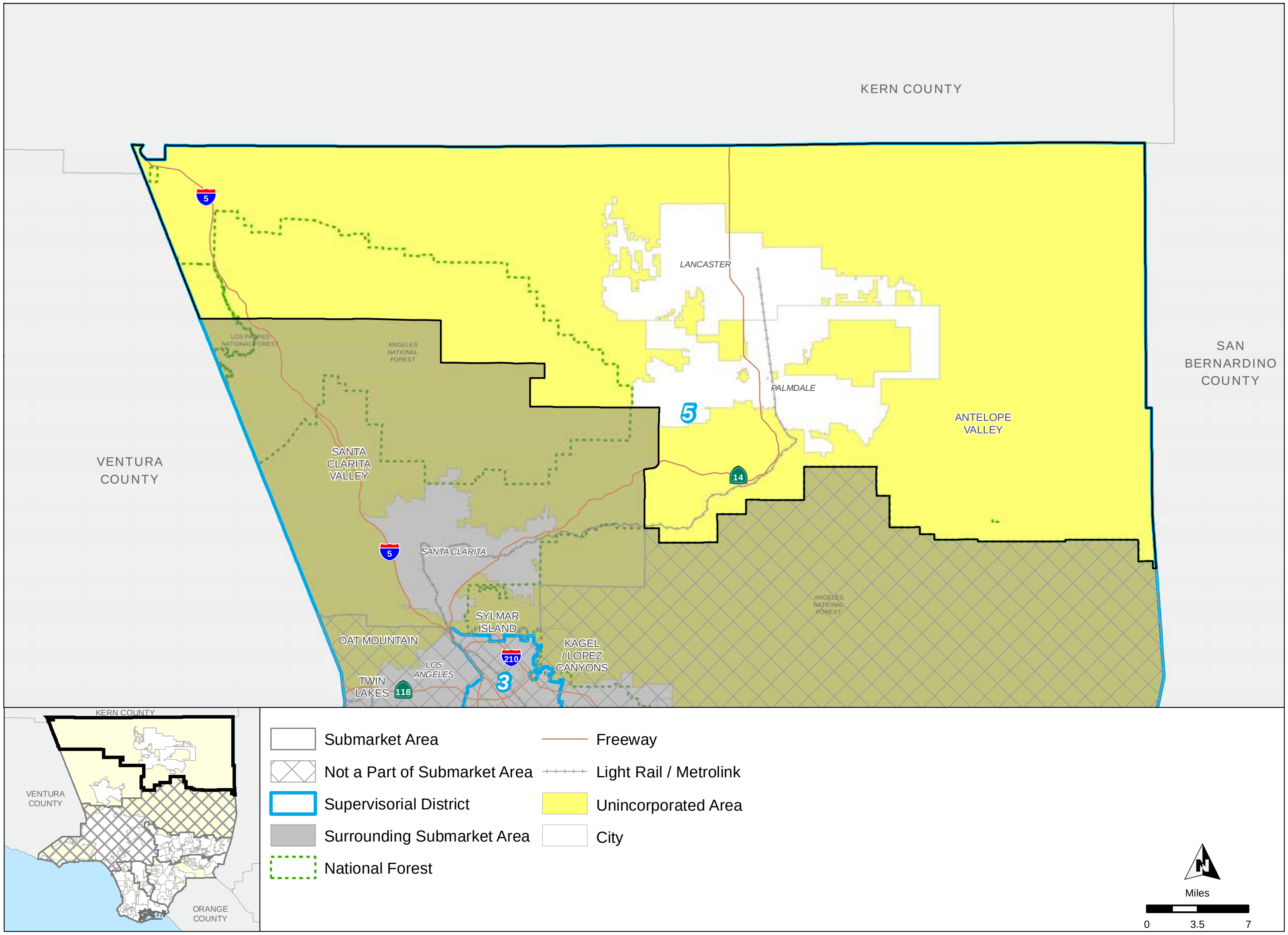
1337.001•01/2020



SOURCE: Deparement of Regional Planning & KMA, 2017

FIGURE **2-8**

Santa Clarita Valley Submarket Area



SOURCE: Department of Regional Planning, KMA, 2017

FIGURE **2-9**

IMPACT SCIENCES

Antelope Valley Submarket Area

Table 2-3
Estimated Number of Units Attributable to Four Housing Ordinances

	Baseline Units Approved 2014 to 2018	Anticipated Number of Units after Implementation of Four Housing Ordinances (Over 5-years)	5-Year Increase Attributable to Ordinances	Annual Increase Attributable to Ordinances	Percentage Increase
Supportive	80	480	400	80	500
Affordable	715	1,308	593	118.6	83
Market Rate	1,010	1,675	665	133	66
Total	1,805	3,463	1,658	331.6	92

Note: DRP assumed: 1) the by-right ordinance would increase residential building activity by 50 percent, 2) the IHO would result in 15 percent set-aside on all new residential projects with more than 10 units; 3) there would be greater application of the Density Bonus ordinance, 4) the ISHO would increase supportive housing by 30 percent and 4) the number of supportive units created by motel conversions based on a 20 percent conversion rate of non-corporate and confirmed motels.
Source: SB 2 Planning Grants Program Application, March 28, 2019

However, this estimate of the number of units that could be developed was based on a period of relatively low growth in the County.

In addition to the data reviewed for the grant application, a review of recent housing permit data was conducted to determine the overall development trend in the unincorporated areas over a longer period of time. Development is generally subject to a typical boom and bust cycle (2018-2019 representing a relative boom year), the overall trend in the unincorporated areas has been an increase in the number of permitted units since 2008. **Table 2-4, Housing Permits Approved (2008-2019)**, shows the number of housing permits and units approved since the approval of the Density Bonus Ordinance. While use of the Density Bonus Ordinance had been slow to start, its use has been increasing and the County now has approved 2,168 density bonus units. It is possible, that the IHO ordinance will encourage increased use of the Density Bonus Ordinance potentially resulting in an increase in the number of projects constructed in the unincorporated areas. It is also possible that individual projects could be slightly larger than without the IHO due to the Density Bonus Ordinance. However, the County does not have enough data to make detailed analytic assumptions about the number or size of projects that might be developed as a result of the IHO. It is also possible the IHO could act as a disincentive to growth and could depress development at least until developers become accustomed to the change.

Table 2-4
Housing Permits Approved (2008-2019)

Total Housing Permits Approved:	46
Total Number of Units Approved:	2,949
Total Units from Projects with Affordable Housing Set-Aside:	2,168
Extremely Low:	80
Very Low:	677
Lower:	620
Moderate:	19
Market-Rate:	772
Total Units from Projects with Senior Citizen Housing (Market-Rate):	781
Senior:	446
Non-Senior:	335

Source: County of Los Angeles Housing Unit permit data, 2020

Given the increased focus on streamlining housing approvals and accelerating housing production at all levels of government, this CEQA document assumes the IHO ordinance (together with the other three ordinances aimed at increasing affordable housing as addressed in the SB 2 Grant Application discussed above) could result in more units than estimated by DRP in the SB 2 Grant Application. Therefore, this Addendum, rather than basing the analysis on the potential number of units that could be developed based on past trends, follows the approach used in the analysis of the General Plan Update in the General Plan Update EIR. The General Plan Update EIR identifies forecast housing development based on zoning use capacity.

This Addendum provides that the Proposed Project (together with other ordinances aimed at increasing affordable housing, see **Chapter 1.0, Introduction**), would result in some fraction of the forecast development identified and evaluated in the General Plan Update EIR. It is not anticipated that the IHO would add to the number of units already evaluated in the General Plan Update EIR since the General Plan Update forecast growth based on capacity, and far exceeds the SCAG growth forecast, and the IHO does not change the population forecast or zoning capacity as analyzed in the General Plan Update. As to the zoning capacity, the IHO does not directly add units rather it sets aside a portion of units to be affordable for certain proposed housing developments in certain areas. As to the population forecast, the IHO applies only within the designated submarket areas, which are a subset of the entire General Plan area, and therefore a subset of the entire General Plan Update forecast.

Given the complexity associated with housing development at the present time, the precise number and location of units anticipated to result from each of the housing ordinances (or all of them together) is not possible to forecast with any reasonable approach. Such an exercise would be entirely speculative. Therefore, this addendum takes a comparative qualitative approach to the analysis of the Proposed Project.

Total inclusionary housing development in the County, even if it encouraged increased use of the DBO, would represent a small component of the total anticipated forecast development analyzed in the General Plan Update EIR (a total increase of 358,931 housing units – see **Table 2-1**).[7]

2.5 PROJECT CHARACTERISTICS

The IHO requires all housing development[8] projects with five or more units, to set aside a percentage of units for affordable housing. As described below, the percentages range from 5-20 percent based on housing type, project size, project location and affordability level. The requirement to provide affordable housing may also be satisfied through limited off-site construction.

The IHO would work in tandem with the County's Density Bonus Ordinance[9] in that projects providing affordable housing are also eligible for density bonus, reduced parking, streamlined environmental review and other incentives and/or waivers associated with development standards as provided in the County Density Bonus Ordinance.

Under the IHO, project applicants would first need to determine the affordability of units (See **Table 2-5, Inclusionary Housing Requirements for Rental Projects,** and **Table 2-6, Inclusionary Housing Requirements for For-Sale Projects**) for either rental or for sale units. Once the average affordability of units has been determined for a project, the applicant can then identify the corresponding set-aside under the Density Bonus Ordinance. The Density Bonus Ordinance set asides are provided in Table 22.120.050-A Affordable Housing Set-Asides and Density Bonuses. To calculate the number of units required to be affordable, the baseline is the proposed project, exclusive of a manager's unit or units, before the application of any density bonus.

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7 Environmental impacts associated with the update to DBO were analyzed in a Negative Declaration dated June 28, 2018.

8 As defined in Los Angeles County Code section 22.14.100, including but not limited to those projects to substantially rehabilitate and/or convert existing buildings for residential use.

9 The County's Density Bonus Ordinance is available online at: http://planning.lacounty.gov/assets/upl/project/density-bonus-ordinance-20191025.pdf

If a project consists of rental units, the affordable housing set-aside units would be required to be provided at an affordable rent, as described in **Table 2-5, Inclusionary Housing Requirements for Rental Projects**, below.

Table 2-5
Inclusionary Housing Requirements for Rental Projects

Option	Affordability[1]	Set-aside	Set-aside (Small projects)[2]
1	Average affordability of 40% AMI or less	10%	5%
2	Average affordability of 65% AMI or less	15%	7%
3	80% AMI or less	20%	10%

Notes:
1. Units shall be set aside for extremely low, very low, or lower income households.
2. Small projects are defined as housing developments with less than 20 baseline dwelling units.

If the project consists of for-sale units, the affordable housing set-aside units would be provided at an affordable sale price, as described in **Table 2-6, Inclusionary Housing Requirements for For-Sale Projects,** below.

Table 2-6
Inclusionary Housing Requirements for For-Sale Projects

Submarket Area	Affordability[1]	Set-aside	Set-aside (Small projects)[2]
Coastal South Los Angeles, South Los Angeles (SFR only), East Los Angeles/Gateway	Average affordability of 135% AMI or less	20%	10%
San Gabriel Valley	Average affordability of 135% AMI or less	15%	7%
Santa Clarita Valley, Antelope Valley (SFR only)	Average affordability of 135% AMI or less	5%	-

Notes:
1. Units shall be set-aside for moderate or middle- income households.
2. Small projects are defined as housing developments with less than 20 baseline dwelling units.

Every project of five units or more will be subject to the IHO and thereby qualify for density bonus. As described above, the IHO is designed to work in tandem with the Density Bonus Ordinance and is inclusive of the affordable housing requirement set aside provided in the Density Bonus Ordinance. That is, there is no additional requirement for affordable housing if an applicant seeks a density bonus.

However, an applicant can elect to accept a smaller or no density bonus. For projects that are 150 percent of AMI, although there is no allowance for additional units, it is proposed that applicants be able to seek one incentive and one waiver for certain development modifications (i.e., height, setback, required parking, etc.)

2.6 PROJECT OBJECTIVE

The objective of the Project is to ensure the inclusion of affordable housing units in housing developments that meet certain criteria and encourage mixed-income communities.

2.7 DISCRETIONARY ACTIONS AND APPROVALS

The following actions by the County will be required in order to implement the IHO:

- Approval of this Inclusionary Housing Project Addendum
- Adoption of the Proposed Inclusionary Housing Ordinance to amend County Code Sections (22.14.010, 22.14.090, 22.16.030, 22.18.030, 22.20.030, 22.24.030, 22.26.030, 22.46.030, 22.120.030, 22.120.100, 22.120.050, 22.166.030, 22.166.070, 22.166.080, 22.300.020., and addition of Chapter 22.121)

3.0 ENVIRONMENTAL ANALYSIS

This Section of the Addendum provides an analysis of each environmental factor identified in the General Plan Update EIR to determine whether new or more severe environmental effects could occur from the implementation of the Inclusionary Housing Ordinance and whether mitigation measures identified in the General Plan Update EIR would be needed and/or if additional mitigation could be necessary.

In the following evaluation, each topic section includes the following sub-sections:

- **Environmental Checklist.** Contains a modified form of the Appendix G Initial Study environmental checklist. The checklist follows the topic areas as addressed in the General Plan Update EIR. In addition, each checklist question has been modified to address Guidelines section 15162 to allow for yes or no answers to the following questions with respect to each Appendix G factor:
  - Would there be a new significant environmental effect caused by a change in the project or circumstances?
  - Would there be a substantial increase in the severity of a previously identified significant effect caused by a change in the project or circumstances?
  - Is there the potential for substantially more severe significant impacts as a result of new information?
  - Is there the ability to substantially reduce a significant effect as a result of new information but declined by the proponent (the County)?
- The analysis presented for each Appendix G factor identifies the level of impact identified for the General Plan Update EIR and the level of impact anticipated for the Inclusionary Housing Ordinance.
- Any change in circumstances or new information relevant to each factor is identified as applicable.
- For each factor, the analysis indicates that impacts would be similar to or less than those identified in the General Plan Update EIR and therefore a Subsequent or Supplemental EIR is not required, and an Addendum is appropriate based on the analysis contained in this Addendum.

3.1 AESTHETICS

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to impacts on scenic vistas?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

A scenic vista is generally defined as an expansive view of highly valued landscape or other important scenic features as observable from a publicly accessible vantage point. The diverse landscape of unincorporated areas contains many scenic vistas, including portions of Mulholland Highway, Las Virgenes Road, Malibu Canyon Road, Topanga Canyon Boulevard and Angeles Crest Highway, which are adopted Scenic Highways.

The General Plan Update EIR analyzed potential impacts on scenic vistas and corridors. The General Plan Update EIR found that due to both the broad definition of scenic viewsheds and the substantial amount of new development that would be accommodated by the General Plan Update and associated changes to the Zoning Ordinance, the potential for a substantial adverse impact to a scenic vista could exist. However, the existing regulatory setting, as well as the goals and policies contained in the General Plan Update, would serve to lessen potential impacts to scenic vistas. Additionally, approval of the General Plan Update does not authorize construction of development that would affect scenic vistas. Therefore, under the General Plan Update EIR, impacts were found to be less than significant and no mitigation measures were required.

It is anticipated that the IHO would likely result in development in already urbanized areas and therefore would not result in substantial development that would impact scenic vistas, including views along a scenic highway or scenic corridor. The IHO would not change the location that development would occur, nor would it increase development that is anticipated to occur under buildout of the General Plan Update. There is potential for the IHO to increase the number of either taller and/or larger (in massing) projects than would occur without the IHO because of the potential for the IHO to work in tandem with existing incentives in the existing Density Bonus Ordinance (DBO). The DBO allows applicants to use a density bonus (and/or other incentives. While the project could result in individual projects that are larger than they could have been in the past, the density bonuses in the DBO would be difficult to implement within SEAs or Hillside Management Areas. Therefore, due to DBO incentives and market factors, development subject to the IHO that takes advantage of the DBO incentives is anticipated to occur in the urbanized portion of the County (i.e., not in hillsides or ridgeline areas). It is also possible that the IHO could inhibit development as a result of requirements being considered too onerous, potentially leading to less development than would otherwise occur. To the extent that the IHO would result in additional development it is anticipated that such development would be consistent with the strategies of the General Plan Update and would not increase development beyond the growth that is already evaluated in the General Plan Update EIR. Some impingement of views of scenic resources could occur, but overall impacts are anticipated to be less than significant. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to damage to scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

There are four adopted state scenic highways in the County: Angeles Crest Highway (SR-2), from 2.7 miles north of I-210 to the San Bernardino County line; Mulholland Highway (two sections), from SR-1 to Kanan Dume Road, and from west of Cornell Road to east of Las Virgenes Road; Topanga Canyon Boulevard (SR-27), north from SR-1; and Malibu Canyon–Las Virgenes Highway, from SR-1 to Lost Hills Road. There are also eight eligible scenic highways in the County.

The General Plan Update EIR concluded that no development or changes would occur along or near any of the adopted state scenic highways within the unincorporated areas. The General Plan Update EIR found that while some development or changes could occur near the eligible scenic highways, the development or changes anticipated to occur would be minimal and would only occur near small stretches of the eligible scenic highways. Additionally, future discretionary projects accommodated by the General Plan Update would be subject to separate project-level environmental review in accordance with CEQA, wherein the individual project's contribution to the degradation of scenic highways would be assessed at the time formal development plans/applications are submitted to the County for review and approval. Furthermore, several goals and policies of the General Plan Update would serve to minimize potential impacts to scenic highways by preventing degradation of existing vistas, as well as by promoting actions that would make existing scenic vistas more accessible to individuals. Therefore, the General Plan Update EIR concluded that no significant impact would result from implementation of the

General Plan Update with respect to substantial alteration of scenic resources within a designated scenic highway.

As discussed in the Project Description, the IHO could work in tandem with the DBO. The DBO provides incentives that allow for larger projects with the provision of affordable housing. It is possible that the IHO combined with the DBO could lead to an increased number of individual projects that could be larger in terms of scale and massing. It is also possible that the IHO would inhibit development because of the requirements being considered too onerous, potentially leading to less development than would otherwise occur.

Density bonuses would be difficult to utilize in Very High Fire Hazard Severity Zones, Significant Ecological Areas, Hillside Management Areas, or sensitive habitat areas in the Coastal Zone. County scenic highways, routes, drives, and scenic elements identified in the Santa Monica Mountains Local Coastal Program are largely located within or next to these areas, which have development standards and permitting requirements that are intended to protect people, property, and biological resources. In addition, these areas are generally zoned for low density single-family development, where it would be difficult to utilize a density bonus or IHO which only applies to projects of five or more units.

Further, the IHO only applies in residential projects within the IHO submarket areas, none of which include the above listed scenic highways. Therefore, the four scenic highways listed above would not be impacted. Impacts under the IHO to other eligible scenic highways would be less than those anticipated for the General Plan Update because individual projects are anticipated to be developed within urbanized areas and not in locations where any of these routes could be impacted. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur. The General Plan EIR found impacts would be less than significant.

(c) Does IHO Require Subsequent or Supplemental CEQA Documentation with respect to degradation of existing visual character or quality of the site and its surroundings?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

Visual character within the County is greatly varied. The County's mountain ranges, foothills, valleys, basins, beaches, coastal islands, deserts, as well as the built environment and the variety within this category all contribute to the visual character of an area. The General Plan Update EIR concluded that there would be the potential for substantial changes to the visual character of the County, primarily related to the overall magnitude of growth anticipated. However, the guidelines and development standards existing in the regulatory framework would serve to lessen the potential impacts by providing consistency from past to future development. Additionally, several of the guiding principles, goals, policies, and implementation programs contained in the General Plan would serve to lessen or mitigate potential impacts by providing direction for future decision making, as well as by requiring additional future review of potential impacts of individual development projects that would be accommodated by the General Plan Update. Changes in land use included in the General Plan Update are generally limited to portions of the County that feature existing urban development. The introduction of higher density development and mixed uses in these areas would result in small adjustments to the community character and visual appearance of the applicable Planning Areas. Although land use changes are not proposed for the Antelope Valley Planning Area and Santa Clarita Valley Planning Area, these areas are anticipated to experience substantial growth prior to buildout. These areas would likely experience the most substantial changes in visual character and appearance during that period. However, applicable portions of the County Code, and relevant goals and policies of the General Plan would reduce these impacts. Therefore, the General Plan Update EIR found impacts related to changes in visual character to be less than significant.

The IHO requires project with five or more units, within the selected submarket areas to set aside a portion of units for affordable housing. As noted above, the IHO could work in tandem with the DBO and result in a greater number of larger projects than otherwise might occur. The IHO could result in more housing that does not conform to height or setback limitations than would otherwise occur. Although it is also possible that the IHO would inhibit development because of the requirements being considered too onerous, potentially leading to less development than would otherwise occur.

The IHO is anticipated to apply to projects in areas with residential zoning. The IHO would not be expected to increase density independent of the DBO. Where the DBO could be utilized, these areas tend to have visual character typical of urban or suburban environments. Projects that make use of the DBO to modify development standards are required to meet the findings for incentives or waivers from development standards as applicable. These findings stipulate that the incentive or waiver would not have a specific adverse impact upon the physical environment. Projects that do not meet these findings are subject to a discretionary review process, which require project-specific environmental analysis. In cases where the IHO applies to projects that do not utilize DBO incentives, there would be no increase in the use or density of the project, as the IHO would only require that the project set aside affordable housing units and does not allow for additional density beyond what the zoning allows on its own.

As concluded in the General Plan Update EIR, changes in land use would generally be limited to areas that feature existing urban development. Individual projects are anticipated to be developed within urbanized areas and would be consistent with urban/suburban visual character. General Plan goals and policies would remain in effect to lessen and mitigate any potential impacts. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(d) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that buildout under the General Plan Update would result in the construction of additional development throughout the County, which would generate additional sources of light and glare that could adversely affect day or nighttime views. However, since development would generally occur in urbanized areas where existing lighting and light pollution are already high, these increases in light and glare would not be substantial. In rural areas of the County growth could also potentially diminish nighttime views and/or dark skies, but applicable regulations would minimize these impacts. The General Plan Update EIR found impacts related to light and glare would be less than significant.

Development under the IHO would be limited to the submarket areas defined in the ordinance, including the Antelope Valley, Coastal South Los Angeles, East Los Angeles/Gateway, San Gabriel Valley, and Santa Clarita Valley. Individual projects could introduce new lighting sources when located near industrial, warehouse, residential, commercial, and mixed-use land uses. However, individual projects developed in accordance with the IHO are anticipated to occur where development already occurs and where existing lighting is typical of urban uses. The County's Dark Skies Ordinance protects areas in the Antelope, Santa Clarita and San Fernando valleys and the Santa Monica Mountains North Area from light pollution by requiring measures, such as directing lighting towards the ground. The IHO does not apply to the Santa Monica Mountains. Development of individual projects that are subject to the IHO would be subject to County requirements that regulate spillover lighting including the Rural Outdoor Lighting Ordinance, which applies to rural areas throughout Los Angeles County. Additionally, the California Building Code contains standards for outdoor lighting that are intended to reduce light pollution and glare by regulation light power and brightness, shielding, and sensor controls. Individual projects would be required to comply with County requirements addressing spillover light and glare, and projects would generally be limited to urbanized areas. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

While not specifically addressed by CEQA, the General Plan Update EIR evaluated shade and shadow impacts specifically related to the Antelope Valley Planning Area where the General Plan anticipates development to occur. The IHO in combination with the DBO could lead to a greater number of larger projects than would otherwise have occurred without the IHO. However, these projects would likely be in urban areas that would not be substantially affected by these incremental increases in shade/shadow. It is not anticipated that the IHO would substantially change impacts as compared to those identified for the General Plan Update EIR; no new or greater impacts would occur.

3.2 AGRICULTURE AND FORESTRY RESOURCES

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the conversion of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that implementation of the Agricultural Resource Area (ARA) policies under the General Plan would reduce both direct and indirect impacts of conversion of mapped Important Farmland. However, these ARAs would not be agricultural preserves and some conversion to non-agricultural uses would be permitted. As such, impacts due to buildout of the General Plan were identified as significant in the Antelope Valley Planning Area and Santa Monica Mountains Planning Area. As most of Los Angeles County is 1) urbanized, 2) mountainous terrain unsuitable for intensive commercial agriculture, or 3) land with other constraints that make commercial agriculture infeasible (such as lack of water supply or soil suitability), use of offsite preservation as a mitigation measure would require acquisition of land outside of the County and therefore was considered infeasible. Impacts in the remaining nine Planning Areas were identified as less than significant.

The IHO only applies in zones that allow residential uses as the principal use and applies to projects of five or more units. Single family developments are allowed in the agricultural A-1 and A-2 zones. However, the IHO would not change the allowable uses or increase the number of units and the IHO would only apply to projects large enough to accommodate a subdivision of at least five lots. Impacts to the Antelope Valley Planning Area would remain significant as discussed in the General Plan Update EIR. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to a conflict with existing zoning for agricultural use, or a Williamson Act contract?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that implementation of the zoning changes within the General Plan Update would not involve any rezoning of farmland and impacts regarding conversion of farmland to non-agricultural uses would be less than significant. Furthermore, the General Plan Update EIR identified that the only Williamson Act contracts in effect in Los Angeles County are located on Santa Catalina Island, of which there is no Important Farmland mapped. No impact to Williamson Act contracts would occur according to the General Plan Update EIR.

The IHO would require development projects to set aside affordable units for applicable projects. As described above, the IHO only applies in zones that allow residential uses as the principal use and applies to projects of five or more units. Agricultural zoning, would not be changed under the IHO and the IHO would not increase the density within these areas. Therefore, impacts to Williamson Act contracts as a result of the development in accordance with the IHO would not substantially change as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to a conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR found that the General Plan includes the addition of two new zones created for future use in rural areas. However, both of these zones (C-RU and MXD-RU) have only been mapped along commercial corridors and in commercial areas. The remaining zones added as part of the General Plan Update would only be designated in intensely urban areas and would thus not impact forest land. As the County has no existing zoning specifically designating forest use, implementation of the General Plan would not conflict with existing zoning for forest land or timberland. No impact would occur.

As described above, the IHO only applies to project of five or more units in zones that allow residential uses as the principal use. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(d) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to a result in the loss of forest land or conversion of forest land to non-forest use?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

Forests in the County are largely limited to mountain ranges in three of the eleven Planning Areas: Antelope Valley, Santa Clarita Valley, and Santa Monica Mountains. Small areas of forest are also found at the northern edge of the East San Gabriel Valley and West San Gabriel Valley Planning Areas. The largest concentration of forest is in the Angeles National Forest, which covers 25 percent of the land area of the County. Despite the large extent of the Angeles National Forest, very little of its area contains forests or woodlands as defined by the California Public Resources Code. Most of the land area in the Angeles National Forest is chaparral or similar scrub communities. Forests in the County are limited to narrow formations along creeks and other watercourses and the highest elevations of the San Gabriel Mountains. The General Plan Update EIR indicates that Forest land within Los Angeles County is protected through the County's Significant Ecological Area (SEA) Ordinance. As part of the General Plan Update, the County completed minor updates to the SEA designations and policies, including minor changes to the policies, boundaries and technical descriptions of the County's SEAs. The General Plan Update EIR concluded that compliance with the SEA Ordinance would reduce potential impacts to forest land to a less than significant level.

The Angeles National Forest and Los Padres National Forest lie within the unincorporated areas of Los Angeles County and are managed by the U.S. Forest Service. These forest areas are zoned for watershed, open space, agriculture and a limited amount of low-density residential and rural commercial development. These zones permit single-family homes but not multifamily homes. In order to qualify for a density bonus, a project must have at least five units pre-bonus, making the use of the IHO in conjunction with the DBO in these areas unlikely due to the required lot sizes. While the IHO would apply in zones that allow residential uses, the IHO itself would not change any allowable land uses or result in any additional development as it only requires a set aside for affordable housing for projects with five or more units. Therefore, the density of projects would not change and impacts related to the loss of forest land would remain less than significant. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impact would occur.

(e) Does the IHO Require Subsequent or Supplemental CEQA Documentation that would involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to non-agricultural use or conversion of forest land to non-forest use?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR, due to agricultural uses being incompatible with some other land uses, concluded that buildout under the General Plan Update may lead to new nonagricultural uses that develop around existing agricultural uses, which would create pressure for them to be converted to nonagricultural uses. Implementation of Agricultural Resource Area (ARA) policies would reduce direct and indirect impacts of conversion of mapped Important Farmland to incompatible non-agricultural uses. However, ARAs are not agricultural preserves, and some conversion of Important Farmland to non-agricultural uses would be permitted in ARAs. The General Plan Update EIR found that in the Antelope Valley Planning Area and Santa Clarita Valley Planning Area there would be a significant indirect impact on conversion of mapped Important Farmland to nonagricultural use due to pressure to convert farmland to non-agricultural uses and related incompatibilities between agricultural and urban uses. The General Plan Update EIR indicated that there are no feasible mitigation measures to reduce impacts to farmland in these areas. The General Plan Update EIR found that impacts would be less than significant in the nine other Planning Areas.

The IHO would not result in development that would result in conversion of Farmland to non-agricultural use or conversion of forest land to non-forest use. Forests and farmland in the County are relatively isolated from urban areas. Development under the IHO is anticipated to substantially occur in urbanized areas of the County, especially where it is used in conjunction with the DBO. The IHO itself would not change any allowable land uses or result in any additional development as it only requires a set aside for affordable housing for projects with five or more units. Therefore, forests and farmlands would not be significantly impacted. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.3 AIR QUALITY

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to conflict with or the potential to obstruct implementation of the applicable air quality plan?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that the Antelope Valley Air Quality Management District (AVAQMD) and the South Coast Air Quality Management District (SCAQMD) consider a project consistent with the air quality management plan (AQMP) if it is consistent with the existing land use plan. Zoning changes, specific plans, general plan amendments, and similar land use plan changes that do not increase dwelling unit density, vehicle trips, or vehicle miles traveled (VMT) are deemed to not exceed this threshold. Based on projections from the Southern California Association of Governments (SCAG), buildout of the General Plan Update in 2035 would result in higher populations for the unincorporated areas of the County. The General Plan Update EIR concludes that individual development projects would be consistent with the control measures and regulations identified in the SCAQMD and AVAQMD's AQMPs. However, the General Plan Update EIR found that development would not be consistent with the AQMPs because the buildout in the unincorporated areas would exceed forecasts in the AQMP. As such, the impact was found to be significant and unavoidable.

The IHO would require applicable developments within certain planning areas to set aside affordable housing units. The IHO would not increase the growth and development beyond what is anticipated from buildout of the General Plan Update Since the release of the General Plan Update, the SCAQMD adopted an updated AQMP in 2017 that incorporates SCAG's updated population projection numbers from the 2016/2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) that would account for the population increase in unincorporated areas of the County. However, the AVAQMD's Ozone Attainment Plan has not been updated and as a result there is the potential for development from the General Plan Update to exceed the AVAQMD's plan. The IHO alone would not result in any substantial increase in housing as it only requires applicable development to set aside a portion of development for affordable housing. When combined with density bonus there is the potential for larger (in term of units) projects to be constructed. Density bonus projects tend to be multifamily and located in infill areas. As such, the IHO would not be expected to increase the number of units beyond what was analyzed in the General Plan Update. Furthermore, as stated above, under the IHO alone, there would be no increase in the use or density of an individual project, as the IHO would only require that the project set aside affordable housing units and does not allow for additional density beyond what the zoning allows on its own. While the IHO could incentivize increased use of the DBO, impacts would not be greater than those evaluated in the General Plan EIR.

The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur. The General Plan EIR found impacts would be significant and unavoidable.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the potential to violate any air quality standard or contribute substantially to existing or projected air violation?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that due to the scale of development activity associated with the buildout of the General Plan Update, construction activities would likely generate criteria air pollutant emissions that would exceed SCAQMD's and AVAQMD's regional significance thresholds and would contribute to the nonattainment designations of the South Coast Air Basin (SoCAB) and Antelope Valley portion of the Mojave Desert Air Basin (MDAB).

The General Plan Update EIR indicates that construction activities associated with buildout could expose people to Valley Fever within the arid, desert portions of the unincorporated areas of the County. The General Plan Update EIR indicates that individual projects are required to reduce the potential risk of exposing sensitive receptors to Valley Fever through implementation of AVAQMD and SCAQMD fugitive dust control measures. SCAQMD and AVAQMD dust control rules would reduce fugitive dust emissions as well as exposure to on-site workers. General Plan Update policies, including Policy AQ 1.3 (Reduce particulate inorganic and biological emissions from construction, grading, excavation, and demolition to the maximum extent feasible), would further reduce the impacts from fugitive dust during construction.

The General Plan Update EIR concludes that construction emissions must be addressed on a project-by-project basis and that for a broad-based General Plan Update, it is not possible to determine whether the scale and phasing of individual projects could result in the exceedance of the SCAQMD's or the AVAQMD's short-term regional or localized construction emissions thresholds. **Mitigation Measure AQ-1** (construction equipment and procedures), regulatory measures, as well as goals and policies in the General Plan Update would reduce air pollutant emissions. However, due to the likely scale and extent of construction activities pursuant to the future development that would be accommodated by the General Plan Update, at least some projects would likely continue to exceed the SCAQMD and AVAQMD thresholds. Therefore, the General Plan Update EIR determined construction- and operation-related air quality impacts of the buildout of the General Plan would be significant and unavoidable.

Under the IHO individual projects have the potential to violate air quality standards or contribute substantially to an air quality violation. While overall total emissions in the future are expected to be less than today (as a result of emissions controls), there is the potential for violations of standards adjacent to individual construction sites and individual industrial uses. As with development under the General Plan Update, it is not possible to determine the scale or phasing of individual projects. An evaluation of the construction emissions would be undertaken on a project-by project basis. As noted above, the IHO in combination with the existing DBO could result in an increased number of larger projects than would otherwise occur (as developers building market rate housing and required to include affordable units may seek to make up for the loss of market rate units by building more total units consistent with the DBO). Although it is also possible that the IHO would inhibit development because of the requirements being considered too onerous, potentially leading to less development than would otherwise occur).

It is not anticipated that the IHO would result in new projects, but it could result in more incrementally larger projects which typically would not increase daily construction activity. As under the General Plan Update, construction of multiple projects simultaneously could result in total daily construction emissions exceeding regional thresholds and therefore emissions associated with construction could be significant. Such emissions would be within the assumptions identified in the General Plan Update EIR. As indicated in the General Plan Update EIR, the risk posed from Valley Fever would be reduced to less than significant levels with the implementation of the SCAQMD or AVAQMD's fugitive dust measures. However, even with the implementation of **Mitigation Measure AQ-1**, regulatory measures, as well as general plan goals and policies, it is likely that some projects would exceed the relevant SCAQMD and AVAQMD criteria air pollutant thresholds, as described above, these impacts were fully disclosed within the General Plan Update EIR and no new or greater impacts would occur.

Individual projects would result in emissions as a result of mobile sources (vehicles) and stationary sources (heating, ventilation and air conditioning, lighting, landscape equipment). On some sites (such as redevelopment) existing uses already generate emissions. However, because specific sites are not known, such existing uses (and therefore associated emissions) are unknowable at this time. Overall development would be consistent with growth assumptions for the unincorporated County of Los Angeles as analyzed in the General Plan Update EIR.

The IHO would not substantially change construction or operational air quality impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that buildout of the land use plan would generate additional vehicle trips and area sources of criteria air pollutant emissions that exceed SCAQMD's and AVAQMD's regional significance thresholds and would contribute to the nonattainment designations of the SoCAB and Antelope Valley portion of the MDAB. **Mitigation Measure AQ-1** as well as General Plan Update goals and policies would reduce these impacts. However, due to the magnitude of emissions generated by the buildout, mitigation measures would not reduce impacts below SCAQMD's or AVAQMD's thresholds. The General Plan Update EIR found impacts would be less than significant.

The IHO would not increase the growth and development beyond what is anticipated from buildout of the General Plan Update. Development related to the IHO would likely be within urbanized areas and would incentivize transit and active transportation. While the IHO could incentivize more use of the DBO and therefore an increase in the number of individually incrementally larger projects, overall it is not anticipated to result in development greater than the growth assumptions in the General Plan Update which are included in the 2016 AQMP. As a result, the cumulative air quality emissions associated with the IHO were already accounted for within the General Plan Update EIR. The IHO would not substantially change cumulative air quality impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(d) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the potential to expose sensitive receptors to substantial pollutant concentrations?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR identifies a land use plan that would result in the operation of new land uses, and would generate new sources of criteria air pollutants and toxic air contaminants (TACs).

SCAQMD and AVAQMD consider projects that cause or contribute to an exceedance of the California Ambient Air Quality Standards (CAAQS) or the National Ambient Air Quality Standards (NAAQS) to result in significant impacts. Due to the scale of development activity associated with buildout of the General Plan Update, emissions could exceed the SCAQMD and AVAQMD regional significance thresholds and therefore, in accordance with the SCAQMD and AVAQMD methodology, may result in a significant localized impact. Those projects of sufficient size to result in significant air quality are generally expected to require discretionary review and would be evaluated and mitigated as appropriate on a project-by-project basis. The General Plan Update EIR indicated that, due to the broad-based nature of the EIR it was not possible to determine whether the scale and phasing of individual projects would result in the exceedance of localized emissions thresholds. Nevertheless, because of the likely scale of future development that would be accommodated by the General Plan Update, at least some projects were expected to individually exceed the CAAQS and/or NAAQS.

The General Plan Update EIR also indicated that operation of new land uses, consistent with the General Plan Update, could also generate new sources of TACs within the unincorporated areas from various industrial and commercial processes (e.g., manufacturing, dry cleaning). Stationary sources used as emergency power supply to communication equipment could also generate new sources of TACs and particulate matter. Land uses that have the potential to generate substantial stationary sources of emissions that would require a permit from SCAQMD or AVAQMD include industrial land uses, such as chemical processing facilities, dry cleaners, and gasoline-dispensing facilities. In addition to stationary/area sources TACs, warehousing operations could generate a substantial amount of diesel particulate matter emissions from off-road equipment use and truck idling. New land uses in the unincorporated areas that generate truck trips (including trucks with transport refrigeration units) could generate an increase in DPM that would contribute to cancer and non-cancer risks in the SoCAB or Antelope Valley portion of the MDAB. These land uses could be near existing sensitive receptors within the unincorporated areas. Since the nature of these emissions could not be determined at the time of

General Plan Update preparation, the impacts are considered significant. **Mitigation Measure AQ-3** requires projects that will cite new sensitive receptors within a certain distance of land uses associated with high levels of TAC emissions to prepare a health risk assessment and, if necessary, apply additional on-site mitigation. Therefore, sensitive receptors placed near major sources of air pollution would achieve the incremental risk thresholds established by SCAQMD and AVAQMD. The General Plan Update EIR found impacts would be less than significant.

As described above, the IHO only applies to projects of five or more units in zones that allow residential uses as the principal use. As discussed above, the IHO would not increase the growth and development beyond what is anticipated in the General Plan Update EIR nor would the ordinance change the location in which development would occur. Since the IHO is designed to increase the availability of low-income housing, the Ordinance is only applicable to residential or mixed-use projects. As a result, the Ordinance would not generate new sources of mobile or stationary-source TAC emissions typically associated with industrial or commercial processes.

In 2015, the California Supreme Court in *California Building Industry Association v. Bay Area Air Quality Management District (CBIA v. BAAQMD)*, held that CEQA generally does not require a lead agency to consider the impacts of the existing environment on the future residents or users of a project. However, if a project exacerbates a condition in the existing environment, the lead agency is required to analyze the impact of that exacerbated condition on future residents and users of a project, as well as other impacted individuals.

However, as **Mitigation Measure AQ-3** requires projects that will cite new sensitive receptors within a certain distance of land uses associated with high levels of TAC emissions to prepare a health risk assessment and, if necessary, apply additional on-site mitigation. The IHO would not substantially change cumulative air quality impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur

(e) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to creating objectionable odors affecting a substantial number of people?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that industrial land uses associated with the General Plan Update could create objectionable odors. However, **Mitigation Measure AQ-4** (odor management plan) would ensure that odor impacts are minimized, and facilities would comply with SCAQMD and AVAQMD Rule 402. The General Plan Update EIR found impacts would be less than significant.

The IHO is only applicable to residential and mixed-use projects. Therefore, the IHO would not encourage the development of industrial land uses that could create objectionable odors. Residential use is not associated with odor nuisance and therefore this impact is less than significant. The IHO would not substantially change cumulative air quality impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.4 BIOLOGICAL RESOURCES

(a) Does the proposed IHO Require Subsequent or Supplemental CEQA Documentation with respect to having a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service (USFWS)?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that implementation of the policies from the General Plan Update, including updates to the Significant Ecological Area (SEA) designations and policies will have direct and indirect beneficial impacts for special-status species by emphasizing avoidance and minimization of impacts to habitats and encouraging greater protection for habitat and resources. However, the buildout of the General Plan Update will result in impacts to various habitat types, which will result in the loss of special-status species through direct mortality or via indirect effects (e.g., through wildlife habitat loss and edge effects at the urban-wildland interface). **Mitigation Measure BIO–1** (biological resources assessment report) would ensure that, on a project-specific level, necessary surveys are conducted, and a biological resources assessment is prepared to analyze project-specific impacts and propose appropriate mitigation measures to offset those impacts. **Mitigation Measure BIO–2** (pre-construction surveys) would ensure that no direct mortality to special-status species would occur with implementation of construction activities by requiring pre-construction surveys (and construction monitoring where warranted) for special-status species as necessary.

Although direct impacts to special-status species would be mitigated, there is no mitigation provided for the indirect impacts to special-status species through the loss of common (i.e., non-sensitive) habitats. Special-status species are dependent on a variety of habitat types (comprised of both common and sensitive habitats), and the conversion of common habitat types with the buildout of the General Plan Update would result in the overall reduction of habitat and resources to support special-status species. The General Plan Update EIR found impacts would be significant and unavoidable.

The IHO would not make changes to the SEA designations or policies. The IHO would apply to areas where residential use is the primary use and most likely would occur within urban areas. Generally, these areas provide little, if any, biological resources in the form of habitat, species or plant communities therefore, threatened, endangered, protected and sensitive species, and habitats, are not anticipated to be affected. Projects associated with the IHO which occur within SEA designated areas would be subject to all existing regulations in the SEA. Projects that make use of density bonus incentives (including IHO/DBO projects) to modify development standards are required to meet the findings for incentives or waivers from development standards as applicable. These findings stipulate that the incentive or waiver would not have a specific adverse impact upon the physical environment. Projects that do not meet these findings are subject to a discretionary review process, which require project-specific environmental analysis. **Mitigation Measures BIO-1** and **BIO-2** would remain in effect to mitigate potential direct impacts to a less than significant level. However, indirect impacts would remain significant and unavoidable, as was determined in the General Plan Update EIR. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the proposed IHO Require Subsequent or Supplemental CEQA Documentation with respect to having a substantial adverse effect on any riparian habitat or sensitive natural communities identified in local or regional plans, policies, regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update incorporates proposed SEAs to identify the County's most sensitive biological resources, which includes riparian habitat and sensitive plant communities. However, the SEAs do not guarantee preservation, nor do they protect all riparian habitat and sensitive plant communities found within Los Angeles County. Implementation of all of these policies will have both direct and indirect beneficial effects for riparian habitat and sensitive plant communities by avoiding the most biologically sensitive areas, concentrating development in previously disturbed areas, and by emphasizing avoidance, minimization, and mitigation of impacts to habitats. However, the buildout of the General Plan Update will impact various habitat types, including riparian habitat and other sensitive plant communities. Thus, The General Plan Update EIR concluded that buildout would have a significant adverse effect on these resources.

Mitigation Measure BIO–1 would ensure that, on a project-specific level, necessary surveys are conducted and a biological resources assessment is prepared to analyze project-specific impacts and propose appropriate mitigation measures to offset those impacts. **Mitigation Measure BIO–3** (wildlife corridors and nursery sites) would ensure that unavoidable impacts to sensitive habitats are mitigated with the environmentally superior mitigation; thus, with implementation of this mitigation measure, impacts to sensitive habitat would be considered less than significant. The General Plan Update EIR found impacts would be less than significant.

The IHO would apply to residential projects in specified submarket areas. Many of the areas with the most sensitive natural communities such as SEAs, Hillside Management Areas (HMAs), and coastal habitat are outside of the submarket areas. In addition, zoning restrictions make the development of residential uses in sensitive areas difficult. Sensitive areas have building requirements and discretionary permit review processes to protect the most sensitive natural communities in the unincorporated areas. In 2019, the County adopted the SEA Ordinance which established permitting requirements, development standards, and review processes for developments within SEAs. Therefore, new projects proposed within a SEA would be subject to the ordinance and subject to all existing regulations. While the IHO could apply in these areas, the IHO would not by itself increase the allowed density and any development would be required to be consistent with existing zoning. **Mitigation Measure BIO-1** and **BIO-3** would remain in effect to reduce potential impacts to a less than significant level.

The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the proposed IHO Require Subsequent or Supplemental CEQA Documentation with respect to having a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including but not limited to marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that buildout of the General Plan Update may impact wetland areas and these impacts may have a significant adverse effect on wetlands through hydromodification, filling, diversion or change in water quality. **Mitigation Measure BIO–1** would ensure that, on a project-specific level, necessary surveys are conducted and a biological resources assessment is prepared to analyze project-specific impacts and propose appropriate mitigation measures to offset those impacts. In addition, for wetlands under the jurisdiction of the USACE, CDFW, and/or RWQCB, as well as waters and riparian habitat under their respective jurisdictions, permits and mitigation may be required, subject to the approval of the regulatory agencies. Furthermore, project locations with plant communities considered sensitive by the CDFW must be analyzed under CEQA. The General Plan EIR found impacts with implementation of these mitigation measures in combination with the requirements for regulatory permitting (e.g., Section 404 permitting and any associated mitigation requirements), impacts to wetlands would be considered less than significant.

The IHO would require new residential development within the described planning areas to set aside affordable housing units. While the IHO could increase the number of projects that are incrementally larger than they otherwise would have been (because of developers seeking to make up the loss of market rate units with additional units), the IHO would not increase the overall growth and development beyond what is anticipated in the General Plan Update EIR, nor would the ordinance change the location of planned development. The unincorporated area of Los Angeles County contains areas with coastal wetlands, drainages, marshes and vernal pools. Any impact related to implementation of the IHO to these areas has already been evaluated by the General Plan Update EIR.

Impacts to federal or state protected wetlands and waters of the United States would be limited for development due to the fact that these areas have building requirements and discretionary permit review processes designed to protect the most sensitive marshes, vernal pools, coastal wetlands, and drainages. Since the most sensitive of these resources are protected in the General Plan Update, the impacts of the ordinance would be less than what was disclosed in the General Plan Update EIR.

For waterways in the unincorporated areas that are note located in special management areas, the General Plan Update includes polices to preserve wetlands and streambeds. In addition, state and federal agencies are involved in the review and permitting of projects in these areas when necessary. Therefore, the IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(d) Does the proposed IHO Require Subsequent or Supplemental CEQA Documentation with respect to interfering substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

According to the General Plan Update EIR, Los Angeles County supports seven regional wildlife linkages: San Gabriel – Castaic Connection, San Gabriel – San Bernardino Connection, Santa Monica – Sierra Madre Connection, Sierra Madre – Castaic Connection, Tehachapi Connection, Antelope Valley Connection, and the Puente Hills – Chino Hills Connection. There are 11 linkages along principal water courses, nine linkages along ranges of mountains and hills, and an important linkage along the San Andreas Fault.

Policies within the General Plan Update, including updates to the SEA Ordinance, have both direct and indirect beneficial effects protecting regional wildlife linkages and facilitating wildlife movement by avoiding the most biologically sensitive areas and concentrating development in previously disturbed areas. However, the General Plan Update EIR indicated that buildout could impact regional wildlife linkages and nursery sites, constituting a potentially significant adverse effect on wildlife movement and nursery sites. **Mitigation Measure BIO–1** and the update to the SEA Ordinance may provide some protection to avoid or minimize impacts to wildlife corridors and nursery sites; however, for those projects where avoidance or minimization of impacts is infeasible, the policies proposed in the General Plan Update do not provide for mitigation for loss of wildlife movement opportunities or nursery sites. If development impacts regional wildlife linkages and impedes wildlife movement, connectivity will be lost on a regional scale in these vital landscape corridors and linkages. Thus, the General Plan Update EIR found impacts would be significant and unavoidable.

Many of the areas that are identified as wildlife linkages or that serve as important habitat and/or connections between habitat and wildlife migratory routes, are zoned for watershed, open space, agriculture and a limited amount of low-density residential development. The IHO would apply to residential projects with at least five units, and therefore in general would not affect areas that provide wildlife linkages or nursery sites. The IHO would not increase development beyond what is already anticipated under the General Plan Update. Additionally, any projects developed within a SEA would be subject to the County's 2019 SEA Ordinance, as described above. Therefore, the IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(e) Does the proposed IHO Require Subsequent or Supplemental CEQA Documentation with respect to conflicts with any local policies or ordinances protecting biological resources, such as tree preservation policy or ordinance?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that development will impact oak trees and oak woodlands. The County Oak Tree Ordinance and Oak Woodlands Conservation Management Plan (OWCMP) are applied on a project-specific level and consistency with these plans is determined on a project-by-project basis. The General Plan Update EIR found that the policies of the General Plan Update support the conservation of oak trees and oak woodlands and do not conflict with the County Oak Tree Ordinance or OWCMP. The General Plan EIR found impacts would be less than significant.

There are oaks and other unique native trees within the unincorporated areas of Los Angeles County. However, IHO projects would still be subject to the Oak Tree Ordinance. Further, the removal of oak trees requires appropriate permits and approvals through the Los Angeles County Department of Regional Planning, such as Oak Tree Permits. The IHO would not make any changes to the County Oak Tree Ordinance or OWCMP. Therefore, the IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(f) Does the proposed IHO Require Subsequent or Supplemental CEQA Documentation with respect to compliance with adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

Los Angeles County's coastal zone contains valuable biological resources, including San Clemente Island, Santa Catalina Island, Marina del Rey, Ballona Wetlands and the Santa Monica Mountains. The study and management of these resource areas is more rigorous than other areas in Los Angeles County, and any land disturbance is regulated through coastal land use plans and local coastal programs (LCPs), in compliance with the California Coastal Act. The General Plan Update EIR found that the policies of the General Plan Update would not conflict with these goals and policies of these plans and LCPs. The General Plan Update EIR found impacts would be less than significant.

The IHO would not make any changes to the coastal land use plans and local coastal programs. The IHO applies to certain submarket areas (see **Chapter 2.0, Project Description**), which would not include areas with substantial biological resources mentioned above such as San Clemente Island Santa Catalina Island, Ballona Wetlands or the Santa Monica Mountains, While the Coastal South LA submarket would include Marina del Rey, projects in this area would not be subject to the IHO since the area is within a Specific Plan area with its own inclusionary requirements. There would continue to be no conflict with respect to compliance with any adopted Habitat Conservation Plans, Natural Community Conservation Plans, or other approved local, regional, or state habitat conservation plans. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.5 CULTURAL RESOURCES

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to causing a substantial adverse change in the significance of a historical resource as defined in §15064.5?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that compliance with the goals, policies, and implementation measures of the General Plan Update would reduce impacts to historical resources. However, the policies afford only limited protection to historic structures and would not ultimately prevent the demolition of a historic structure if preservation is determined to be infeasible. The determination of feasibility will occur on a case by case basis as future development applications on sites containing historic structures are submitted. Additionally, some structures that are not currently considered for historic value (as they must generally be at least 50 years or older) could become worthy of consideration during the planning period for the General Plan Update. While policies would minimize the probability of historic structures being demolished, these policies cannot ensure that the demolition of a historic structure would not occur in the future. The General Plan Update EIR found that even with implementation of **Mitigation Measures CUL-1** (Mills Act incentives), **CUL-2** (draft a historic preservation ordinance), and **CUL-3** (draft an adaptive reuse ordinance) impacts would be significant and unavoidable.

The IHO would not directly facilitate residential development but would apply to residential development of five or more units. Increasing housing overall could result in a modification or other impact to a historic building. However, the Historic Preservation Ordinance and State Historic Building Code, if applicable, would be applied on a project by project basis and would protect historic buildings in unincorporated areas. As for development under the General Plan Update, it is not possible to determine exactly where development subject to the IHO would occur. The policies within the General Plan Update would continue to minimize the probability of historic structures being demolished and **Mitigation Measures CUL-1**, **CUL-2**, and **CUL-3** would reduce impacts to historic resources. Further any project that includes an historical resource, as defined by PRC Section 21084.1 that meet PRC 5024.1(g) as potentially eligible, would require discretionary review to ensure the development meets Secretary of Interior Standards for Rehabilitation or Reconstruction. Furthermore, an administrative review process is required for all for projects (including under the IHO and DBO) that request an incentive or waiver for modifications to development standards. This process would require that in order to grant the incentives or waiver, the project would not have a specific adverse impact on a property that is listed in the California Register of Historic Places, or the incentive or waive would have a specific adverse impact for which there is a feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the housing development unaffordable. If the findings are not met, projects requesting to modify development standards will be subject to a discretionary review process and a project-specific environmental analysis under CEQA.

Based on the above, it is speculative at this time to identify the loss of any particular resource. However, impacts to historical resources are identified and disclosed in the General Plan Update EIR. While there is the potential for impacts to occur at individual sites, these impacts would be within those identified in the

General Plan Update EIR. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to causing a substantial adverse change in the significance of an archaeological resource as defined in §15064.5?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that forecast development could impact known and unknown archaeological sites. Locations of archaeological sites and types of resources in each site are kept confidential due to their sensitive nature. The County is considered potentially sensitive for archaeological resources. Thus, ground disturbance has a high potential for uncovering archaeological resources. However, existing federal, state, and local regulations address the provision of studies to identify archaeological and paleontological resources; application review for projects that would potentially involve land disturbance; project-level standard conditions of approval that address unanticipated archaeological discoveries; and requirements to develop specific mitigation measures if resources are encountered during any development activity. The General Plan Update EIR found impacts would be less than significant with implementation of **Mitigation Measures CUL-4** (archaeologist monitoring) and **CUL-5** (paleontologist monitoring), which apply in the event of an unanticipated discovery of archaeological resources during grading and excavation of the site.

The IHO would generally be expected to apply in urban areas where sites are already developed, and impacts would not be substantial since land is already disturbed and resources already impacted. If unexpected archaeological or paleontological resources are discovered during excavation activities such resources must be evaluated in accordance with federal, State, and local guidelines, including those set forth in Public Resources Code section 21083.2. Health and Safety Code section 7050.5, Public Resource Code section 5097.98, and Guidelines section 15064.5(e) address how unexpected finds of human remains are to be handled. In addition, mitigation measures identified in the General Plan Update EIR would apply to development under the IHO.

The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to directly or indirectly destroying a unique paleontological resource or site or unique geologic feature?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that ground disturbance could damage fossils buried in soils. Abundant fossils occur in several rock formations in the County. These formations have produced numerous important fossil specimens. Therefore, the County contains significant, nonrenewable, paleontological resources and are considered to have high sensitivity. The General Plan Update EIR requires implementation of **Mitigation Measures CUL-4** and **CUL-5** to reduce impacts to a less than significant level.

The IHO would generally be expected to apply in urban areas where sites are already developed, and impacts would not be expected to occur. In cases where undeveloped parcels are found to contain paleontological resources, or parcels that are adjacent to paleontological resources, may have to undergo mitigation per consultation with a designated paleontologist or archeologist, consistent with **Mitigation Measure CUL-4**. In the event that paleontological resources are encountered during the construction process, the project would be required to halt all development activities and retain the services of a qualified paleontologist, who can advise when construction activities can recommence, per the Public Resources Code section 5097.5. Compliance with these guidelines would ensure no new or greater impacts would occur.

The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(d) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to disturb any human remains, including those interred outside of formal cemeteries?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR determined that since there are thousands of archaeological sites within Los Angeles County, and human habitation in Los Angeles County is known to date to at least approximately 7,000 years B.C., human remains could be buried in soils. Excavation during construction activities has the potential to disturb human burial grounds, including Native American burials, in underdeveloped areas of the County. However, there Public Resources Code section 5097.98 mandates the process to be followed in the event of a discovery of any human remains and would mitigate all potential impacts. The Health and Safety Code (sections 7050.5, 7051, and 7054) also has provisions protecting human burial remains from disturbance, vandalism, or destruction. The General Plan Update EIR found impacts would be less than significant upon compliance with these regulations.

Projects subject to the IHO would be required to comply with Public Resources Code section 5097.98 as well as the Health and Safety Code (sections 7050.5, 7051, and 7054).

The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Tribal Cultural Resources

Assembly Bill 52 (Chapter 532, Statutes 2014) required an update to Appendix G of the *CEQA Guidelines* to include questions related to impacts to tribal cultural resources. Changes to Appendix G were approved by the Office of Administrative Law on September 27, 2016. However, at the time of the General Plan Update and per Senate Bill 18, county must consult with the NAHC and any appropriate Native American tribe before the adoption, revision, amendment, or update of a county's general plan. While the *CEQA Guidelines* have since been updated, the General Plan Update EIR did analyze impacts on tribal cultural resources in Section 5.5 Cultural Resources. Discussion of the General Plan Update EIR findings and analysis of IHO impacts to tribal cultural resources are discussed below.

(e) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to use a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:

(e) Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k)?

(f) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that development of projects pursuant to the General Plan Update could impact known and unknown archaeological sites. The General Plan Update EIR noted that at the time there were 85 Native American sacred sites under CEQA in association with archaeological resources or, in the case of burial locations, human remains. The Project Area is considered potentially sensitive for archaeological resources. However, **Mitigation Measure CUL-4**, which applies in the event of an unanticipated discovery of archaeological resources during grading and excavation of the site, would reduce impacts to a less than significant level.

The IHO would generally be expected to apply in urban areas where sites are already developed, and impacts would not be substantial. However, projects subject to the IHO may cause impacts to unknown archaeological sites containing tribal cultural resources. **Mitigation Measure CUL-4** would continue to apply and impacts would be reduced to a less than significant level. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.6 GEOLOGY AND SOILS

In 2015, the California Supreme Court in *California Building Industry Association v. Bay Area Air Quality Management District (CBIA v. BAAQMD)*, held that CEQA generally does not require a lead agency to consider the impacts of the existing environment on the future residents or users of a project. However, if a project exacerbates a condition in the existing environment, the lead agency is required to analyze the impact of that exacerbated condition on the environment, which may include future residents and users within the County. The following analysis recaps the General Plan Update EIR for informational purposes, but potential impacts of the environment on a project are no longer considered potentially significant per the CBIA v. BAAQMD decision.

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

(a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:

i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.

ii) Strong seismic ground shaking?

iii) Seismic-related ground failure, including liquefaction as delineated on the most recent Seismic Hazards Zones Map issued by the State Geologist for the area or based on other substantial evidence of known areas of liquefaction?

iv) Landslides as delineated on the most recent Seismic Hazards Zones Map issued by the State Geologist for the area or based on other substantial evidence of known areas of landslides?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

Rupture of a Known Earthquake Fault

The General Plan Update EIR concluded that residents, occupants, or structures would potentially be exposed to seismic related hazards. Implementation of the General Plan Update at buildout would increase numbers of residents, workers, and structures in Los Angeles County. The siting of buildings would have to comply with the requirements of the Alquist-Priolo Earthquake Fault Zoning Act, the purpose of which is to prevent the construction of residential buildings on top of the traces of active faults. The General Plan Update EIR found impacts would be less than significant upon compliance to applicable laws and setbacks from active fault traces.

The IHO would not increase development beyond what is anticipated under the General Plan Update. The siting of residential projects subject to the IHO would have to comply with the Alquist-Priolo Earthquake Fault Zoning Act. Development under the IHO would not exacerbate existing earthquake faults and associated risks conditions. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Strong Seismic Ground Shaking

The General Plan Update EIR explains that development projects are required to adhere to the provisions of the California Building Code (CBC). Projects are required to undertake detailed, site-specific geotechnical investigations. The geotechnical investigations identify seismic design parameters pursuant to CBC requirements, including foundation and structural design recommendations, as needed, to reduce hazards to people and structures arising from ground shaking. The General Plan Update EIR found impacts would be less than significant upon compliance with the requirements of the CBC for structural safety during a seismic event.

All projects including those subject to the IHO are required to comply with CBC requirements. Each future development would be preceded by a detailed, site-specific geotechnical investigation. Development under the IHO would not exacerbate existing ground shaking. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Liquefaction

The General Plan Update EIR indicates that forecast development would not result in increased risk of or exposure to liquefaction or other seismic-related ground failures. Each future development project would be required to comply with the recommendations in the geotechnical investigation report and comply with the CBC. The General Plan Update EIR found impacts would be less than significant.

Projects, including those subject to the IHO will need to comply with CBC regulations. Development under the IHO would not exacerbate existing liquefaction potential. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Seismically Induced Landslides

The propensity for earthquake-induced landslides is greatest in hilly areas, with steep slopes and bedrock or soils that are prone to mass movement. Very few areas of the County have been mapped by the State as zones of seismically induced landslide hazards under the Seismic Hazard Zonation Program. Furthermore, several policies included in the Conservation and Natural Resources and Safety Elements of the General Plan Update have been developed to address potential seismic-related hazards such as ground shaking, liquefaction, and seismically induced landslides. Compliance with existing state and county regulations, as well as goals and policies included as part of the General Plan Update would ensure that the impacts associated with exposure to strong seismic ground shaking, seismic-related ground failure including liquefaction, and landslides are reduced to a less than significant level. The General Plan Update EIR found impacts would be less than significant.

Development under the IHO would not exacerbate existing landslide conditions; existing CBC requirements to investigate and address soil conditions would ensure that projects do not exacerbate risk. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

(b) Result in substantial soil erosion or the loss of topsoil?

(c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?

(d) Be located on expansive soil, as defined in Table 18-1B of the Uniform Building Code (1994), creating substantial risks to life or property?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concludes that forecast development would result in substantial soil erosion, the loss of topsoil, or development atop unstable geologic units or soils, or expansive soils.

Erosion

Buildout of the General Plan Update would involve construction-related ground disturbance in various parts of Los Angeles County. During future development, soil would be graded and excavated, exposed, moved, and stockpiled. Construction and site grading of future development projects pursuant to the General Plan Update could cause substantial soil erosion without effective soil-erosion measures. Adherence to the requirements of the County Code and the CBC, together with the safeguards afforded by the County's building plan check and development review process, would help ensure that appropriate erosion controls are devised and implemented during construction. Furthermore, construction activities on project sites larger than one acre would be subject to National Pollution Discharge Elimination System (NPDES) requirements. Required erosion control measures may include temporary and/or permanent erosion control measures such as desilting basins, check dams, riprap or other devices or methods, as approved by the County. The General Plan Update EIR found impacts would be less than significant.

Residential projects subject to the IHO would be required to comply with CBC regulations and the County's development review process, which would ensure appropriate erosion controls are devised and implemented during project construction. Applicable IHO projects would also have to comply with NPDES requirements as appropriate. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Unstable Geologic Units or Soils and Expansive Soils

Buildout of the General Plan Update would increase numbers of residents, workers, and structures in Los Angeles County. The County is geographically expansive, embracing a variety of geologic settings and soil types. Areas of unstable geologic units or unstable or expansive soils are known to occur locally. Development considered for approval under the General Plan Update could expose structures or persons to potentially significant hazards due to unstable geologic units or soils. Compliance with existing state and county regulations, as well as the goals and policies included as part of the General Plan Update would ensure that the impacts associated with erosion and topsoil loss, as well as development atop unstable geologic units and soil, or expansive soil are minimized to the maximum extent practicable. The General Plan Update EIR found impacts would be less than significant.

Development under the IHO has the potential to expose structures or persons to hazards due to unstable geologic units or soils. However, compliance with existing state and county regulations, as well as relevant General Plan Update goals and policies, would ensure that no new or greater impacts would occur. Development under the IHO would not exacerbate existing soil conditions. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that soil conditions would adequately support proposed septic tanks. Most new development that is anticipated in the County would not require the use of septic tanks or alternative wastewater disposal systems. In those few cases where septic systems might be necessary, such as rural areas of the Santa Clarita Valley and Antelope Valley Planning Areas, the prevailing soil conditions in Los Angeles County are generally amenable to the use to such systems. In addition, all on-site wastewater treatment systems (OWTS) will be required to comply with County Code, Titles 11 and 28 and other regulations applicable to OWTS, including requirements for preparation and submittal of feasibility reports in order to obtain the Department of Public Health - Environmental Health approval for construction and installation of OWTS. As such, there would be no impact from implementation of the General Plan Update at sites where soils might otherwise not be capable of supporting the use of septic tanks or alternative wastewater disposal systems. The General Plan Update EIR found impacts would be less than significant.

The IHO does not increase development beyond what is already anticipated under buildout of the General Plan Update. It is more likely that septic systems would be necessary in rural areas of the Santa Clarita Valley and Antelope Valley Planning Areas, where soil conditions are able to accommodate such systems. Projects subject to the IHO will still be required to comply with regulations applicable to OWTS. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.7 GREENHOUSE GAS EMISSIONS

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to generating GHG emissions, either directly or indirectly, that may have a significant impact on the environment?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that buildout of the General Plan would generate greenhouse gas (GHG) emissions that would have a significant impact on the environment. The General Plan Update would contribute to global climate change through direct and indirect emissions of GHG from land uses within the unincorporated areas. Impacts from GHG emissions within the unincorporated areas would be significant for long-term growth anticipated under the General Plan Update. **Mitigation Measure GHG-1 (**GHG emissions inventory and reduction goals) as well as the Community Climate Action Plan (CCAP) would reduce impacts from buildout of the General Plan Update. However, additional statewide measures would be necessary to reduce GHG emissions under the General Plan Update to meet the long-term GHG reduction goals. Since no additional statewide measures are available, the General Plan Update EIR found impacts would be significant and unavoidable.

Implementation of the IHO would not increase cumulative GHG emissions beyond what has been evaluated within the General Plan Update EIR. Furthermore, the County's Community Climate Action Plan (CCAP), which was adopted as part of the General Plan Air Quality Element, described Los Angeles County's plan to reduce GHG emissions in the unincorporated areas of the County by at least 11% below

2010 levels by the year 2020. The CCAP contains policies and implementing ordinances intended to promote energy efficiency and reduce the urban heat island effect.

The IHO supports the CCAP in promoting housing that will be energy efficient, given that housing would need to comply with Los Angeles County's Green Building regulations in Title 31 and the California Green Building Code (CALGreen), which reference provisions for energy efficiency measures, and housing that promotes alternative modes of transportation. Further, when combined with density bonus, the IHO could result in affordable housing in urbanized areas near transit and services, which is where density bonus is most likely to be implemented.

Since the release of the General Plan Update, the state has passed Senate Bill 32 (SB 32), which called for a statewide reduction of GHG emissions to 40% below 1990 levels by 2030 and the California Air Resources Board (CARB) released the 2017 Scoping Plan in order to create a framework to meet these deadlines. However, similar to the General Plan Update, even with the implementation of **Mitigation Measure GHG-1** and CCAP measures, additional statewide measure are necessary to reduce GHG emissions to meet the long-term GHG reduction goals. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of GHGs?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concludes that the General Plan Update is consistent with the statewide GHG reduction policies. Local actions identified in the General Plan Update include incorporating a multi-model transportation system into the Mobility Element and ensuring that the Land Use Policy Map for the unincorporated areas connects the transportation to land uses. Mobility management is an important component of a multi-modal transportation and a strategy for improving congestion and reducing VMT. Strategies include infrastructure to support liquid natural gas (LNG), compressed natural gas (CNG), and hydrogen vehicles; Intelligent Transportation Systems (ITS); and electric car plug-in ports. In addition, the County's transportation demand management (TDM) policies include strategies that encourage changes travel behavior and discourage single occupant drivers. TDM policies include congestion management pricing, offering employer-based transit passes or increasing transit availability; regional carpooling programs; and parking management.

To achieve the local goals identified in CARB's 2008 Scoping Plan, the General Plan Update included the CCAP which identifies and evaluates feasible and effective policies to reduce GHG emissions. Implementation of the CCAP would be necessary to ensure that the local GHG reduction goals for the County under AB 32 would be met. Adoption and implementation of the CCAP in its entirety would reduce GHG emissions to less than significant levels. However, in the absence of an adopted CCAP, consistency with plans adopted for the purpose of reducing GHG emissions toward the short-term target of AB 32 could be significant. The General Plan Update EIR found impacts would be significant and unavoidable.

The IHO would result in more affordable housing in the County by requiring affordable housing set asides. The IHO will be consistent with the statewide GHG reduction policies evaluated within the General Plan Update. Since the adoption of the General Plan Update in 2015, the state has passed SB 32, which called for a statewide reduction of GHG emissions to 40% below 1990 levels by 2030 and the California Air Resources Board (CARB) released the 2017 Scoping Plan in order to create a framework to meet these deadlines. The General Plan Update determined that the CCAP was necessary to meet local goals within the 2008 CARB Scoping Plan to meet AB 32. The IHO is consistent with the CCAP in promoting housing near transit through the implementation of density bonus. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.8 HAZARDS AND HAZARDOUS MATERIALS

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

- **(a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?**
- **(b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?**
- **(c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?**

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that land uses in the County typically involve the use, storage, disposal and transportation of hazardous materials, such as fuels, lubricants, solvents and degreasers, and paints. The General Plan Update EIR indicates that the transportation of hazardous materials/waste may increase as a direct result of increased hazardous materials/waste usage within Los Angeles County. An increase in hazardous materials usage and transport could result in adverse environmental effects.

Numerous federal, state and local regulations exist that require strict adherence to specific guidelines regarding the use, transportation, and disposal of hazardous materials. Implementation of the General Plan Update would involve an increase in the transport, use, and disposal of hazardous materials. However, any future development and use of land uses would be required to comply with applicable federal, state and local regulations related to hazardous materials. The General Plan Update EIR found impacts would be less than significant.

The IHO would result in additional affordable housing in the unincorporated County. Construction of new housing could require the demolition of existing buildings which could contain hazardous materials such as asbestos or lead paint. Handling of hazardous materials in the course of construction would be regulated by existing Health & Safety Code and Fire Code requirements. In some cases, a project level environmental assessment would determine the potential for impacts as well as any required mitigation.

Further, projects subject to the IHO are residential projects that do not typically involve the use, storage, disposal, and transportation of hazardous materials other than typical household cleaning products. Therefore, projects subject to the IHO would not involve the substantial transport, use, and disposal of hazardous materials. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to being located on a site which is included on a list of hazardous materials compiled pursuant to Government Code Section 65962.5 and, as a result, would create a significant hazard to the public or the environment. ?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that numerous sites within the County are listed on hazardous materials databases complied pursuant to Government Code section 65962.5. Some of the sites are listed as closed, indicating that they have been investigated and/or remediated to the satisfaction of the lead responsible agency (. e.g. RWQCB, DTSC, ACDEH, ACWD) based on land use at the time of closure. The General Plan Update would facilitate new development, including residential, mix-use, commercial, parks, and recreational open spaces, within Los Angeles County. Some of the new development could occur on properties that are likely contaminated. However, Federal and state regulations exist that prevent or reduce hazards to the public and environment from existing hazardous materials sites. In addition, the General Plan Update includes several policies within the Land Use Element that would reduce the potential for the public and the environment to be exposed to hazardous materials from existing site contamination. Compliance with applicable existing regulations and processes would ensure that the General Plan Update would not result in a significant hazard to the public or the environment from future development on existing hazardous materials sites. The General Plan Update EIR found impacts would be less than significant.

The IHO would increase affordable housing in unincorporated Los Angeles County by requiring set asides in projects of five units or more. Some projects subject to the IHO could occur on properties that may be contaminated. However, federal and state regulations as well as policies within the Land Use Element of the General Plan would reduce the potential for the public and the environmental to be exposed to hazardous materials from existing site conditions. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

(e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would result in a safety hazard for people residing or working in the County?

(f) For a project in the vicinity of a private airstrip, result in a safety hazard for people residing or working in the County?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concludes that federal and state regulations exist that prevent hazards to the public and environment near public airports. These include FAA regulations, which establish safety standards for civil aviation, and the State Aeronautics Act, which establishes air safety standards. In addition, the County requires that development projects near public airports comply with any applicable Airport Land Use Compatibility Plan. Implementation of the General Plan Update may result in land use designations that allow development within two miles of a public airport, private airstrip, or heliport. However, existing FAA regulations, County policies and regulations, and General Plan Update goals and policies are intended to identify and properly address potential airport hazards prior to implementation of specific projects within the County. The General Plan Update EIR found impacts would be less than significant.

Projects subjects to the IHO may be constructed within two miles of a public airport, private airstrip, or heliport. However, all projects would be subject to existing FAA regulations, County policies and regulations, and General Plan Update goals and policies intended to address potential airport hazards to specific projects. Furthermore, the IHO by itself would not increase the number of units that are allowed to be built since it only required a set aside of affordable units. As such, the IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(d) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to impairing implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that continued growth and development in Los Angeles County will significantly affect the Los Angeles County Fire Department (LACoFD) and Los Angeles County Sheriff’s Department (LASD) operations. Coordination among various County departments is necessary to ensure adequate emergency response. Collaboration can also ensure that development occurs at a rate that keeps pace with service needs. In addition, several proposed policies of the Safety Element of the General Plan have been developed to address this potential hazard. The General Plan Update EIR found that compliance with applicable regulations and implementation of the General Plan Update goals and policies would ensure the risk of impaired implementation or physical interference with an adopted emergency response plan or emergency evacuation plan is less than significant.

Disaster routes mapped in the General Plan Safety Element are freeways and highways and therefore it is unlikely that a project would be approved that blocks access to the public right of way. The IHO would not increase population or the number of total housing units (although as discussed above, combined with the DBO it could lead to a greater number of individually larger projects than would otherwise have occurred). Projects subject to the IHO would be required to implement applicable regulations as well as General Plan Update goals and policies to reduce the risk of impaired implementation or physical interference of an adopted emergency response plan or emergency evacuation plan. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(e) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to expose people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to the urbanized areas or where residences are intermixed with wildlands?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that portions of the County are within moderate, high, and very high fire hazard zones and could expose structures and/or residences to fire danger. Although fires are a natural part of the wildland ecosystem, development in wildland areas increases the danger of wildfires to residents, property, and the environment. Although multiple regulations are in place to ensure that adequate infrastructure, such as peak load water supplies and necessary disaster routes are incorporated into new developments, older communities with aging and substandard infrastructure may face greater risks from wildland fires. The General Plan Update EIR concludes that policies and conditions of approval for future development projects within the County, in addition to compliance with applicable regulations, will minimize impacts related to wildland fires. The General Plan Update EIR found impacts would be less than significant.

The IHO could result in an increased number of larger projects making use of the DBO. However, Los Angeles County's Very High Fire Hazard Severity Zones are mostly zoned to support low density single-family, open space and agricultural development. A density bonus is unlikely to be utilized for single-family development because of the amount of land that would be required. The IHO which works in tandem with density bonus provisions is likely to result in affordable housing, which tends to serve transit-dependent populations and is built in urban areas that are accessible to services and municipal water systems. These attributes are not typical of fire hazard areas. Any projects subject to the IHO constructed in these areas as a result of this ordinance would be regulated by existing Health & Safety Code, Building Code and Fire Code requirements. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.9 HYDROLOGY AND WATER QUALITY

In 2015, the California Supreme Court in *California Building Industry Association v. Bay Area Air Quality Management District (CBIA v. BAAQMD)*, held that CEQA generally does not require a lead agency to consider the impacts of the existing environment on the future residents or users of a project. However, if a project exacerbates a condition in the existing environment, the lead agency is required to analyze the impact of that exacerbated condition on the environment, which may include future residents and users within the County. The following analysis recaps the General Plan Update EIR for informational purposes, but potential impacts of the environment on a project are no longer considered potentially significant per the CBIA v BAAQMD decision.

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the violation of any water quality standards or waste discharge requirements?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concludes that implementation of the General Plan Update would comply with water quality standards and waste discharge requirements and would not substantially degrade water quality. Construction projects of one acre or more in area in each of the three Water Board regions (Los Angeles, Lahontan, and Central Valley) would be required to comply with the General Construction Permit, Order No. 2012-0006-DWQ, issued by the State Water Resources Control Board (SWRCB) in 2012. Projects obtain coverage by developing and implementing a Storm Water Pollution Prevention Plan (SWPPP) estimating sediment risk from construction activities to receiving waters and specifying Best Management Practices (BMPs) that would be used by the project to minimize pollution of stormwater. The General Plan Update EIR found impacts would be less than significant upon compliance with regulatory requirements and General Plan Update policies.

Projects subject to the IHO would be required to develop and implement a SWPPP and BMPs to minimize pollution of runoff. As such, impacts would remain less than significant upon compliance with regulatory requirements and General Plan Update policies. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g. the production rate of preexisting nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that development pursuant to the General Plan Update would interfere with groundwater recharge. Developments in the unincorporated areas of Planning Areas would be mostly limited to redevelopments and reuses of currently developed areas. Thus, redevelopments in those Planning Areas would result in relatively minor increases in impervious areas. Consequent impacts on groundwater recharge would be minimal. The General Plan Update EIR found impacts would be less than significant.

The IHO requires the set aside of affordable housing, it is not expected to result in new development that would otherwise not occur. Therefore, it is unlikely there would be any increase in impervious surface as a result of the IHO. Further, any increase in imperious surface as a result of the IHO in combination with density bonus would be within the increases analyzed in the General Plan Update EIR. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in a substantial erosion or siltation on- or off-site?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded the General Plan Update would not substantially alter drainage patterns in Los Angeles County and would not result in substantial erosion or siltation. Under the MS4 Permit certain categories of development and redevelopment projects are required to mimic predevelopment hydrology through infiltration, evapotranspiration, and rainfall harvest and use. These requirements would ensure that there would not be a substantial change in drainage patterns in the Los Angeles Water Board Region, Lahontan Water Board Region, and Central Valley Water Board Region. The General Plan Update EIR found impacts would be less than significant.

Similar to the General Plan Update, projects subject to the IHO are required to mimic predevelopment hydrology, evapotranspiration, and rainfall harvest as required by the MS4 permit. As a result, the IHO would not create a substantial change in drainage patterns to the Los Angeles Water Board Region, Lahontan Water Board Region, or the Central Valley Water Board Region. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(d) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR found that forecast development would not change drainage patterns in Los Angeles County or in parts of adjoining counties in watersheds extending from Los Angeles County into those counties. Under the MS4 Permits in the Los Angeles and Central Valley Water Board regions, certain categories of development and redevelopment projects are required to mimic predevelopment hydrology through infiltration, evapotranspiration, and rainfall harvest and use. Projects within the Los Angeles Regional Water Quality Control Board (LARWQCB) Region and subject to low impact development (LID) requirements are required must limit post-development peak stormwater runoff discharge rates to no greater than the estimated pre-development rate for developments where the increased peak stormwater discharge rate will result in increased potential for downstream erosion. Developments pursuant to the General Plan Update would not substantially increase runoff rates or volumes and substantial consequent flood hazards would not occur. The General Plan Update EIR found impacts would be less than significant.

Project subject to the IHO would be constructed within the Los Angeles and Central Valley Water Board Regions. The MS4 permits in these areas will require the projects to mimic predevelopment hydrology through infiltration, evapotranspiration, and rainfall harvest and use. Any grading or paving would need to comply with LID and NPDES requirements to receive construction permits. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(e) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to alter the following:

(e) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?

(f) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR found that forecast housing development could occur within 100-year flood hazard areas. However, development within 100-year flood zones would require improvements to flood control facilities, and issuance of Letters of Map Revision by the Federal Emergency Management Agency (FEMA) showing changes to 100-year flood zones reflecting such improvements; or that the floor beams of the lowest floor of the structure are raised above the 100-year flood elevation. Flood insurance available through the National Flood Insurance Program (NFIP) would also be required. Therefore, buildout of the General Plan Update would not place substantial numbers of people or structures at risk of flooding in 100-year flood zones, and impacts would be less than significant.

If a project is subject to the IHO is constructed within these flood zones, they would also be required to improve flood control facilities and issuance of Letters of Map Revision by FEMA to demonstrate improvement; or construct floor beams raised above the 100-year flood elevations. Additionally, these projects would be required to comply with the County's municipal code for building with flood-prone areas. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(f) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that dam inundation areas span some unincorporated areas of all the County except the South Bay Planning Area; and parts of the Antelope – Fremont Valleys, Santa Clara, San Gabriel River, Santa Monica Bay, Los Angeles River, and San Pedro Channel Islands watersheds. Considering the relatively small proportional net increases in numbers of residents and workers that would be put at potential risk from dam inundation; the operation of most of the dams as flood control dams, not impounding large reservoirs most of the time; and safety requirements and inspections by the Division of Safety of Dams, the General Plan Update EIR found that impacts would be less than significant.

It is possible that projects subject to the IHO may result in development of project within dam inundation zones. However, as noted in the General Plan Update EIR, there is a relatively small proportional net increase in numbers of residents and workers that would be put in potential risk. Moreover, most of the dams are flood control dams subject to the safety requirements and inspections by the Division of Safety of Dams. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(g) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to inundation by seiche, tsunami, or mudflow?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

As analyzed in the General Plan Update EIR, parts of the County are subject to inundation by seiche, tsunami, or mudflow. Buildout of the General Plan Update would not subject substantially increased numbers of people or structures to tsunami flood hazards. Therefore, buildout of the General Plan

Update would not subject substantially increased numbers of people or structures to tsunami flood hazards. Impacts would be less than significant.

Geotechnical investigations would be required for the development of structures for human occupancy pursuant to the General Plan Update. Where such geotechnical investigations identified mudflow hazard areas in or next to the sites of proposed structures or other improvements, the geotechnical investigations would include recommendations for minimizing such hazards. Compliance with recommendations of geotechnical investigations is required under the County Grading Code, Title 26, Appendix J of the County Code. Impacts would be less than significant after compliance with recommendations in geotechnical investigations.

The presence of a potential landslide hazard will be determined at the project level. The only unincorporated area in a tsunami hazard zone is Marina del Rey, which is already built-out with high-density housing and is subject to the Marina del Rey Local Coastal Program, which contains analysis and policies governing assessment of tsunami and seiche risk. Further, Marina del Rey would not be subject to the IHO as it has a Specific Plan with an affordable housing requirement. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.10 LAND USE AND PLANNING

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the potential to physically divide an existing community?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update identifies proposed and planned roadways in Los Angeles County. At a programmatic level, the General Plan Update does not allow land uses patterns that would result in division of an established neighborhood or community. Although policy maps included in the Land Use and Mobility Elements of the General Plan identify locations for Transit Oriented Districts, highways, and transit projects, these changes and improvements are not anticipated to divide established neighborhoods. Impacts would be less than significant.

The IHO applies to residential and mixed-use projects and, as a result, would not incentivize the construction of transportation or other types of projects that have the ability to physically divide an area. Projects subject to the IHO would necessarily be consistent with the existing zoning and the allowable densities specified in the General Plan Land Use Element and DBO; any proposed zone change would require discretionary action. Any projects that are not consistent with zoning or the General Plan land use designation (and therefore with the potential to disrupt an existing neighborhood) would be subject to the County process for zone changes or General Plan amendments. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that the General Plan Update would not conflict with goals contained within SCAG's 2012–2035 RTP/SCS or other land use plans. Therefore, impacts related to compatibility between the General Plan Update and applicable plans adopted for the purpose of avoiding or mitigating environmental effects would be less than significant.

Development in accordance with the IHO would occur primarily in residential areas and urbanized areas close to transit. The IHO would be consistent with local land use plans, goals, and policies calling for more affordable housing, transit serving development, mixed-use development served by high-quality transit. The IHO would further accomplish the goals, objectives, policies and programs of the Housing Element of the General Plan by expanding the supply of affordable housing. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to conflict with any applicable habitat conservation plan or natural community conservation plan?		
	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that the General Plan Update would not conflict with adopted habitat conservation plans. Although buildout of the General Plan Update would include development and redevelopment in areas covered by conservations plans, such development would be required to comply with provisions of those plans. Therefore, impacts would be less than significant.

As described in Section 3.4 Biological Resources any projects subject to the IHO developed in areas covered by conservation plans would be required to comply with provisions of those plans. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.11 MINERAL RESOURCES

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?		
	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concludes that implementation of the General Plan Update would cause the loss of availability of a known mineral resource in the Antelope Valley Planning Area but not in the other 10 Planning Areas. No mitigation measures are available that would reduce impacts of buildout from the General Plan to less than significant. The General Plan Update EIR found that mineral resources are limited and nonrenewable and cannot be increased elsewhere to compensate for loss of availability of mineral resources. The General Plan Update EIR found that compensatory mitigation outside of the region was infeasible; such mitigation would not reduce the loss of availability of mineral resources in

Los Angeles County due to the very high cost of transporting aggregate. The General Plan Update EIR found impacts to be significant and unavoidable.

Buildout of the General Plan Update would not substantially reduce the regional availability of oil and natural gas, and it would not render any large oil fields completely inaccessible. Furthermore, development of residential, commercial, and other urban uses does not preclude the continued use of nearby oil wells. Therefore, the geographic scope of areas available for the extraction of oil and natural gas are not expected to be dramatically reduced by implementation of the General Plan Update. The General Plan Update EIR found impacts to oil and gas to be less than significant.

The IHO would not substantially reduce the regional availability of oil and natural gas. While projects subject to the IHO could be constructed in the Antelope Valley Planning Area, it is not anticipated that project sites to be developed under the IHO are currently in use as mineral extraction. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that implementation of the General Plan Update would cause a substantial loss of availability of mineral resources in one mineral extraction area: the Little Rock Wash area in the Antelope Valley Planning Area. The General Plan Update EIR found no mitigation measures that would reduce impacts of buildout from the General Plan Update to less than significant. Mineral resources are limited and nonrenewable and cannot be increased elsewhere to compensate for loss of availability of mineral resources. Compensatory mitigation outside of the region is also infeasible; such mitigation would not reduce the loss of availability of mineral resources in Los Angeles County due to the very high cost of transporting aggregate. The General Plan Update EIR found impacts to be significant and unavoidable.

The IHO is not likely to affect mineral resource zones or otherwise result in the loss of locally important mineral resources. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.12 NOISE AND VIBRATION

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR found that anticipated development would result in an increase in traffic on local roadways in Los Angeles County, which would substantially increase the existing ambient noise environment. It also found that construction activities such as the transport of workers and movement of materials to/from work sites could incrementally increase noise levels along local access roads. Furthermore, the General Plan Update EIR found that demolition, site preparation, grading, and/or physical construction would result in temporary increases in the ambient noise environment in the vicinity of each individual project. Implementation of policies within the General Plan Update would reduce traffic noise impacts to existing noise sensitive uses to the extent feasible. However, no additional feasible mitigation measures are available to further reduce impacts. Residential land uses comprise the majority of existing sensitive uses within Los Angeles County that would be impacted by the increase in traffic generated noise levels. Construction of sound barriers would be inappropriate for residential land uses that face the roadway as it would create aesthetic and access concerns. Furthermore, for individual development projects, the cost to mitigate off-site traffic noise impacts to existing uses (such as through the construction of sound walls and/or berms) may often be out of proportion with the level of impact. The General Plan Update EIR found impacts to be significant and unavoidable.

The IHO would result in projects that would generate some construction noise and could expose residents to sources of noise. However, construction activities are subject to Title 12 of Los Angeles County Code, which regulates construction noise and establishes acceptable noise exposure standards for different land use types. The IHO would not lead to the development of industrial uses, which tend to generate the most significant operational noise impacts. Projects subject to the IHO would be residential and mixed-use developments which do not generate significant amounts of noise compared to other types of uses. Traffic associated with development under the IHO would be within the assumptions made and analyzed in the General Plan Update EIR. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that development could create elevated levels of groundborne vibration and groundborne noise; both in the short-term (construction) and the long-term (operations). Vibration impacts may occur from construction equipment associated with development in accordance with the General Plan Update. **Mitigation Measure N-3** (train-related vibration), would reduce potential train-related vibration impacts to new uses below the thresholds (i.e., below 0.08 RMS in/sec for residential uses). **Mitigation Measure N-4** (construction-related vibration) would reduce vibration impacts associated with construction activities to the extent feasible. **Mitigation Measure N-5** (industrial-related vibration) would reduce potential vibration impacts from industrial uses to less-than-significant levels. The General Plan Update EIR found that due to the potential for proximity of construction activities to sensitive uses and potential longevity of construction activities, impacts would be significant and unavoidable.

The IHO is not anticipated to result in significant generation of, groundborne vibration or groundborne noise levels in excess of County standards. Project subject to the IHO are residential or mixed-use projects. The IHO would not include the development of industrial land uses typical of excessive groundborne vibration or groundborne noise levels. However, construction of projects subject of the IHO may result in short-term ground-borne vibration or groundborne noise levels and would be required to implement **Mitigation Measure N-4,** consistent with the General Plan Update. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that forecast development would result in an increase in traffic on local roadways in Los Angeles County, which would substantially increase the existing ambient noise environment. New noise-sensitive land uses associated with the General Plan Update could be exposed to elevated noise levels from mobile sources along roadways. Implementation of the noise-related policies contained within the General Plan Update in addition to **Mitigation Measure N-2,** which includes an acoustic analysis to develop design recommendations, would reduce exterior noise compatibility impacts. While interior noise levels are required to achieve the 45 dBA CNEL interior noise limit of Title 24 and Title 25, exterior noise levels may still exceed the County noise land use compatibility criteria, despite exterior noise attenuation (i.e., walls and/or berms). The General Plan Update EIR found impacts related to exterior noise compatibility due to increased traffic noise to be significant and unavoidable.

Projects developed under the IHO would generate traffic that could contribute to elevated noise levels from mobile sources along roadways. To the extent that projects exacerbate impacts such impacts would be considered significant. However, most projects would result in a less than significant contribution to traffic and therefore noise. Projects would be required to implement **Mitigation Measure N-2** and are required to achieve interior noise limits. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(d) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that construction activities associated with any individual development may occur near noise-sensitive receptors and, depending on the project type noise, disturbances may occur for prolonged periods of time. **Mitigation Measure N-1,** which requires installation of temporary sound barriers for construction activities that occur adjacent to occupied noise-sensitive structures, equipping construction equipment with mufflers, and reducing non-essential idling of construction equipment to no more than five minutes, would reduce impacts associated with construction activities to the extent feasible. However, due to the potential for proximity of construction activities to sensitive uses and potential longevity of construction activities, impacts construction noise would be significant and unavoidable.

The IHO would not increase the number of projects but could increase the size of more projects than would otherwise occur possibly resulting in longer duration of construction activities in some locations. However, the projects would be subject to Title 12 of Los Angeles County Code, which regulates construction noise and establishes acceptable noise exposure standards for different land use types. The IHO does not provide incentives for industrial uses, which tend to generate the most significant noise impacts. Additionally, the projects would be required to implement the General Plan's **Mitigation Measure N-1**, which would reduce impacts associated with construction activities to the extent feasible. Existing noise levels on sites where projects are most likely to occur is anticipated to be generally urban and in proximity to transit. Noise impacts would be temporary and typical for construction activity, which is allowable in urban areas and therefore reasonably anticipated to occur. In addition, all stationary equipment (primarily anticipated to be HVAC equipment) would be required to comply with county regulations to ensure noise levels do not exceed ambient noise level standards. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(e) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

(e) For a project located within an airport land use plan or, where such a plan has not been adopted, within 2 miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

(f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR explains that development is required to be consistent with any applicable Airport Land Use Compatibility Plan (ALUCP) constraints pertaining to nearby developments. Furthermore, compliance with policies included in the Land Use Element and Noise Element of the General Plan related to land use compatibility would ensure that development would not conflict with airport land use plans. Therefore, future development under the General Plan Update would be consistent with adopted ALUCPs and there would be no significant noise exposure impacts relative to airport or airstrip noise levels (and would not exacerbate existing impacts).

The IHO projects would be required to comply with policies included in the Land Use Element and Noise Element of the General Plan to ensure that development would not conflict with airport land use plans. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.13 POPULATION AND HOUSING

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concludes that the General Plan Update would directly result in population growth in the County. According to the General Plan Update EIR, estimated buildout population of Los Angeles County is 2,356,890 residents, which is expected to occur sometime after 2035. The mixture of land uses and densities anticipated for General Plan Update buildout can accommodate the growth projected by SCAG for 2035. The General Plan accommodates up to 659,409 housing units, and although buildout is not expected to occur by 2035, the opportunities for housing development provided in the General Plan Update are consistent with SCAG growth projections for 405,500 units by 2035. The housing and population growth allowed under the General Plan Update is consistent with SCAG projections and do not constitute a significant adverse environmental impact.

Under the General Plan Update, the Antelope Valley Planning Area goes from an existing jobs-housing ratio of 1.29 to 0.18 at buildout, which is very housing-rich. This would be considered a significant impact without mitigation. **Mitigation Measure PH-1,** which requires the County to identify land use changes to achieve a minimum jobs-housing ratio of 1.30 for the Antelope Valley Planning Area, would reduce potential impacts to population and housing to a level that is less than significant.

The IHO would require affordable housing set asides in applicable zones and submarket areas. If a project subject to the IHO elects to apply the DBO provisions, then additional residential units may be constructed. However, it is not anticipated to result in a substantial increase in population, and the effects of the IHO on its own would be minimal and well within the assumptions of the General Plan Update. The IHO itself would not increase housing development but would require income-restricted units be provided within a development project. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere or displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concluded that existing uses would continue even where new zoning and land use designations are proposed. None of the existing uses would be forced to be removed or relocated as a result of the project implementation. Compliance with the Housing Element would facilitate the development of a variety of housing types by providing a supply of land that is adequate to accommodate the RHNA and maintain an inventory of housing opportunities sites. Therefore, the General Plan Update EIR found no significant impacts.

The IHO is unlikely to result in the displacement of substantial numbers of existing housing units, either market rate or affordable. The purpose of the IHO is to increase affordable housing supply in the unincorporated areas of Los Angeles County. For example, the IHO would work with the Affordable Housing Preservation Ordinance to help ensure there is no net loss of affordable housing. In the event that a project subject to the IHO also requests a density bonus or other incentives or concessions under the DBO, the project is also required to replace existing residential units occupied by very low or lower income households. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.14 PUBLIC SERVICES

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services :

- **Fire protection and emergency response**
- **Police Protection**
- **Schools**
- **Parks**
- **Other Public Facilities**

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

Fire Protection and Emergency Response

The General Plan Update EIR concludes that buildout of the General Plan Update would introduce new structures, residents, and employees into the Los Angeles County Fire Department service boundaries, thereby increasing the requirement for fire protection facilities and personnel. To maintain or achieve acceptable travel time standards for fire protection, it is reasonably foreseeable that the provision of new or physically altered fire facilities would be required, which would have the potential to result in adverse environmental impacts. The General Plan Update EIR found that **Mitigation Measures PS-1, PS-2,** and **PS-3** would reduce potential impacts associated with fire protection. **Mitigation Measure PS-1** would require developers to pay developer fees to the Los Angeles County Fire Department. **Mitigation Measure PS-2,** would ensure that each subdivision map shall comply with the applicable County Fire Code requirements for fire apparatus access roads, fire flows, and fire hydrants. **Mitigation Measure PS-3** would require that a Fuel Modification Plan shall be prepared for each subdivision map in which urban uses would permanently adjoin a natural area. These mitigation measures would reduce impacts to a less than significant level.

Projects that are subject to the IHO will likely be outside of areas with the highest fires risk in Los Angeles County, such as those in the Very High Fire Hazard Severity Zones. These areas are often also within an HMA and/or SEA, where there are also development standards and permitting requirements that are intended to protect people, property, and resources such as hillsides and habitat through the HMA and SEA Ordinances. These areas are generally zoned for open space and low-density single-family residential uses, where the applicability of IHO with or without the use of the DBO is less likely compared to urbanized, infill areas where the fire risk is lower.. The IHO does not increase development capacity beyond what is already anticipated under buildout of the General Plan Update. Therefore, consistent with the General Plan Update EIR, implementation of **Mitigation Measures PS-1, PS-2**, and **PS-3** would reduce any potential impacts associated with projects subject to the IHO. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Law Enforcement

The General Plan Update EIR found that development would introduce new structures, residents, and employees into the Los Angeles County Sheriff's Department service boundaries, thereby increasing the requirement for law enforcement facilities and personnel. The majority of new development pursuant to the General Plan Update would occur in the Santa Clarita Valley and Antelope Valley Planning Areas. A mitigation fee has been adopted for the Santa Clarita Valley but at the time of the General Plan Update EIR, no mitigation fee had been adopted for the Antelope Valley Planning Area. The General Plan Update EIR found that **Mitigation Measure PS-4,** which requires that the County identify an implementation program to ensure adequate funding is available to provide law enforcement services within the Antelope Valley Planning Area, would reduce potential impacts associated with law enforcement to a less than significant level.

The IHO would require set aside of affordable housing units. Similar to fire services, the projects subject to the IHO are not expected to increase population, but rather to assist increase the stock of affordable housing in the County. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

School Services

The General Plan Update EIR found that development would generate new students who would impact the school enrollment capacities of area schools. However, under state law, development projects are required to pay established school impact fees at the time of building permit issuance. The fees authorized for collection are conclusively deemed full and adequate mitigation of impacts on school district facilities. Therefore, the increase in the demand for school facilities and services due to implementation of the General Plan Update would be adequately mitigated by the payment of associated fees. Impacts are less than significant.

The IHO would increase the affordable units in the County; it would not be expected to increase population substantially. Therefore, it is unlikely that additional schools would need to be constructed as a result of the IHO. Projects subject to the IHO would be required to pay established impact fees at the time of building permit issuance, which would adequately mitigate any impacts generated to school service. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Library Services

The General Plan Update EIR found that the General Plan Update would generate additional population, increasing the service needs for the local libraries. According to County Library staff, increased tax revenues funding addresses only library operations, and because of uncertainty regarding General Fund contribution levels, it is not adequate to offset the impact of the project on the County Library's ability to construct new libraries and purchase new items (books, periodicals, audio cassettes, videos, etc.). Consequently, the tax revenues collected would not adequately cover all the costs of serving the project population. In order to minimize potentially adverse effects, the County devised library facilities mitigation fee programs, and future residential projects would be required to remit payment pursuant to the County-wide program to account for library-related construction and acquisition costs. The General Plan Update EIR found that requiring payment of the library facilities fee in effect at the time development occurs would mitigate impacts to a less than significant level.

The IHO would require the set aside of affordable units and would not result in new projects, although as discussed above it could lead to some individual projects having more units but would not increase total forecast population as it would accommodate existing need for affordable housing. Therefore, it is unlikely that additional libraries would need to be constructed as a result of the IHO. Regardless, consistent with the General Plan Update, projects subject to the IHO would be required to pay the County's established library facility fee at the time of building permit issuance, which would adequately mitigate any impacts generated to libraries. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.15 RECREATION

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR indicates that forecast development would generate additional residents that would increase the use of existing parks and recreational facilities but not to such an extent that substantial physical deterioration may occur or be accelerated.

According to the General Plan Parks and Recreation Element, all 11 Planning Areas face a deficit in local parkland totaling over 3,719 acres, and eight of the 11 Planning Areas have deficits in regional parkland. In 2016 the Department of Parks and Recreation completed the Countywide Parks and Recreation Needs Assessment which inventoried existing parks and recreational facilities in 188 study areas (including cities and unincorporated areas), quantified the need for additional park resources, and estimated the potential cost of meeting that need. Funding from a parcel tax approved in 2016 will be allocated locally according to need by the Regional Parks and Open Space District. Further, the General Plan Update EIR found that policies and programs would assure that funding for parkland acquisition would be proportional to increases in population pursuant to the Quimby Act and that impacts would be less than significant.

The IHO would not induce population growth within the County; rather it would serve the forecast population by increasing the number of units in the housing stock that are affordable, although, as mentioned previously, projects subject to the IHO may choose to use the DBO to increase the total number of units in a development. New development would be subject to the Quimby Act and local policies and guidelines regarding the provision of parks and recreation facilities. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to including recreational facilities or requires the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan EIR indicates that the anticipated increase in population would require the construction and expansion of new recreational facilities to serve the forecasted population growth in the unincorporated areas. Although the General Plan Update does not specifically site or plan recreational facilities, it would allow for the development of future recreational facilities, including parks, trails, athletic fields, and golf courses, within many of the land use designations, including residential and mixed-use.

Goals, policies, and actions in the General Plan Update including the creation of a County Parks and Recreation Master Plan, a trails program, and Parks Sustainability Program would guide the development of future recreational facilities. Existing federal, state, and local regulations would mitigate potential adverse impacts to the environment that may result from the expansion of parks, recreational facilities, and trails pursuant to buildout of the General Plan Update. Furthermore, subsequent environmental review would be required for development of park projects under existing regulations. Consequently, the General Plan Update EIR determined impacts would be less than significant.

As discussed above, the IHO would not induce population growth and would add to the affordable housing stock for the County. Projects subject to the IHO would comply with existing federal, state, and local regulations regarding parks and recreational facilities. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.16 TRANSPORTATION AND TRAFFIC

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

(a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?

(b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concludes that buildout of the General Plan Update would impact levels of service on the existing roadway system. **Mitigation Measures T-1** through **T-5** would reduce these impacts. **Mitigation Measure T-1** would ensure projects are evaluated and traffic improvements identified to maintain minimum levels of service in accordance with the County's Traffic Impact Analysis Guidelines. **Mitigation Measure T-2** would require the county to implement over time objectives and policies contained within the General Plan Mobility Element. **Mitigation Measure T-3** would require the county to participate on a potential Congestion Mitigation Fee program. **Mitigation T-4** directs the County secure the funding needed to implement the future planned improvements. **Mitigation Measure T-5** directs the County to work with Caltrans as they prepare plans to add additional lanes or complete other improvements to various freeways within and adjacent to unincorporated areas. These mitigation measures would reduce impacts; however, the impacted locations are still considered to be significant. Furthermore, inasmuch as the primary responsibility for approving and/or completing certain improvements located within cities lies with agencies other than the County (i.e., cities and Caltrans), there is the potential that significant impacts may not be fully mitigated if such improvements are not completed for reasons beyond the County's control (e.g., the County cannot undertake or require improvements outside of the County's jurisdiction or the County cannot construct improvements in the Caltrans right-of-way without Caltrans' approval). Therefore, the General Plan Update EIR determined impacts would be significant and unavoidable.

The IHO would require the set aside of affordable housing for projects of five or more units. Similar to the General Plan Update, it is not possible to determine exactly where inclusionary housing development would occur. When combined with the DBO, projects subject to the IHO could increase in number of units compared to what is allowed under the zoning. In general, projects that make use of the DBO are located in urbanized areas often in close proximity to transit and walkable areas. The IHO would not substantially change traffic impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update is not anticipated to result in the development of a new airport within Los Angeles County nor will it introduce new land uses that could prevent safety hazards to air traffic. Furthermore, policies of the General Plan Update are aimed at improving the compatibility between aviation facilities and their surroundings, encouraging greater multi-modal access to airports and encouraging the development of a decentralized system of major airports. The General Plan Update EIR found impacts to be less than significant.

While the IHO would allow projects in the vicinity of an airport, these projects would be limited in number and therefore unlikely to significantly affect flight paths or air travel. And although the IHO could increase the amount of housing that would be eligible for incentives such as height increases, it is unlikely that projects would exceed 200 feet in height (a threshold for consultation with the Federal Aviation Administration).

Existing FAA regulations and the ALUCPs and are intended to identify and properly address potential airport hazards prior to implementation of specific projects. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR found that there would not be substantially increased hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment). The General Plan Update promotes highways to be built to specific standards that have been set by the County. These include increasing the number of lanes on major highways and other improvements under the Highway Plan. Hazards due to roadway design features will be evaluated on a project-by-project basis. All new highways and upgrades will be planned, designed and built to County standards. The General Plan Update EIR found impacts to be less than significant.

Development in accordance with the IHO is not anticipated to result in hazards due to design features or increase conflicts between incompatible uses. The IHO would not result in changes being made to the local roadways or impede public access on any public right-of-way. Therefore, implementation of the IHO would have no impact related to design feature hazards. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impact would occur.

(d) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to inadequate emergency access?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR found that development would not result in inadequate emergency access. For projects of sufficient size, discretionary review of emergency access is evaluated on a project-by-project basis. The General Plan Update EIR found that buildout will enhance the capacity of the roadway system by upgrading roadways and intersections when necessary, ensure that the future dedication and acquisitions of roadways are based on projected demand, and implement the construction of paved crossover points through medians for emergency vehicles. Additionally, the General Plan Update EIR found that the General Plan Update will facilitate the consideration of the needs for emergency access in transportation planning. The County will maintain a current evacuation plan, ensure that new development is provided with adequate emergency and/or secondary access, including two points of ingress and egress for most subdivisions, require visible street name signage, and provide directional signage to freeways at key intersections to assist in emergency evacuation operations. The General Plan Update EIR determined impacts to be less than significant.

The County has designated disaster routes as detailed in the Safety Element of the General Plan. Development, including that in accordance with the IHO could temporarily interfere with local and on-site emergency response. While road closures could occur as a result of construction activity, it is not anticipated that such closures would result in substantial delays to service providers.

Any lane closures must be approved by the County and they would not be approved if substantial delays could result. Typically, the County requires a construction traffic management plan, including use of flag personnel to help direct traffic around any roadway closures. Compliance with access standards, including the Haul Route Monitoring Program would reduce potential impacts on roadways designated as haul routes and emergency response services during construction of individual projects. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(e) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR found that the General Plan would not conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks). The General Plan Update supports alternative modes of transportation, including walking and bicycling, to reduce total VMT. Additionally, the General Plan Update establishes several policies to ensure the safety and mobility of pedestrians and bicyclists. The County will provide safe and convenient access to safe transit, bikeways, and walkways, consider the safety and convenience of pedestrians and cyclists in the design and development of transportation systems, provide safe pedestrian connections across barriers, such as major traffic corridors, drainage and flood control facilities, and grade separations, adopt consistent standards for implementation of Americans with Disabilities Act requirements and in the development review process prioritize direct pedestrian access between building entrances, sidewalks and transit stops. The General Plan Update EIR determined impacts would be less than significant.

Development in accordance with the IHO would be consistent with the underlying zoning for the site. In combination with the DBO, projects subject to the IHO could increase the unit count of individual projects. Projects would continue to be consistent with General Plan Update policies. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.17 UTILITIES AND SERVICE SYSTEMS

Wastewater Treatment and Collection

(a) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

According to the General Plan Update EIR, wastewater generation under the General Plan Update would not exceed wastewater treatment requirements of any of the four Regional Water Quality Control Boards having jurisdiction in Los Angeles County. General Plan Update implementation Programs require Department of Regional Planning and the Department of Public Works (DPW) to jointly secure sources of funding and to set priorities for preparing studies to assess infrastructure needs for the 11 Planning Areas. Once funding has been secured and priorities have been set, the County will prepare a Capital Improvement Plan for each of the 11 Planning Areas. Each Capital Improvement Plan shall include a Waste Management Study and Stormwater System Study. General Plan Update policies also require the County to support capital improvement plans to improve aging and deficient wastewater systems, particularly in areas where the General Plan Update encourages development, such as Transit Oriented Districts (TODs). Therefore, the General Plan Update EIR found that polices and required regulations would ensure impacts are less than significant.

Development associated with the IHO would be well within the expected growth for the unincorporated County evaluated in the General Plan Update EIR and would not exceed RWQCB standards for treatment of wastewater or wastewater treatment capacity. Additionally, water conservation practices and compliance with best management practices (i.e., low flow toilets and automatic sinks), as well as Title 24 requirements, are likely to reduce wastewater generation. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

(b) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

(b) Would require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?

(c) Would result in a determination by the wastewater treatment provider which serves or may serve the project that is has inadequate capacity to serve the project's projected demand in addition to the provider's existing commitments?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR explains that projects are required to pay connection fees to the LACSD, or corresponding types of fees to the City of Los Angeles Bureau of Sanitation, as applicable. Payments of such fees would reduce adverse impacts to wastewater generation capacity in the Antelope Valley and Santa Clarita Valley Planning Areas. The General Plan Update EIR determined there is sufficient wastewater treatment capacity in the remaining Planning Areas and impacts would be less than significant.

Wastewater. Development in accordance with the IHO would likely occur in urbanized areas zoned for residential development and would be expected to connect to the existing sewer lines. The size of individual projects is anticipated to be relatively small (although incrementally bigger than they would otherwise have been as a result of the potential for increased use of the existing DBO), resulting in minor impacts to the sewer system in the vicinity of each site. Development in accordance with the IHO would be required to comply with all applicable County regulations. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Water. Water would be conveyed to projects along existing circulating water mains of varying sizes. Projects are anticipated to be generally located in infill areas on land previously developed with residential uses and served by water systems. Projects would be subject to Los Angeles County's Low Impact Development (LID) requirements, Los Angeles County's drought-tolerant landscaping requirements, and CalGreen construction requirements for low flow fixtures and other water conservation features. Development in accordance with the IHO would be required to comply with water conservation requirements and ensure that adequate infrastructure exists. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Water Supply and Distribution System

(c) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

(d) Would require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?

(e) Would not have sufficient water supplies available to serve the project from existing entitlements and resources, and new and/or expanded entitlements would be needed?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR concludes that adequate water supplies have been identified in the UWMP's for the County for demand as projected through the year 2035. However, additional water supplies necessary to serve buildout of the General Plan Update, which is expected to occur beyond the year 2035, have not been identified for the Antelope Valley and Santa Clarita Valley Planning Areas. It is uncertain whether the water districts serving the Antelope Valley and Santa Clarita Valley Planning Areas would be able to secure water supplies greater than those currently forecasted for 2035. **Mitigation Measures USS-1** through **USS-23** would lower these impacts, however the General Plan Update EIR finds that impacts would be significant and unavoidable.

The IHO does not increase development beyond what is already anticipated under buildout of the General Plan Update. It is unlikely to result in projects that would not have sufficient reliable water supplies available to serve the project demands from existing entitlements and resources. Developments constructed as a result of the project are likely to be located in infill areas on land previously developed with residential and served by water systems that would provide will-serve letters verifying water supply. Projects would be subject to LID requirements, drought-tolerant landscaping requirements, and CALGreen construction requirements for low-flow fixtures and water conservation features. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Solid Waste

(d) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

(f) Would be served by a landfill with insufficient permitted capacity to accommodate the project's solid waste disposal needs?

(g) Would not comply with federal, state, and local statutes and regulations related to solid waste?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

The General Plan Update EIR finds that generation of solid waste would increase as the population increases with buildout of the General Plan Update. Correspondingly, there would be a need for additional landfill capacity and related support facilities. Both the forecasted net increase in solid waste generation by General Plan Update buildout and the forecast total solid waste generation in unincorporated County areas at General Plan Update buildout are well within the total residual per day daily disposal capacity of the nine landfills analyzed in the General Plan Update EIR. The General Plan Update EIR concludes that buildout would not require construction of new or expanded landfills, and impacts are found to be less than significant.

The IHO does not increase development beyond what is already anticipated under buildout of the General Plan Update. It is unlikely to result in projects that would significantly impact landfill capacity. Inclusionary housing developments are likely to be located in areas with existing residential uses that are already served by existing landfills. Projects that obtain planning and building approvals would be consistent with solid waste regulations. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Other Utilities

(e) Does the IHO Require Subsequent or Supplemental CEQA Documentation with respect to the following:

(h) Would increase demand for other public services or utilities?

	Yes	No
New Significant Environmental Effect Caused by a Change in the Project or Circumstances?	☐	☑
Substantial Increase in the Severity of a Previously Identified Significant Effect Caused by a Change in the Project or Circumstances?	☐	☑
New or Substantially More Severe Significant Impacts Shown by New Information?	☐	☑
Ability to Ability to Substantially Reduce a Significant Effect Shown by New Information but Declined by Proponent?	☐	☑

Electricity

The General Plan Update EIR concludes that growth in the unincorporated areas would result in additional demand for electricity service. Presently and for the foreseeable future, the national and regional supply of electrical energy is not in jeopardy. The acceleration of the approval and licensing process of additional state power plants will ensure an adequate supply of electricity for state consumers. The General Plan Update EIR forecasted the net increase in electricity demand due to buildout is about 9.9 billion kWh per year, or about 10,300 GWH per year, and is within SCE's demand forecast for its service area. Therefore, the General Plan Update EIR finds impacts to be less than significant.

The IHO does not increase development beyond what is already anticipated under buildout of the General Plan Update. Inclusionary housing projects are likely to be located on land previously developed with residential uses and served by existing electrical utilities. Projects would also be subject to Los Angeles County's Green Building Program and CALGreen, which promote energy efficiency. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

Natural Gas

The General Plan Update EIR indicates that buildout would result in demand about 192 million therms per year, that is, 51 million cubic feet of natural gas per day. Forecasted natural gas demands due to the General Plan Update are within Southern California Gas Company's (SCGC's) estimated supplies; therefore the General Plan Update EIR found impacts on natural gas supplies to be less than significant.

The IHO does not increase development beyond what is already anticipated under buildout of the General Plan Update. Inclusionary housing projects are likely to be located on land previously developed with residential or commercial uses and served by existing natural gas utilities. Projects would also be subject to Los Angeles County's Green Building Program and CALGreen, which promote energy efficiency. The IHO would not substantially change impacts as compared to those identified for the General Plan Update; no new or greater impacts would occur.

3.18 CUMULATIVE IMPACTS

Cumulative projects are described in the **Chapter 1.0, Introduction**, **Section 1.7, Background and Planning History**.

Section 15130 of the *Guidelines* requires that an EIR evaluate potential environmental impacts that are individually limited but cumulatively significant. CEQA defines cumulative impacts as "two or more individual effects which, when considered together, are considerable or which compound or increase other environmental impacts" (*Guidelines* § 15355). "'Cumulatively considerable' means that the incremental effects of an individual project are significant when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects" (*Guidelines* § 15065(a)(3)).

The purpose of a cumulative analysis is to determine if several projects when evaluated together could result in a significant "cumulative" impact that would otherwise not be considered significant when projects are evaluated one at a time. If several projects considered together have the potential to result in a significant cumulative impact (that is not already identified as a significant project impact), the question becomes whether the project being analyzed would result in a "considerable" contribution to such a significant cumulative impact. Therefore, if a project results in a significant impact by itself, then its contribution to a cumulative impact is considerable. Mitigation measures that reduce project impacts would similarly reduce a project's contribution to cumulative impacts.

Cumulative impacts occur in one of two ways: 1) impacts from one project overlap with impacts from another project, 2) the other way that cumulative impacts occur is when a resource is of value to a broader community than just the immediate project vicinity, for example, impacts to a cultural or biological resource that has more than local significance, for example state or even national significance, impacts to such a resource would be cumulative with impacts to other resources of similar significance wherever they occur in the state or across the entire US.

The geographic area for evaluation of cumulative impacts is the area within which impacts of the General Plan Update, could overlap with impacts of other projects within the cities of Los Angeles County. The General Plan Update EIR evaluated cumulative projects and determined that during the planning period of the General Plan Update, cities in Los Angeles County are anticipated to grow by approximately 300,000 housing units and 1 million residents compared to existing conditions. This growth is in addition to development anticipated in the General Plan Update for unincorporated areas of the County – for 358,931 housing units and 1,290,479 residents (see **Chapter 2.0**).

The housing ordinances currently being prepared by Los Angeles County would work to facilitate the development analyzed in the General Plan Update EIR, with a focus on increasing housing options and affordability within the County. Although the housing ordinances have some common goals, they are not dependent on one another; each has independent utility.

The ordinances together are expected to result in the development of new housing that would be generally consistent at a County-level with the overall development assumptions analyzed in the General Plan Update EIR. As discussed throughout this addendum, the types of impacts that would generally be expected to occur are those that are common to housing projects, such as construction, and population related effects. The total number of units that are anticipated to be constructed as a result of the five ordinances would be well below the number evaluated in the General Plan Update EIR. The General Plan does not indicate how the projected units would get built, but rather provides the flexibility for the market to dictate how the total number of units would be ultimately constructed. The ordinances together would result in a small subset of the overall growth evaluated in the General Plan Update EIR and the impacts would be a similar subset of the impacts identified within the General Plan Update EIR. As such, even when combined, the ordinances would not result in a cumulatively considerable contribution to the impacts identified in the General Plan EIR, rather they are part of the overall development anticipated in the General Plan Update EIR and would facilitate that development rather than adding to it.

4.0 REFERENCES AND PREPARERS

4.1 REFERENCES

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4.2 LIST OF PREPARERS

Impact Sciences, Inc., has prepared this environmental document under contract to the County of Los Angeles. Persons directly involved in the review and preparation of this report include:

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SUMMARY OF PROCEEDINGS
REGIONAL PLANNING COMMISSION
INCLUSIONARY HOUSING ORDINANCE
PROJECT NO. 2020-000601 (1-5)

April 29, 2020 Regional Planning Commission Hearing

At the public hearing on April 29, 2020, staff provided an overview of the Draft Ordinance. Staff presented the major elements and key components of the Draft Ordinance. Staff also recommended revisions to the Draft Ordinance for clarification purposes and to ensure compliance with State law.

Discussion

Four individuals testified at the hearing. One individual representing the Building Industry Association spoke in opposition to the Ordinance, indicating that the County should wait and assess the economic impact of the pandemic on housing development. Another individual representing BizFed spoke in opposition to the Ordinance, citing concerns over unintended consequences, and pointing to alternative ways to increase affordable housing, such as state legislation that supports redevelopment. In addition, another individual representing Eastside LEADS testified, requesting changes to the Ordinance to apply the inclusionary housing requirements to all submarket areas, consider deeper levels of affordability, and include substantial rehabilitation projects. Finally, another individual representing ACT-LA testified, requesting changes to the Ordinance to apply inclusionary requirements to all submarket areas, and amend offsite requirements to provide a greater number of affordable units than onsite. Staff provided the Regional Planning Commission (RPC) with a total of 37 comment letters, with comments that ranged from opposition to recommended changes to support.

During the discussion, the RPC directed the staff to change the threshold for small projects from 20 units to 15 units. The RPC inquired about the offsite alternative, and directed staff to clarify that the offsite affordable units shall be located in the same or higher resource area as the principal project. Furthermore, the RPC directed staff to add that offsite units located in areas of known displacement must be within two miles of the principal project site. The RPC and staff also discussed instances when an applicant may partner with another developer to provide the affordable units offsite. The RPC directed staff to require an MOU includes the agreed upon payment/compensation that the applicant/principal developer will give to the partner to construct the units. In addition, the RPC requested notification of such projects with MOUs, and the ability to call them up for review. The RPC also directed staff to change the duration of affordability for rental affordable units from 55 years to 99 years, pending review by County Counsel to ensure that there are no conflicts with the State Density Bonus Law. Finally, the RPC directed staff to change the applicability language for Housing Permits to ensure that applicants not utilizing a density bonus can be reviewed through the Housing Permit.

The RPC closed the public hearing, and voted unanimously to recommend approval of the Draft Ordinance, with revisions recommended by Staff, to the Board of Supervisors.

RESOLUTION
REGIONAL PLANNING COMMISSION
COUNTY OF LOS ANGELES
PROJECT NO. R2020-000601
ADVANCE PLANNING CASE NO. RPPL2020001004
ENVIRONMENTAL ASSESSMENT NO. RPPL2020001006

WHEREAS, the Regional Planning Commission ("Commission") of the County of Los Angeles ("County") conducted a duly noticed public hearing on April 29, 2020 to consider amendments to Title 22 (Planning and Zoning) of the Los Angeles County Code (“County Code”) related to inclusionary housing; and

WHEREAS, the Commission finds as follows:

1. There continues to be a housing affordability crisis in the County and a need to develop strategies that encourage a diversity of housing types for different needs and levels of income;

2. On December 8, 2015, the Board of Supervisors (“Board”) approved a motion initiating the Equitable Development Work Program, which included an instruction to the Department of Regional Planning (“Department”) to provide a menu of options for the implementation of an inclusionary housing program;

3. On February 9, 2016, the Board approved the Homeless Initiative. Strategy F of the Homeless Initiative is a suite of strategies to increase the production of affordable housing, including inclusionary housing;

4. An inclusionary housing analysis, which was completed in January 2018, provided the preliminary framework for an inclusionary housing ordinance;

5. On February 20, 2018, the Board approved a motion initiating an inclusionary housing ordinance that considers both for-sale and rental projects, inclusionary requirements tied to different income categories, and options for applicants to fulfill this obligation, which could include, but are not limited to, an in-lieu fee, off-site development, the dedication of land for the development of affordable housing, and the acquisition and rehabilitation of existing affordable housing units;

6. To support the proposed Ordinance, an additional analysis was conducted to update real estate market assumptions and evaluate a broader range of affordability levels for multifamily rental housing, and further evaluate smaller prototypes that are more reflective of the size of multifamily rental residential projects being built in unincorporated areas of Los Angeles County.

7. Inclusionary housing is the requirement for new residential development to include affordable housing;

8. The proposed Ordinance amends Title 22 (Planning and Zoning) of the County Code to:

   a. Require for-sale and rental housing projects of five or more units to provide affordable housing units at specified percentages and at costs and rents affordable to a range of specified income levels;

   b. Establish submarket areas to accommodate differences in the real estate market in different geographic areas of the County, to inform the set-aside requirements and for the planned regular re-evaluation of the affordable housing requirements;

   c. Provide flexibility by establishing ‘middle income’ as an income category eligible to satisfy inclusionary housing requirements for for-sale projects, and enable eligibility of projects with middle income set-asides to receive an incentive and a waiver or reduction of a development standard;

   d. Create the program structure, including but not limited to: duration of affordability, comparability of set-aside and non-set-aside units, and an option to provide the affordable units off-site;

   e. Align the density bonus program with inclusionary housing to enable developers to off-set the cost of the affordable housing requirement, and to ensure consistency of policy and ease of implementation;

   f. Reserve right of first refusal to the County, or a County-designated agency or nonprofit when the initial buyer of an affordable home created through the Ordinance sells their home;

   g. Require the County to evaluate the affordable housing requirements and the submarket area boundaries every five years; and

   h. Add references to the Inclusionary Housing Ordinance for internal consistency.

9. The proposed Ordinance will facilitate the development of a variety of housing types for all income levels, which is consistent with Section 65583(a)(5) of the Government Code, a part of the State Housing Element Law;

10. The proposed Ordinance is compatible with and supportive of the goals and policies of the County General Plan and in particular, the Housing Element,

in that it promotes mixed income neighborhoods and a diversity of housing types to increase housing choices for all economic segments of the population in the unincorporated areas of Los Angeles County;

11. At the public hearing, staff from the Department recommended additional edits to the proposed Ordinance for consistency and to address additional comments from the Los Angeles County Development Authority ("CDA"), including to require the County to evaluate the affordable housing requirements and the submarket area boundaries no less than every five years;

12. At the public hearing, the RPC directed staff to do the following:

    a. In Tables 22.121.050-A and B, change the threshold for small projects from less than 20 units to less than 15 units.
    b. For Location of Units:
        - Add to section b. that the off-site parcel must be in at least the same resource category, eg., High Resource Area, as the principal project site.
        - Add to section c. that the off-site parcel must also be within two miles of the principal project site.
        - Add the following requirements regarding partnerships for the provision of units on off-site parcels:
            - The applicant shall submit a Memorandum of Understanding that includes the agreed upon payment/compensation that the applicant/principal developer will give to the partner to construct the units.
            - The RPC will be notified of such projects with MOUs, and can call them up for review.
    c. Change the duration of affordability for rental affordable units from 55 years to 99 years, pending review by County Counsel to ensure that there are no conflicts with the State Density Bonus Law.
    d. Change the applicability language for Housing Permits (Section 22.166.030) to ensure that applicants not utilizing a density bonus can be reviewed through the Housing Permit.

13. Pursuant to Section 22.222.180 of the County Code, a public hearing notice was published in 11 local newspapers countywide, including the Spanish-language newspaper La Opinión. The Department was prepared to make copies of the public hearing notice and hearing materials available at all County libraries and Altadena Library. However, the closure of libraries due to the Coronavirus pandemic prevented this courtesy public access practice.

14. An Addendum to the certified Los Angeles County General Plan Update Final Environmental Impact Report (EIR) was prepared in compliance with the California Environmental Quality Act (CEQA) and the County environmental guidelines. The Addendum concluded that the Ordinance as proposed would not result in any increased or additional environmental impacts beyond those that were analyzed in the General Plan Update EIR, and therefore concluded that a supplemental environmental analysis is not required. The Commission finds that the proposed amendments to Title 22 (Planning and Zoning) will not result in an increased or additional environmental impact beyond those that were analyzed in the General Plan Update EIR pursuant to CEQA Guidelines and the Los Angeles County Environmental Document Procedures and Guidelines; and

THEREFORE, BE IT RESOLVED THAT the Regional Planning Commission recommends to the Board of Supervisors of the County of Los Angeles as follows:

1. That the Board certify completion of, and adopt, the Addendum to the certified Los Angeles County General Plan Update Final EIR and find that the proposed amendments to Title 22 (Planning and Zoning) will not result in an increased or additional environmental impact beyond those that were analyzed in the EIR;

2. That the Board hold a public hearing to consider the proposed amendments to Title 22 (Planning and Zoning) to establish provisions for inclusionary housing in the unincorporated Los Angeles County; and

3. That the Board adopt an ordinance containing the proposed amendments to Title 22 (Planning and Zoning), and determine that the amendments are compatible with and supportive of the goals and policies of the Los Angeles County General Plan.

I hereby certify that the foregoing resolution was adopted by a majority of the voting members of the Regional Planning Commission of the County of Los Angeles on April 29, 2020.

Rosie O. Ruiz, Commission Secretary
Regional Planning Commission
County of Los Angeles

APPROVED AS TO FORM: OFFICE OF THE COUNTY COUNSEL

By ______________ 6/15/2020

Elaine Lemke
Assistant County Counsel
Chief Legal Counsel, Department of Regional Planning
County of Los Angeles

APPENDIX E

INCLUSIONARY HOUSING ANALYSIS

KEYSER MARSTON ASSOCIATES

INCLUSIONARY HOUSING ANALYSIS

Prepared for:

County of Los Angeles

Prepared by:

Keyser Marston Associates, Inc.

January 25, 2018

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APPENDICES

I. OVERVIEW

Keyser Marston Associates, Inc. (KMA) prepared the following Inclusionary Housing Analysis for the County of Los Angeles (County) pursuant to a contractual agreement with the County and three consulting firms: KMA, Estolano LeSar Perez Advisors, LLC (ELP) and LeSar Development Consultants (LDC) (collectively, the Consultant Team). The Consultant Team was tasked with preparing an Affordable Housing Action Plan (AHAP) for the County of which this Inclusionary Housing Analysis is one component.

A. Context

Over 170 jurisdictions in California currently include an Inclusionary Housing program as a component in their overall affordable housing strategy. While the unifying foundation of these programs is the objective to attract affordable housing development, the characteristics of these programs vary widely from jurisdiction-to-jurisdiction.

B. Key Court Cases and Statutes

It is important to review the key legal cases and State legislation that guide the creation and implementation of Inclusionary Housing programs. A chronological summary of the relevant issues follows.

Palmer Case

In 2009, the California Court of Appeal ruled in *Palmer/Sixth Street Properties L.P. v. City of Los Angeles,* 175 Cal. App. 4th 1396 (*Palmer*), that the local affordable housing requirements being imposed by the City of Los Angeles violated the Costa-Hawkins Rental Housing Act (Costa-Hawkins). Specifically, Costa-Hawkins allows landlords to set the initial monthly rent for a new unit, and then to increase the monthly rent to the market level each time a unit is vacated. The Court found that the imposition of long-term income and affordability restrictions on rental housing units is a violation of this provision.

It is commonly believed that the *Palmer* ruling prohibits jurisdictions from requiring developers to construct affordable rental housing units as a part of their Inclusionary Housing program. In an effort to comply with *Palmer*, many jurisdictions eliminated the requirement that market rate rental housing projects provide affordable rental housing units. Instead, some jurisdictions replaced affordable housing production models with a linkage or impact fee methodology.

San Jose Case

In 2015, the California Supreme Court ruled in the *California Building Industry Association v. City of San Jose,* 61 Cal 4th 435 (*San Jose*) that Inclusionary Housing ordinances should be viewed as use restrictions that are a valid exercise of a jurisdiction's zoning powers. The *San Jose* ruling only applies to ownership residential development. The parameters of the *San Jose* case did not include inclusionary housing restrictions on rental development.

AB 1505

Assembly Bill (AB) 1505, which is otherwise known as the "*Palmer* Fix", was signed into law in September 2017. AB 1505 amends Section 65850 of the California Government Code, and adds Section 65850.01. This new legislation provides jurisdictions with the ability to adopt ordinances that require rental residential projects to include a defined percentage of affordable housing units.

AB 1505 does not place a cap on the percentage of units that can be subject to income and affordability restrictions. However, if the ordinance requires that more than 15% of the units be restricted to households earning less than 80% of the area median income (AMI), the California Department of Housing and Community Development (HCD) can require the jurisdiction to prepare an economic feasibility study.

AB 1505 also requires jurisdictions to provide options for alternative means of fulfilling the affordable housing requirement imposed by an Inclusionary Housing ordinance. These options include, but are not limited to, in-lieu fees, land dedication, off-site construction, and the acquisition and rehabilitation of existing units.

C. Inclusionary Housing Program Characteristics

Key components of Inclusionary Housing programs are as follows:

1. The vast majority of the California Inclusionary Housing programs impose affordable housing requirements on a mandatory basis. However, some programs limit the requirements to projects that are requesting a General Plan modification, a zone change, a density bonus, and/or other variances from the jurisdiction's building code requirements.

2. In California, the majority of Inclusionary Housing programs include a threshold project size below which projects are not subject to the affordable housing production requirements. Common thresholds are five and 10 or fewer units.

3. The income and affordability standards imposed by Inclusionary Housing programs vary widely throughout California. The majority of programs have established standards in the range of 10% to 20% of the units in projects that will be subject to the requirements. However, the following policy variations are commonly found:

    a. The threshold standards are varied as a reflection of the depth of the affordability being provided. For example, some programs allow developers to select between a 15% moderate income requirement and a 10% lower income requirement.

    b. Inclusionary Housing requirements have a disproportionate impact on smaller projects, because there are fewer market rate units available to spread the impact created by the income and affordability standards. A sliding scale requirement can mitigate these impacts.

c. In jurisdictions with disparate real estate and demographic conditions it is common to impose varying requirements based on defined submarkets.

d. The length of the covenant period imposed on Inclusionary Housing units varies from jurisdiction-to-jurisdiction. The California Redevelopment Law standard of 45 years for ownership housing units and 55 years for rental units is commonly used. However, both shorter and longer covenant periods are imposed throughout Inclusionary Housing programs in California.

Inclusionary Housing programs focus on the production of affordable housing units by imposing specific affordable housing requirements on new development. To comply with the findings in the *San Jose* case, and the requirements imposed by the recently adopted AB 1505, Inclusionary Housing programs must offer developers a range of options for fulfilling the affordable housing requirements. The most common options offered to developers are:

1. Construction of a defined percentage of income restricted units within new market rate residential projects;

2. Construction of a defined percentage of income restricted units in a project located in an off-site location;

3. Payment of a fee in lieu of producing affordable housing units that will subsequently be used by the jurisdiction to assist in the development of affordable housing units within the community; and

4. The dedication of land to the jurisdiction that is appropriate for the development of affordable housing.

The key advantages associated with providing off-site and in-lieu fee options is that the affordable housing requirements can be transferred to developers that have experience in constructing affordable housing projects. This is advantageous for the following reasons:

1. Affordable housing developers have specific expertise in the development and operation of affordable housing projects.

2. Dedicated affordable housing projects have access to public funding sources that provide a more cost-efficient way to achieve deeper affordability than can be supported by an Inclusionary Housing requirement. A representative sample of programs that are targeted to dedicated affordable housing projects are:

    a. The federal and state Low-Income Housing Tax Credits (Tax Credits) offered under Internal Revenue Code Section 42;

    b. State funding sources such as the Affordable Housing and Sustainable Communities (AHSC) Program; and

    c. Funding provided by the Community Development Commission of the County of Los Angeles.

The following analysis is focused on the impacts associated with the production of affordable housing units. This analysis also estimates the fee amounts that can be supported in each submarket for projects that are permitted to pay a fee in lieu of producing affordable housing.

II. METHODOLOGY

The purpose of this analysis is to evaluate the financial feasibility of imposing Inclusionary Housing requirements on residential development in the unincorporated areas of Los Angeles County. The financial feasibility analysis is comprised of the following steps:

A. Parameters

As the first step in the evaluation process it is necessary to identify the parameters that will be applied in the analysis. A fundamental premise is that the Inclusionary Housing program should not place an onerous financial burden on the developers of market rate housing. Within that context, it is clear that Inclusionary Housing can only be expected to fulfill a portion of the unmet need for affordable housing.

Another key parameter in the evaluation is that Los Angeles County is one of the largest counties in the United States, and the unincorporated areas exhibit a diverse mix of physical, demographic and economic conditions. Geographic factors that KMA considered are:

1. The unincorporated areas of Los Angeles County encompass approximately 60% of the total Los Angeles County land area. However, the vast majority of unincorporated land area is currently zoned for agricultural or open space uses. Only approximately 4.5% of the land area is zoned for residential development.

2. The unincorporated areas in northern Los Angeles County include large amounts of sparsely populated land, such as the Mojave Desert, the Angeles National Forest, and parts of the Los Padres National Forest. Comparatively, the unincorporated areas in southern Los Angeles County consist of many non-contiguous areas, which are often referred to as unincorporated urban islands.

3. Each year, the United States Housing and Urban Development Department (HUD) and HCD establish household income standards to be used in establishing “Affordable Sales Prices” and “Affordable Rents” for each county in California. In contrast, market rate home prices and monthly rents vary widely throughout unincorporated Los Angeles County. This results in a disproportionate disparity between market rate sales prices/monthly rents and Affordable Sales Prices/Affordable Rents.

In recognition of these factors, the Consultant Team and County staff agreed that it would be appropriate to prepare financial feasibility analyses for multiple submarkets. The process of defining the submarkets can be described as follows:

1. The 11 Planning Areas in the General Plan were used as the starting point for defining the submarkets.

2. As the next step, it was determined that the Coastal Islands and Santa Monica Mountains Planning Areas should be excluded from the analysis, because the potential for new residential development is limited in these areas.

3. Then, the boundaries of each of the identified submarkets were drawn to ensure that individual unincorporated areas were fully encapsulated within one submarket, rather than split between multiple submarkets.

4. Based on the results of this evaluation, six submarkets were identified for use in this Inclusionary Housing Analysis.[1] The submarket maps are presented in Appendix A, and the submarkets are identified as follows:

    a. Coastal South Los Angeles

    b. South Los Angeles

    c. East Los Angeles/Gateway

    d. San Gabriel Valley

    e. Santa Clarita Valley

    f. Antelope Valley

B. Financial Feasibility Analyses

The courts have held that affordable housing is a "public benefit," and that locally imposed Inclusionary Housing ordinances are a legitimate means of providing this public benefit. The courts have also found that the Inclusionary Housing requirements cannot deprive an owner of "*all economically beneficial use*" of the property. However, all economically beneficial use has never been defined. The KMA financial feasibility analysis is based on the parameters that have

[1] The same six submarkets are analyzed in an accompanying Residential Nexus Study that KMA prepared.

been applied to a significant number of Inclusionary Housing programs that have been adopted in California jurisdictions.

In general terms, the financial impact associated with fulfilling the Inclusionary Housing requirements within market rate projects is equal to the difference between the achievable market rate sales prices or rents and the allowable sales prices or rents for the Inclusionary Housing units. This is known as the "Affordability Gap."

KMA prepared financial analyses to assist in creating Inclusionary Housing requirements that balance the interests of property owners and developers against the public benefit created by the production of income restricted units. The financial analyses identify the following:

1. The range of Inclusionary Housing production requirements that can be supported in each submarket; and

2. The range of in-lieu fees that can be supported in each submarket.

C. Analysis Organization

The Inclusionary Housing Analysis for each submarket is organized as follows:

<u>Step</u>	<u>Analysis</u>
1.	Identification of residential prototypes that are representative of new market rate development.
2.	Projection of the market rate sales prices and rents for the prototype units.
3.	Estimation of the Affordable Sales Prices and Affordable Rents.
4.	Projection of the percentage of units that could be designated as Inclusionary Housing units on a financially feasible basis.

Step	Analysis
5.	Projection of the in-lieu fees per square foot of gross building area (GBA) that could be supported under the following methodologies:

a. Pro forma analyses are used to estimate the in-lieu fee amounts that could be supported if the financial impact is limited to amounts that result in a reduction in the land value that would not deprive the property owner of all economically beneficial use of the property.

b. Affordability gap analyses are used to estimate the in-lieu fee amounts that would be required to be imposed to generate sufficient revenue to attract the defined percentage of Inclusionary Housing units.

This Inclusionary Housing Analysis is supported by the following Appendices:

Appendix A	Submarket Area Maps
Appendices B – L	Ownership Housing Analyses
Appendices M – Q	Rental Apartment Analyses

III. RESIDENTIAL PROTOTYPES

For the purposes of this analysis, KMA used residential prototypes that were developed in consultation with the County staff for single-family home, condominium and apartment projects. KMA then undertook a market survey of representative projects to estimate the achievable market rate sales prices and rents for the prototype units in each of the identified submarkets.

Based on the market survey information, KMA determined that there has been an insufficient amount of recent condominium and apartment development in the South Los Angeles submarket, and an insufficient amount of condominium development in the Antelope Valley submarket, to create credible prototypes. Therefore, the analyses for the South Los Angeles submarket do not include condominium or rental apartment prototypes, and the submarket analyses for the Antelope Valley do not include condominium prototypes.

The key characteristics of the prototype projects utilized in this Inclusionary Housing Analysis are summarized in the following tables:

Table 1.1: Coastal South Los Angeles Submarket Prototypes			
	Single-Family Homes	Condominiums	Apartments
Unit Mix			
Studio Units	N/A	N/A	21%
One-Bedroom Units	N/A	N/A	44%
Two-Bedroom Units	N/A	N/A	35%
Three-Bedroom Units	33%	70%	N/A
Four-Bedroom Units	67%	30%	N/A
Average Unit Sizes (Sq Ft)			
Studio Units	N/A	N/A	570
One-Bedroom Units	N/A	N/A	719
Two-Bedroom Units	N/A	N/A	1,030
Three-Bedroom Units	1,850	1,630	N/A
Four-Bedroom Units	2,670	1,730	N/A

Table 1.2: South Los Angeles Submarket Prototypes			
	Single-Family Homes	Condominiums	Apartments
Unit Mix			
Three-Bedroom Units	42%	N/A	N/A
Four-Bedroom Units	58%	N/A	N/A
Average Unit Sizes (Sq Ft)			
Three-Bedroom Units	1,300	N/A	N/A
Four-Bedroom Units	1,710	N/A	N/A

Table 1.3: East Los Angeles/Gateway Submarket Prototypes			
	Single-Family Homes	Condominiums	Apartments
Unit Mix			
Studio Units	N/A	N/A	9%
One-Bedroom Units	N/A	N/A	36%
Two-Bedroom Units	N/A	40%	47%
Three-Bedroom Units	30%	60%	8%
Four-Bedroom Units	70%	N/A	N/A
Average Unit Sizes (Sq Ft)			
Studio Units	N/A	N/A	529
One-Bedroom Units	N/A	N/A	687
Two-Bedroom Units	N/A	970	946
Three-Bedroom Units	1,680	1,600	1,178
Four-Bedroom Units	2,140	N/A	N/A

Table 1.4: San Gabriel Valley Submarket Prototypes			
	Single-Family Homes	Condominiums	Apartments
Unit Mix			
Studio Units	N/A	N/A	9%
One-Bedroom Units	N/A	N/A	42%
Two-Bedroom Units	N/A	15%	43%
Three-Bedroom Units	15%	75%	6%
Four-Bedroom Units	60%	10%	N/A
Five-Bedroom Units	25%	N/A	N/A
Average Unit Sizes (Sq Ft)			
Studio Units	N/A	N/A	500
One-Bedroom Units	N/A	N/A	732
Two-Bedroom Units	N/A	1,350	965
Three-Bedroom Units	1,930	1,810	1,703
Four-Bedroom Units	2,900	2,150	N/A
Five-Bedroom Units	3,975	N/A	N/A

Table 1.5: Santa Clarita Valley Submarket Prototypes			
	Single-Family Homes	Condominiums	Apartments
Unit Mix			
One-Bedroom Units	N/A	N/A	34%
Two-Bedroom Units	N/A	20%	40%
Three-Bedroom Units	25%	80%	26%
Four-Bedroom Units	45%	N/A	N/A
Five-Bedroom Units	30%	N/A	N/A
Average Unit Sizes (Sq Ft)			
One-Bedroom Units	N/A	N/A	712
Two-Bedroom Units	N/A	1,260	983
Three-Bedroom Units	2,290	1,690	1,225
Four-Bedroom Units	2,550	N/A	N/A
Five-Bedroom Units	3,450	N/A	N/A

Table 1.6: Antelope Valley Submarket Prototypes			
	Single-Family Homes	Condominiums	Apartments
Unit Mix			
One-Bedroom Units	N/A	N/A	41%
Two-Bedroom Units	N/A	N/A	49%
Three-Bedroom Units	40%	N/A	10%
Four-Bedroom Units	60%	N/A	N/A
Average Unit Sizes (Sq Ft)			
One-Bedroom Units	N/A	N/A	684
Two-Bedroom Units	N/A	N/A	880
Three-Bedroom Units	1,750	N/A	1,017
Four-Bedroom Units	2,500	N/A	N/A

IV. SUPPORTABLE INCLUSIONARY HOUSING REQUIREMENTS

As discussed previously in this analysis, the *San Jose* court case provides validation for the imposition of Inclusionary Housing requirements on ownership housing projects, and AB 1505 amended the California Government Code to expressly allow Inclusionary Housing requirements to be imposed on rental housing projects. However, it is important to remember that Inclusionary Housing requirements cannot deprive an owner of all economically beneficial use of the property. Recognizing that the courts have not defined this term, the County has some discretion in establishing evaluation parameters.

It has been KMA's experience that the following sequence of events occurs when an Inclusionary Housing program is adopted:

1. Immediately following approval of an Inclusionary Housing program, the financial impacts created by the imposition of affordable housing requirements are largely borne by developers that had purchased property prior to the imposition of the requirements.

2. After an Inclusionary Housing program is adopted, developers that have not purchased land will attempt to bargain for a lower land price that reflects the impacts created by the Inclusionary Housing requirements.

3. During the initial implementation period for an Inclusionary Housing program, some property owners are reluctant to accept the fact that their land value has decreased, and they defer selling their property until market demand causes prices to increase.

4. As is the case with all development requirements, over time land prices will adjust to reflect the value supported by the market given the restrictions imposed on the property.

It is likely that the imposition of an Inclusionary Housing program will impact the values supported by properties that are subject to the requirements. However, the courts have found that this is permissible as long as the property owner is not deprived of all economically beneficial use of their property. A significant number of California Inclusionary Housing programs have been based on a projected land value reduction in the 30% range. In turn, this KMA analysis is focused on identifying income and affordability standards that would fall within that parameter.

V. OWNERSHIP HOUSING ANALYSES

A. Projected Market Rate Sales Prices

In the Summer of 2017, KMA undertook a market survey of projects similar to the defined ownership housing prototypes. As part of this survey, KMA obtained sales data for existing detached single-family homes and condominiums built since 2005.[2] The KMA market analysis is focused on the sales prices of new residential development in order to provide a perspective on the current sales prices for recently developed residential product types in each submarket.

The market rate sales prices used in the KMA analysis are presented in the following tables. [3] It is important to note that the prototype analyses are intended to reflect average or typical ownership residential projects in each submarket rather than any specific project. It should be expected that specific projects would vary to some degree from the prototypes.

Table 2.1: Coastal South Los Angeles Submarket
Projected Market Rate Sales Prices – Ownership Housing Units

	Single-Family Homes	Condominiums
Average Unit Prices		
Three-Bedroom Units	$518,000	$505,300
Four-Bedroom Units	$835,700	$569,200
Average Price Per Square Foot of GBA	$305	$316

[2] Condominiums include both stacked flats and townhouse units.
[3] Condominium analyses were not prepared for the South Los Angeles and Antelope Valley submarkets due to the relative lack of new condominium development currently occurring in these submarkets.

Table 2.2: South Los Angeles Submarket Projected Market Rate Sales Prices – Ownership Housing Units		
	Single-Family Homes	Condominiums
Average Unit Prices		
Three-Bedroom Units	$390,000	N/A
Four-Bedroom Units	$478,800	N/A
Average Price Per Square Foot of GBA	$287	N/A

Table 2.3: East Los Angeles/Gateway Submarket Projected Market Rate Sales Prices		
	Single-Family Homes	Condominiums
Average Unit Prices		
Two-Bedroom Units	N/A	$297,800
Three-Bedroom Units	$515,800	$500,800
Four-Bedroom Units	$599,200	N/A
Average Price Per Square Foot of GBA	$287	$311

Table 2.4: San Gabriel Valley Submarket Projected Market Rate Sales Prices – Ownership Housing Units		
	Single-Family Homes	Condominiums
Average Unit Prices		
Two-Bedroom Units	N/A	$541,400
Three-Bedroom Units	$856,900	$591,900
Four-Bedroom Units	$1,322,400	$651,500
Five-Bedroom Units	$1,804,700	N/A
Average Price Per Square Foot of GBA	$454	$333

Table 2.5: Santa Clarita Valley Submarket Projected Market Rate Sales Prices – Ownership Housing Units		
	Single-Family Homes	Condominiums
Average Unit Prices		
Two-Bedroom Units	N/A	$365,400
Three-Bedroom Units	$533,600	$410,700
Four-Bedroom Units	$711,500	N/A
Five-Bedroom Units	$1,235,200	N/A
Average Price Per Square Foot of GBA	$299	$250

Table 2.6: Antelope Valley Submarket Projected Market Rate Sales Prices – Ownership Housing Units		
	Single-Family Homes	Condominiums
Average Unit Prices		
Three-Bedroom Units	$297,500	N/A
Four-Bedroom Units	$425,000	N/A
Average Price Per Square Foot of GBA	$170	N/A

B. Affordable Sales Price Calculations

For the purposes of this analysis, the maximum Affordable Sales Prices for the income restricted units were calculated based on the following information:

1. The household income information used in the calculations is based on income statistics for Los Angeles County as a whole.

2. The household incomes for lower income households are produced annually by HUD. This information is distributed by HCD.

3. The household incomes for moderate income households are produced and distributed annually by HCD.

4. The Affordable Sales Price estimates are based on the calculation methodology imposed by California Health and Safety Code Section 50052.5 (H&SC Section 50052.5). The calculations include the elements described in the following sections of this report.

Household Size

The household incomes applied in the Affordable Sales Price calculations are set at the number of bedrooms in the home plus one. For example, the imputed household size for a three-bedroom home is four persons. H&SC Section 50052.5 refers to this as “the household size appropriate for the unit.” However, this is not meant to be an occupancy cap; it is simply a benchmark used to create a consistent methodology for calculating the Affordable Sales Price.

Household Income

H&SC Section 50052.5 uses the following household income levels to calculate the Affordable Sales Prices:

1. Moderate Income: 110% of AMI for a household size equal to the number of bedrooms in the home plus one.

2. Lower Income: 70% of AMI for a household size equal to the number of bedrooms in the home plus one.

Income Allocated to Housing-Related Expenses

H&SC Section 50052.5 allocates the following amount of the applicable household income to housing-related expenses:

1. Moderate Income: The standard is set at 35% of the benchmark household income.

2. Lower Income: The standard is set at 30% of the benchmark household income.

Housing-Related Expenses

The annual housing-related expense estimates vary by submarket. Based on research undertaken by KMA, the variable expenses are based on the following assumptions:

Table 3: Annual Variable Expenses – Ownership Housing Units			
	Property Taxes as a % of ASP [4]	Home Owners Insurance	Maintenance / HOA Fees
Submarket:			
Coastal South Los Angeles	1.30%	$2,400	$1,800
South Los Angeles	1.30%	$1,200	$1,300
East Los Angeles/Gateway	1.20%	$2,000	$1,800
San Gabriel Valley	1.25%	$2,400	$1,800
Santa Clarita Valley	1.30%	$3,100	$1,800
Antelope Valley	1.25%	$1,100	$1,800

For the purposes of calculating the Affordable Sales Prices, KMA assumed that the utilities costs incurred by home owners will be comprised of gas heating, cooking and water heating; basic electric; air conditioning; water; and trash services. Each year, the Housing Authority of the County of Los Angeles (HACoLA) publishes utilities allowances for use in Affordable Sales Price and Affordable Rent calculations. The allowances used in the Affordable Sales Price calculations are based on the standards placed into effect on July 1, 2017, and are presented in the following table:

[4] ASP = Affordable Sales Price. KMA estimated the property tax rates based on a survey of home sales in each submarket. The rates being applied represent the average of the surveyed sale in each submarket.

Table 4: Utilities Allowances – Ownership Housing Units				
	Number of Bedrooms			
	2	3	4	5
Heating	$14	$18	$25	$30
Cooking	$6	$7	$9	$11
Water Heating	$10	$12	$16	$20
Basic Electric	$22	$28	$34	$42
Air Conditioning	$16	$21	$28	$34
Water	$31	$43	$54	$65
Trash	$28	$28	$28	$28
Total Monthly	$127	$157	$194	$230
Total Annually	$1,524	$1,884	$2,328	$2,760

Supportable Mortgage Amount

The mortgage amounts used in the Affordable Sales Price calculations are estimated using the income available after the other housing-related expenses are paid. The mortgage terms used in this analysis were based on a 30-year fully amortizing loan at a 4.80% interest rate. This reflects the 10-year average of published mortgage interest rates; and it is approximately 0.75% lower than the rates published in August 2017. [5]

Benchmark Down Payment

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

[5] Based on the Freddie Mac Primary Mortgage Market Survey weekly average rates for the West Region for 30-year fixed rate mortgages during the period from 2006 through 2015.

Affordable Sales Prices

The Affordable Sales Prices are equal to the lesser of the amount calculated using the H&SC Section 50052.5 methodology, and the amount that home buyers will be willing to pay to acquire a home that is subject to long-term resale controls. Based on our experience with Inclusionary Housing programs and affordable home ownership projects, KMA set the discount at a 30% reduction in the market rate price.

The Affordable Sales Price estimates are presented in the following tables:

Table 5.1: Coastal South Los Angeles Submarket Affordable Sales Price Estimates – Ownership Housing Units		
	Moderate Income	Lower Income
Three-Bedroom Units	$259,100	$103,300
Four-Bedroom Units	$280,400	$112,200

Table 5.2: South Los Angeles Submarket Affordable Sales Price Estimates – Ownership Housing Units		
	Moderate Income	Lower Income
Three-Bedroom Units	$273,000 [6]	$126,600
Four-Bedroom Units	$303,800	$135,600

[6] The H&SC Section 50052.5 calculations yield an Affordable Sales Price of $282,500.

Table 5.3: East Los Angeles/Gateway Submarket Affordable Sales Price Estimates – Ownership Housing Units		
	Moderate Income	Lower Income
Two-Bedroom Units	$208,500 [7]	$96,200
Three-Bedroom Units	$268,300	$110,400
Four-Bedroom Units	$289,900	$119,400

Table 5.4: San Gabriel Valley Submarket Affordable Sales Price Estimates – Ownership Housing Units		
	Moderate Income	Lower Income
Two-Bedroom Units	$231,400	$90,000
Three-Bedroom Units	$260,900	$104,100
Four-Bedroom Units	$282,400	$113,100
Five-Bedroom Units	$303,800	$121,900

Table 5.5: Santa Clarita Valley Submarket Affordable Sales Price Estimates – Ownership Housing Units		
	Moderate Income	Lower Income
Two-Bedroom Units	$220,100	$79,900
Three-Bedroom Units	$249,600	$93,700
Four-Bedroom Units	$270,800	$102,500
Five-Bedroom Units	$292,100	$111,500

[7] The H&SC Section 50052.5 calculations yield an Affordable Sales Price of $238,500.

Table 5.6: Antelope Valley Submarket Affordable Sales Price Estimates – Ownership Housing Units		
	Moderate Income	Lower Income
Three-Bedroom Units	$208,300 [8]	$122,000
Four-Bedroom Units	$297,500 [9]	$130,900

C. Inclusionary Housing Production Analyses: Ownership Housing

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

1. A 100% market rate unit scenario;
2. A scenario that includes a moderate income unit component; and
3. A scenario that includes a lower income unit component.

Market Rate Development Scenarios – Ownership Housing Projects

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

Base Case: 100% Market Rate Unit Scenarios Ownership Housing Projects	
Table 1:	Estimated Development Costs
Table 2:	Projected Net Sales Revenue
Table 3:	Projected Developer Profit

[8] The H&SC Section 50052.5 calculations yield an Affordable Sales Price of $278,800.
[9] The H&SC Section 50052.5 calculations yield an Affordable Sales Price of $300,300.

The developer profit projected to be generated by the 100% market rate scenarios is used as the threshold profit in the analyses of the moderate and lower income scenarios. The financial gaps generated by these scenarios represent the impact created by the Inclusionary Housing requirements.

Supportable Inclusionary Housing Production Requirements – Ownership Housing Projects

As discussed previously, the KMA analysis is calibrated to establish Inclusionary Housing requirements in each submarket that generate a financial impact equal to a +/- 30% reduction in land value. The moderate and lower income pro forma analyses are organized as follows:

Moderate and Lower Income Scenarios Ownership Housing Projects	
Table 1:	Estimated Development Costs
Table 2:	Projected Net Sales Revenue
Table 3:	Supportable Inclusionary Housing Production Requirements

Based on the results of the land value reduction analyses, KMA estimated the supportable percentage of Inclusionary Housing units in ownership housing projects in each submarket as follows:[10]

[10] Condominium analyses were not prepared for the South Los Angeles and Antelope Valley submarkets.

Table 6: Supportable Percentage of Inclusionary Housing Units Ownership Housing Projects		
	Moderate Income Scenario	Lower Income Scenario
Coastal South Los Angeles Submarket		
Single-Family Homes	16%	12%
Condominiums	18%	11%
South Los Angeles Submarket		
Single-Family Homes	19%	9%
Condominiums	N/A	N/A
East Los Angeles/Gateway Submarket		
Single-Family Homes	14%	9%
Condominiums	17%	9%
San Gabriel Valley Submarket		
Single-Family Homes	11%	9%
Condominiums	14%	10%
Santa Clarita Valley Submarket		
Single-Family Homes	5%	3%
Condominiums	6%	3%
Antelope Valley Submarket		
Single-Family Homes	6%	3%
Condominiums	N/A	N/A

D. In-Lieu Fee Analyses: Ownership Housing

KMA estimated the supportable in-lieu fee amounts for ownership housing projects under the following methodologies, which effectively establish the range of in-lieu fees that could be assessed:

1. The first approach is based on establishing in-lieu fee amounts that generate a financial impact equal to a +/- 30% reduction in land value. In this approach the in-lieu fee is treated as a development cost, and no Inclusionary Housing production requirement is imposed on the project.

2. The second approach is based on the Affordability Gaps associated with the on-site development of Inclusionary Housing units within market rate ownership housing projects.

Land Value Reduction Approach – Ownership Housing Projects

Based on pro forma analyses that test the land value reduction created by the imposition of in-lieu fee payment requirements, KMA estimates the supportable in-lieu fees for ownership housing projects as follows:[11]

Table 7: In-Lieu Fee Analyses – Land Value Reduction Approach
Ownership Housing Projects

	Single-Family Homes	Condominiums
Coastal South Los Angeles Submarket	$21.60	$20.00
South Los Angeles Submarket	$13.33	N/A
East Los Angeles/Gateway Submarket	$15.48	$14.41
San Gabriel Valley Submarket	$27.27	$18.15
Santa Clarita Valley Submarket	$6.17	$4.00
Antelope Valley Submarket	$2.40	N/A

[11] Condominium analyses were not prepared for the South Los Angeles and Antelope Valley submarkets.

Affordability Gap Approach – Ownership Housing Projects

KMA prepared the Affordability Gap approach analysis based on the assumption that 15% of the units in a market rate ownership housing project would be subject to the Inclusionary Housing requirements. KMA recognizes that a 15% on-site requirement cannot be supported in every submarket, but KMA made the following assumptions that mitigate the financial impacts:

1. Inclusionary Housing programs often target moderate income households for ownership housing. This is done to minimize the financial impacts created by the requirements, and to recognize that moderate income households have more discretionary income than lower income households to devote to the ongoing costs associated with home ownership.

2. It is KMA's assumption that the Inclusionary Housing program will provide developers with a variety of options to on-site production for fulfilling the affordable housing requirements.

The financial impact associated with fulfilling the Inclusionary Housing requirements within market rate ownership housing projects is equal to the Affordability Gaps associated with the income restricted units. For contextual purposes, KMA prepared Affordability Gap estimates for both moderate and lower income households. The results are presented in the following tables:[12]

[12] Condominium analyses were not prepared for the South Los Angeles and Antelope Valley submarkets.

Table 8.1: Coastal South Los Angeles Submarket In-Lieu Fee Analysis – Affordability Gap Approach Single-Family Homes		
	Moderate Income	Lower Income
Three-Bedroom Units		
Market Rate Price	$518,000	$518,000
Affordable Sales Price	$259,100	$103,300
Affordability Gap Per Income Restricted Unit	$258,900	$414,700
Four-Bedroom Units		
Market Rate Price	$835,700	$835,700
Affordable Sales Price	$280,400	$112,200
Affordability Gap Per Income Restricted Unit	$555,300	$723,500
In-Lieu Fee		
Per Income Restricted Unit	$457,500	$621,600
Per Square Foot of GBA	$28.60	$38.90

Table 8.2: Coastal South Los Angeles Submarket In-Lieu Fee Analysis – Affordability Gap Approach Condominiums		
	Moderate Income	Lower Income
Three-Bedroom Units		
Market Rate Price	$505,300	$505,300
Affordable Sales Price	$259,100	$103,300
Affordability Gap Per Income Restricted Unit	$246,200	$402,000
Four-Bedroom Units		
Market Rate Price	$569,200	$569,200
Affordable Sales Price	$280,400	$112,200
Affordability Gap Per Income Restricted Unit	$288,800	$457,000
In-Lieu Fee		
Per Income Restricted Unit	$259,000	$418,500
Per Square Foot of GBA	$23.40	$37.80

Table 8.3: South Los Angeles Submarket In-Lieu Fee Analysis – Affordability Gap Approach Single-Family Homes		
	Moderate Income	Lower Income
Three-Bedroom Units		
Market Rate Price	$390,000	$390,000
Affordable Sales Price	$273,000	$126,600
Affordability Gap Per Income Restricted Unit	$117,000	$263,400
Four-Bedroom Units		
Market Rate Price	$478,800	$478,800
Affordable Sales Price	$303,800	$135,600
Affordability Gap Per Income Restricted Unit	$175,000	$343,200
In-Lieu Fee		
Per Income Restricted Unit	$150,600	$309,700
Per Square Foot of GBA	$14.70	$30.20

Table 8.4: East Los Angeles/Gateway Submarket In-Lieu Fee Analysis – Affordability Gap Approach Single-Family Homes		
	Moderate Income	Lower Income
Three-Bedroom Units		
Market Rate Price	$515,800	$515,800
Affordable Sales Price	$268,300	$110,400
Affordability Gap Per Income Restricted Unit	$247,500	$405,400
Four-Bedroom Units		
Market Rate Price	$599,200	$599,200
Affordable Sales Price	$289,900	$119,400
Affordability Gap Per Income Restricted Unit	$309,300	$479,800
In-Lieu Fee		
Per Income Restricted Unit	$290,800	$457,500
Per Square Foot of GBA	$21.80	$34.30

Table 8.5: East Los Angeles/Gateway Submarket In-Lieu Fee Analysis – Affordability Gap Approach Condominiums		
	Moderate Income	Lower Income
Two-Bedroom Units		
Market Rate Price	$297,800	$297,800
Affordable Sales Price	$208,500	$96,200
Affordability Gap Per Income Restricted Unit	$89,300	$201,600
Three-Bedroom Units		
Market Rate Price	$500,800	$500,800
Affordable Sales Price	$268,300	$110,400
Affordability Gap Per Income Restricted Unit	$232,500	$390,400
In-Lieu Fee		
Per Income Restricted Unit	$175,200	$314,900
Per Square Foot of GBA	$19.50	$35.00

Table 8.6: San Gabriel Valley Submarket In-Lieu Fee Analysis – Affordability Gap Approach Single-Family Homes		
	Moderate Income	Lower Income
Three-Bedroom Units		
Market Rate Price	$856,900	$856,900
Affordable Sales Price	$260,900	$104,100
Affordability Gap Per Income Restricted Unit	$596,000	$752,800
Four-Bedroom Units		
Market Rate Price	$1,322,400	$1,322,400
Affordable Sales Price	$282,400	$113,100
Affordability Gap Per Income Restricted Unit	$1,040,000	$1,209,300
Five-Bedroom Units		
Market Rate Price	$1,804,700	$1,804,700
Affordable Sales Price	$303,800	$121,900
Affordability Gap Per Income Restricted Unit	$1,500,900	$1,682,800
In-Lieu Fee		
Per Income Restricted Unit	$1,088,600	$1,259,200
Per Square Foot of GBA	$54.00	$62.50

Table 8.7: San Gabriel Valley Submarket In-Lieu Fee Analysis – Affordability Gap Approach Condominiums		
	Moderate Income	Lower Income
Two-Bedroom Units		
Market Rate Price	$541,400	$541,400
Affordable Sales Price	$231,400	$90,000
Affordability Gap Per Income Restricted Unit	$310,000	$451,400
Three-Bedroom Units		
Market Rate Price	$591,900	$591,900
Affordable Sales Price	$260,900	$104,100
Affordability Gap Per Income Restricted Unit	$331,000	$487,800
Four-Bedroom Units		
Market Rate Price	$651,500	$651,500
Affordable Sales Price	$282,400	$113,100
Affordability Gap Per Income Restricted Unit	$369,100	$538,400
In-Lieu Fee		
Per Income Restricted Unit	$331,700	$487,400
Per Square Foot of GBA	$28.00	$41.20

Table 8.8: Santa Clarita Valley Submarket In-Lieu Fee Analysis – Affordability Gap Approach Single-Family Homes		
	Moderate Income	Lower Income
Three-Bedroom Units		
Market Rate Price	$533,600	$533,600
Affordable Sales Price	$249,600	$93,700
Affordability Gap Per Income Restricted Unit	$284,000	$439,900
Four-Bedroom Units		
Market Rate Price	$711,500	$711,500
Affordable Sales Price	$270,800	$102,500
Affordability Gap Per Income Restricted Unit	$440,700	$609,000
Five-Bedroom Units		
Market Rate Price	$1,235,200	$1,235,200
Affordable Sales Price	$292,100	$111,500
Affordability Gap Per Income Restricted Unit	$943,100	$1,123,700
In-Lieu Fee		
Per Income Restricted Unit	$552,200	$721,100
Per Square Foot of GBA	$30.00	$39.20

Table 8.9: Santa Clarita Valley Submarket In-Lieu Fee Analysis – Affordability Gap Approach Condominiums		
	Moderate Income	Lower Income
Two-Bedroom Units		
Market Rate Price	$365,400	$365,400
Affordable Sales Price	$220,100	$79,900
Affordability Gap Per Income Restricted Unit	$145,300	$285,500
Three-Bedroom Units		
Market Rate Price	$410,700	$410,700
Affordable Sales Price	$249,600	$93,700
Affordability Gap Per Income Restricted Unit	$161,100	$317,000
In-Lieu Fee		
Per Income Restricted Unit	$157,900	$310,700
Per Square Foot of GBA	$14.80	$29.10

Table 8.10: Antelope Valley Submarket In-Lieu Fee Analysis – Affordability Gap Approach Single-Family Homes		
	Moderate Income	Lower Income
Three-Bedroom Units		
Market Rate Price	$297,500	$297,500
Affordable Sales Price	$208,300	$122,000
Affordability Gap Per Income Restricted Unit	$89,200	$175,500
Four-Bedroom Units		
Market Rate Price	$425,000	$425,000
Affordable Sales Price	$297,500	$130,900
Affordability Gap Per Income Restricted Unit	$127,500	$294,100
In-Lieu Fee		
Per Income Restricted Unit	$112,200	$246,700
Per Square Foot of GBA	$7.70	$16.80

The results of the two ownership housing in-lieu fee analyses are summarized in the following table:[13]

[13] Condominium analyses were not prepared for the South Los Angeles and Antelope Valley submarkets.

Table 9: Supportable In-Lieu Fees Per Square Foot of GBA Ownership Housing Projects		
	Land Value Reduction Approach	Affordability Gap Approach [14]
Coastal South Los Angeles Submarket		
Single-Family Homes	$21.60	$28.60
Condominiums	$20.00	$23.40
South Los Angeles Submarket		
Single-Family Homes	$13.33	$14.70
Condominiums	N/A	N/A
East Los Angeles/Gateway Submarket		
Single-Family Homes	$15.48	$21.80
Condominiums	$14.41	$19.50
San Gabriel Valley Submarket		
Single-Family Homes	$27.27	$54.00
Condominiums	$18.15	$28.00
Santa Clarita Valley Submarket		
Single-Family Homes	$6.17	$30.00
Condominiums	$4.00	$14.80
Antelope Valley Submarket		
Single-Family Homes	$2.40	$7.70
Condominiums	N/A	N/A

[14] The Affordability Gap estimates are based on the affordable housing costs for moderate income households.

VI. RENTAL APARTMENT ANALYSES

A. Projected Market Rents

In the Summer of 2017, KMA surveyed rental apartment projects that have been constructed since 2005. The purpose of this survey was to derive estimates of the currently achievable market rents in the each submarket. The prototype analyses reflect typical rental apartment projects in each submarket. The characteristics of actual projects will vary to some degree from the prototypes.[15]

The market rate monthly rent estimates that are used in this analysis are presented in the following tables.

Table 10: Projected Market Rents – Rental Apartment Units

	Submarkets				
Number of Bedrooms	Coastal South Los Angeles	East Los Angeles / Gateway	San Gabriel Valley	Santa Clarita Valley	Antelope Valley
0	$2,246	$1,307	$1,635	N/A	N/A
1	$2,481	$1,683	$1,742	$1,709	$1,094
2	$2,946	$2,006	$2,152	$1,995	$1,302
3	N/A	$2,544	$2,844	$2,499	$1,464

[15] Rental apartment project analyses were not prepared for the South Los Angeles submarket due to the relative lack of new apartment development currently occurring in this submarket.

B. Affordable Rent Calculations

For the purposes of this analysis, the maximum Affordable Rents for the income restricted units were calculated based on the standards imposed by California Health and Safety Code Section 50053 (H&SC 50053). The assumptions and results can be summarized as follows:

1. The household income information used in the calculations is based on income statistics for Los Angeles County as a whole. The household incomes are published annually by HUD, and are distributed by HCD.

2. The household size appropriate for the unit is based on the H&SC Section 50052.5 standard of the number of bedrooms in the home plus one. As was the case in the Affordable Sales Price calculations, this is a benchmark, not an occupancy cap.

3. The household income is set at 60% of AMI for lower income households and 50% of AMI for very low income households.

4. Thirty percent (30%) of defined household income is allocated to housing-related expenses.

5. KMA's calculations are based on the assumption that the tenants will be required to pay for gas heating, cooking and water heating; and basic electric services. The July 1, 2017 HACoLA utilities allowances were applied to this analysis.

The resulting Affordable Rents are presented in the following table:

Table 11: Affordable Rent Calculations – Rental Apartment Units		
	Lower Income	Very Low Income
Studio Units		
Maximum Monthly Housing Cost	$680	$567
(Less) Monthly Utility Allowance	(29)	(29)
Affordable Rent	$651	$538
One-Bedroom Units		
Maximum Monthly Housing Cost	$778	$648
(Less) Monthly Utility Allowance	(40)	(40)
Affordable Rent	$738	$608
Two-Bedroom Units		
Maximum Monthly Housing Cost	$875	$729
(Less) Monthly Utility Allowance	(49)	(49)
Affordable Rent	$826	$680
Three-Bedroom Units		
Maximum Monthly Housing Cost	$972	$810
(Less) Monthly Utility Allowance	(60)	(60)
Affordable Rent	$912	$750

C. Inclusionary Housing Production Analyses: Rental Apartments

A variety of tools are available to reduce the financial impact associated with the imposition of income and affordability restrictions on rental apartment projects. For 100% affordable housing projects, Tax Credit financing is commonly used to fill the financial gap. For mixed-income projects, the California Government Code Sections 65915 - 65918 (Section 65915) density bonus is often used.

In July 2013, the First District Court of Appeal held that jurisdictions must agree to apply Inclusionary Housing units toward the fulfillment of the affordable unit requirements imposed by the Section 65915 density bonus.[16] A developer can request a Section 65915 density bonus for a project as long as the affordable units meet the more restrictive of the jurisdiction's Inclusionary Housing requirements and the requirements imposed by Section 65915.

The Section 65915 density bonus can act to materially reduce the financial impacts created by Inclusionary Housing requirements. For that reason, jurisdictions that impose Inclusionary Housing requirements should recognize the possibility that many developers will request Section 65915 density bonuses.

To evaluate the impacts created by the imposition of Inclusionary Housing requirements, KMA prepared the following pro forma analyses for the prototype projects in each submarket:

1. A 100% market rate unit scenario; and

2. A scenario that maximizes the Section 65915 density bonus, and that attains the threshold return generated by a 100% market rate development at the base zoning standard.

Market Rate Development Scenarios – Rental Apartment Projects

The 100% market rate unit scenarios provide a baseline against which to measure the impacts associated with affordable housing requirements. The purpose of the 100% market rate scenarios are to estimate the developer's stabilized return on total investment for a project that is not encumbered by income and affordability restrictions. The pro forma analyses for the 100% market rate unit scenarios are organized as follows:

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

Base Case: 100% Market Rate Scenarios Rental Apartment Projects	
Table 1:	Estimated Development Costs
Table 2:	Stabilized Net Operating Income
Table 3:	Stabilized Return on Total Investment

The stabilized developer returns derived from the 100% market rate scenarios are presented in the following table:

Table 12: Stabilized Developer Returns on Total Investment 100% Market Rate Scenarios – Rental Apartment Projects	
Submarket	
Coastal South Los Angeles Submarket	5.4%
East Los Angeles/Gateway Submarket	4.1%
San Gabriel Valley Submarket	3.8%
Santa Clarita Valley Submarket	5.2%
Antelope Valley Submarket	3.5%

Supportable Inclusionary Housing Production Requirements – Rental Apartment Projects

As discussed previously, KMA evaluated the supportable Inclusionary Housing requirements based on the assumption that developers of rental apartment projects could use the Section 65915 density bonus to mitigate the financial impact created by Inclusionary Housing requirements. The Section 65915 density bonus allows developers to receive up to a 35% density bonus in return for including units subject to long-term income and affordability controls in market rate projects.

The Section 65915 affordability restrictions are calculated based on the number of units allowed by a site's base zoning. A 35% density bonus can be achieved by setting aside either 20% of the base units for lower income households or 11% of the base units for very low income households. To test the order-of-magnitude benefits created by the density bonus, KMA applied the lower income standard, and the statutory maximum density bonus of 35% to the prototype projects in each submarket.

The density bonus pro forma analyses are organized as follows:

Density Bonus Scenarios Rental Apartment Projects	
Table 1:	Estimated Development Costs
Table 2:	Stabilized Net Operating Income
Table 3:	Supportable Inclusionary Housing Production Requirements

Based on the findings in the *Napa* case, jurisdictions cannot impose Inclusionary Housing requirements on the additional units a developer receives by invoking the Section 65915 density bonus. Thus, the Inclusionary Housing production requirement must be calculated against the number of units permitted under the property's base zoning standards. However, a jurisdiction can impose a higher percentage requirement on those base zoning units than is applied under Section 65915.

The KMA pro forma analyses were structured to estimate the percentage of lower income units that could be supported by the prototype project in each submarket. Feasibility was measured by varying the number of lower income units in the project until the estimated stabilized return on total investment generated by the 100% market rate scenario was reached. It should be noted that when measured against the base zoning, the prototype projects in each submarket were projected to support an equal or greater percentage of lower income units than the 20% standard that maximizes the Section 65915 density bonus.

It is important to re-emphasize the fact that a jurisdiction can only apply Inclusionary Housing production requirements against the number of units allowed by a property's base zoning. The following table identifies the relevant percentages based on that requirement. For illustrative purposes, KMA translated these results into the percentage of the total units, including the density bonus units, in projects that would be subject to Inclusionary Housing production requirements.

Table 13: Supportable Percentage of Inclusionary Housing Units Rental Apartment Projects		
	As a % of the Base Units Allowed by Zoning	As a % of the Total Units in the Project
Submarket		
Coastal South Los Angeles Submarket	25%	19%
East Los Angeles/Gateway Submarket	27%	20%
San Gabriel Valley Submarket	32%	24%
Santa Clarita Valley Submarket	22%	16%
Antelope Valley Submarket	32%	24%

D. In-Lieu Fee Analyses: Rental Apartments

KMA estimated the supportable in-lieu fee amounts for rental apartment projects under two methodologies to establish the range of in-lieu fees that could be assessed:

1. The first approach is based on establishing in-lieu fee amounts that generate a financial impact equal to a +/- 30% reduction in land value. In this approach the in-lieu fee is treated as a development cost, and no Inclusionary Housing production requirement is imposed on the project.

2. The second approach is based on the Affordability Gaps associated with the on-site development of Inclusionary Housing units within market rate rental apartment projects.

Land Value Reduction Approach – Rental Apartment Projects

KMA prepared pro forma analyses to test the land value reduction created by the imposition of in-lieu fee payment requirements. Based on these pro forma analyses, KMA estimates the supportable in-lieu fees for rental apartment projects as follows:

Table 14: In-Lieu Fee Analyses – Land Value Reduction Approach Rental Apartment Projects	
Coastal South Los Angeles Submarket	$6.64
East Los Angeles/Gateway Submarket	$6.94
San Gabriel Valley Submarket	$10.35
Santa Clarita Valley Submarket	$2.61
Antelope Valley Submarket	$2.13

Affordability Gap Approach – Rental Apartment Units

The Affordability Gap approach analysis is based on the assumption that 15% of the total units in a market rate ownership housing project would be subject to Inclusionary Housing requirements at the lower income level.[17] KMA applied these standards for the following reasons:

1. As shown in Table 13, the pro forma analyses indicated that a 15% standard is supported in each submarket that was evaluated; and

2. AB 1505 identifies a set aside of 15% of the units at lower income as the threshold after which HCD can intervene in the adoption process for an Inclusionary Housing program.

[17] KMA also estimated the Affordability Gaps for very low income units, because some developers may choose to impose a more stringent requirement to reduce the number of affordable units required under the Section 65915 density bonus.

The Affordability Gaps for rental apartment units in each submarket are estimated using the following methodology:

1. The difference between the estimated achievable market rate monthly rent and the defined Affordable Rent is calculated for studio, one-bedroom, two-bedroom and three-bedroom units.

2. The weighted average of the rent differential is estimated based on the distribution of units identified for each submarket.

3. KMA assumed that the property taxes for projects that include designated affordable housing units would be based on a lower assessed value due to the reduction in net operating income that would be generated by the project. KMA deducted this lower property tax expense from the weighted average rent differential.

4. To assist in projecting the Affordability Gap created by the imposition of affordable housing requirements, KMA prepared pro forma analyses for the prototype market rate projects in each submarket. Based on these analyses, KMA estimated the stabilized return on total investment generated for each of these prototype projects.

5. The annual Affordability Gap for each income restricted unit was capitalized at the threshold return derived from the pro forma analyses for the market rate scenarios. The result of this calculation is defined as the net Affordability Gap per income restricted unit.

The results of the Affordability Gap approach analysis are summarized in the following table:

Table 15: In-Lieu Fee Analysis - Affordability Gap Approach Rental Apartment Units		
In-Lieu Fee	Lower Income	Very Low Income
Submarket		
Coastal South Los Angeles Submarket		
Per Income Restricted Unit	$302,200	$323,811
Per Square Foot of GBA	$39.84	$42.68
East Los Angeles/Gateway Submarket		
Per Income Restricted Unit	$243,271	$274,300
Per Square Foot of GBA	$32.82	$37.01
San Gabriel Valley Submarket		
Per Income Restricted Unit	$281,872	$314,151
Per Square Foot of GBA	$34.04	$37.93
Santa Clarita Valley Submarket		
Per Income Restricted Unit	$207,798	$232,596
Per Square Foot of GBA	$24.51	$27.44
Antelope Valley Submarket		
Per Income Restricted Unit	$112,461	$148,839
Per Square Foot of GBA	$15.56	$20.59

The following table provides a summary of the in-lieu fees supported under the two approaches that were analyzed by KMA:

Table 16: Supportable In-Lieu Fees Per Square Foot of GBA Rental Apartment Projects		
	Land Value Reduction Approach	Affordability Gap Approach
Submarket		
Coastal South Los Angeles Submarket	$6.64	$39.84
East Los Angeles/Gateway Submarket	$6.94	$32.82
San Gabriel Valley Submarket	$10.35	$34.04
Santa Clarita Valley Submarket	$2.61	$24.51
Antelope Valley Submarket	$2.13	$15.56

VII. SUMMARY

The results of the preceding analysis can be summarized as follows:

A. Submarket Characteristics

Los Angeles County is one of the largest counties in the United States, and the unincorporated areas exhibit a diverse mix of physical, demographic and economic conditions. Given the diversity of the unincorporated areas, it is KMA's conclusion that unique Inclusionary Housing requirements should be considered for each of the submarkets evaluated in this report.

The residential units found in the six identified submarkets embody a wide variety of characteristics. The ranges for key items can be summarized as follows:

Table 17: Weighted Average Prototype Home Sizes Square Feet of Livable Area			
	Single-Family Homes	Condominiums	Apartments
Submarket			
Coastal South Los Angeles	2,400	1,660	797
South Los Angeles	1,538	N/A	N/A
East Los Angeles/Gateway	2,002	1,348	834
San Gabriel Valley	3,023	1,775	870
Santa Clarita Valley	2,758	1,604	954
Antelope Valley	2,200	N/A	813

Table 18: Weighted Average Market Rate Sales Prices / Market Rate Monthly Rents			
	Single-Family Homes	Condominiums	Apartments
<u>Submarket</u>			
Coastal South Los Angeles			
Total Price/Monthly Rent	$730,900	$524,500	$2,594
Price/Monthly Rent Per Sq. Ft.	$305	$316	$3.26
South Los Angeles			
Total Price/Monthly Rent	$441,500	N/A	N/A
Price/Monthly Rent Per Sq. Ft.	$287	N/A	N/A
East Los Angeles/Gateway			
Total Price/Monthly Rent	$574,200	$419,600	$1,869
Price/Monthly Rent Per Sq. Ft.	$287	$311	$2.24
San Gabriel Valley			
Total Price/Monthly Rent	$1,373,200	$590,300	$1,975
Price/Monthly Rent Per Sq. Ft.	$454	$333	$2.27
Santa Clarita Valley			
Total Price/Monthly Rent	$824,100	$401,600	$2,029
Price/Monthly Rent Per Sq. Ft.	$299	$250	$2.13
Antelope Valley			
Total Price / Rent	$374,000	N/A	$1,233
Price/Monthly Rent Per Sq. Ft.	$170	N/A	$1.52

B. Financially Feasible Inclusionary Housing Requirements

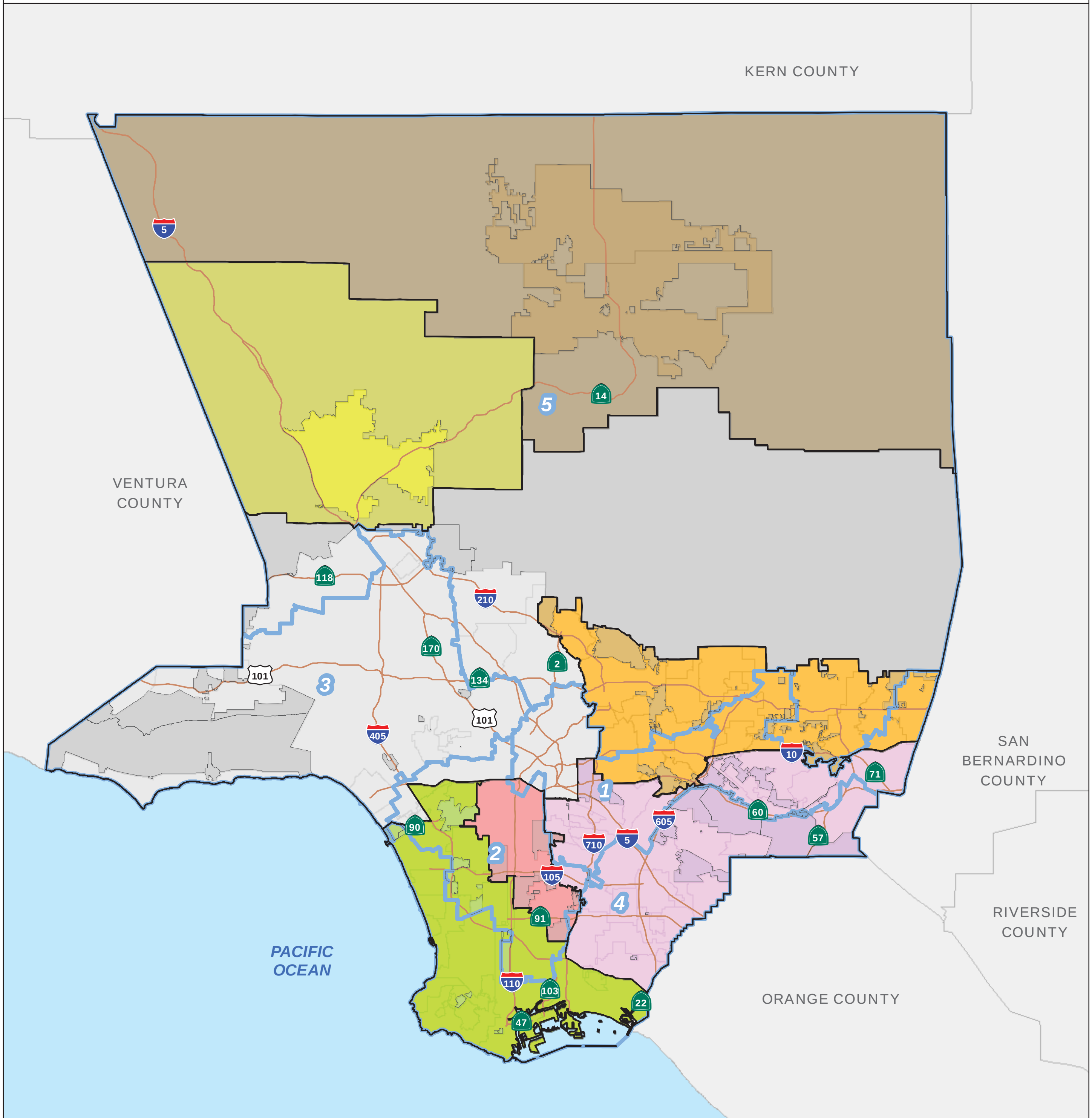
Based on the results of the preceding analysis, KMA determined that the following Inclusionary Housing requirements can be supported:

Table 19: Financially Feasible Inclusionary Housing Requirements			
	Single-Family Homes	Condominiums	Apartments [18]
Submarket			
Coastal South Los Angeles			
% of Units	12% - 16%	11% - 18%	19%
In-Lieu Fee Per Sq. Ft.	$21.60 - $28.60	$20.00 - $23.40	$6.64 - $39.84
South Los Angeles			
% of Units	9% - 19%	N/A	N/A
In-Lieu Fee Per Sq. Ft.	$13.33 - $14.70	N/A	N/A
East Los Angeles/Gateway			
% of Units	9% - 14%	9% - 17%	20%
In-Lieu Fee Per Sq. Ft.	$15.48 - $21.80	$14.41 - $19.50	$6.94 - $32.82
San Gabriel Valley			
% of Units	9% -11%	10% - 14%	24%
In-Lieu Fee Per Sq. Ft.	$27.27 - $54.00	$18.15 - $28.00	$10.35 - $34.04
Santa Clarita Valley			
% of Units	3% - 5%	3% - 6%	16%
In-Lieu Fee Per Sq. Ft.	$6.17 - $30.00	$4.00 - $14.80	$2.61 - $24.51
Antelope Valley			
% of Units	3% - 6%	N/A	24%
In-Lieu Fee Per Sq. Ft.	$2.40 - $7.70	N/A	$2.13 - $15.56

[18] The percentages of units are measured against the total number of units in the project.

APPENDIX A
SUBMARKET MAPS
INCLUSIONARY HOUSING ANALYSIS
LOS ANGELES COUNTY

Submarket Areas



Antelope Valley
Coastal South Los Angeles
East Los Angeles / Gateway
Not a Part of Submarket
San Gabriel Valley
Santa Clarita Valley
South Los Angeles
Supervisorial District
Unincorporated Areas*

* Unincorporated areas are a transparent gray and come out as a darker color tone on the map

Source: Department of Regional Planning & KMA, June 2017

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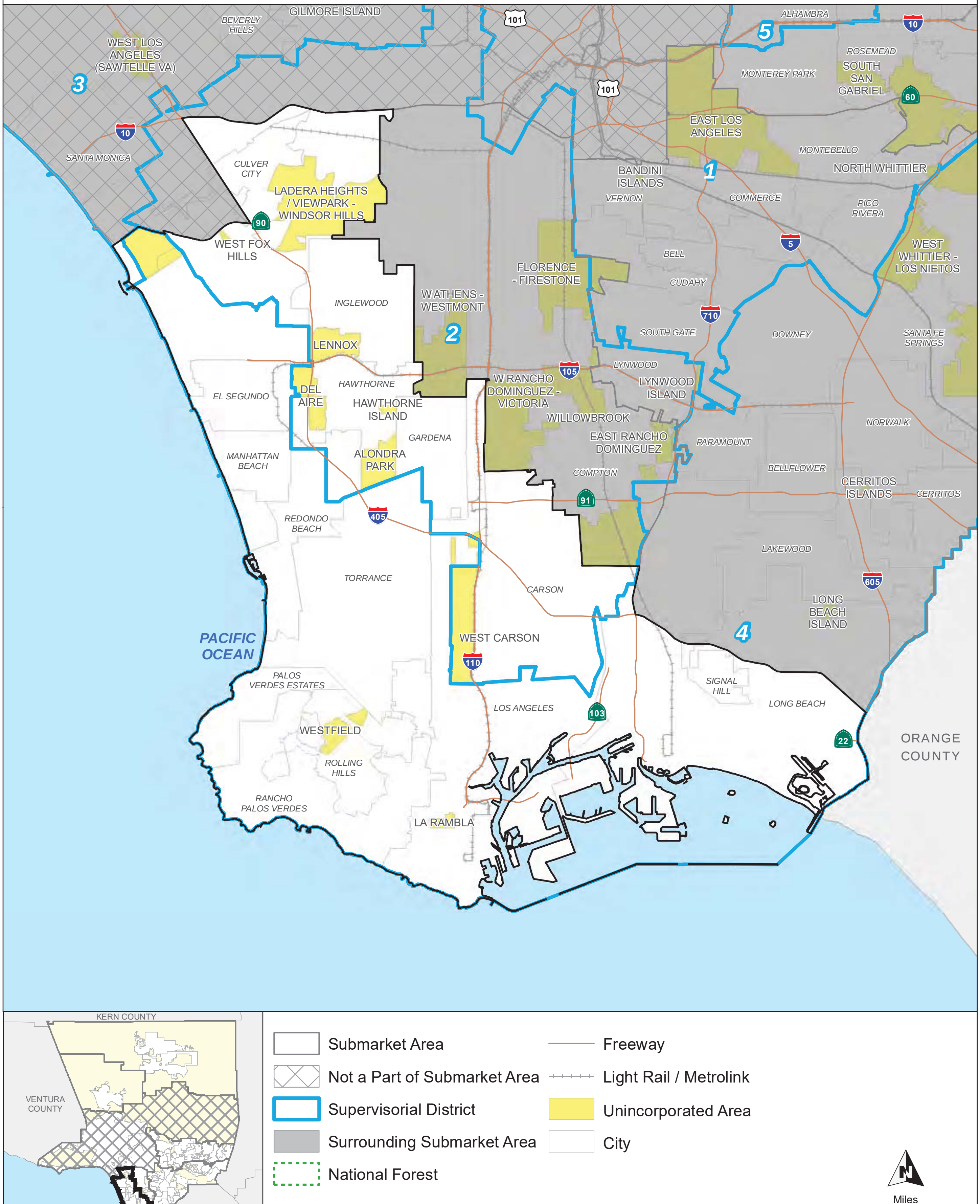
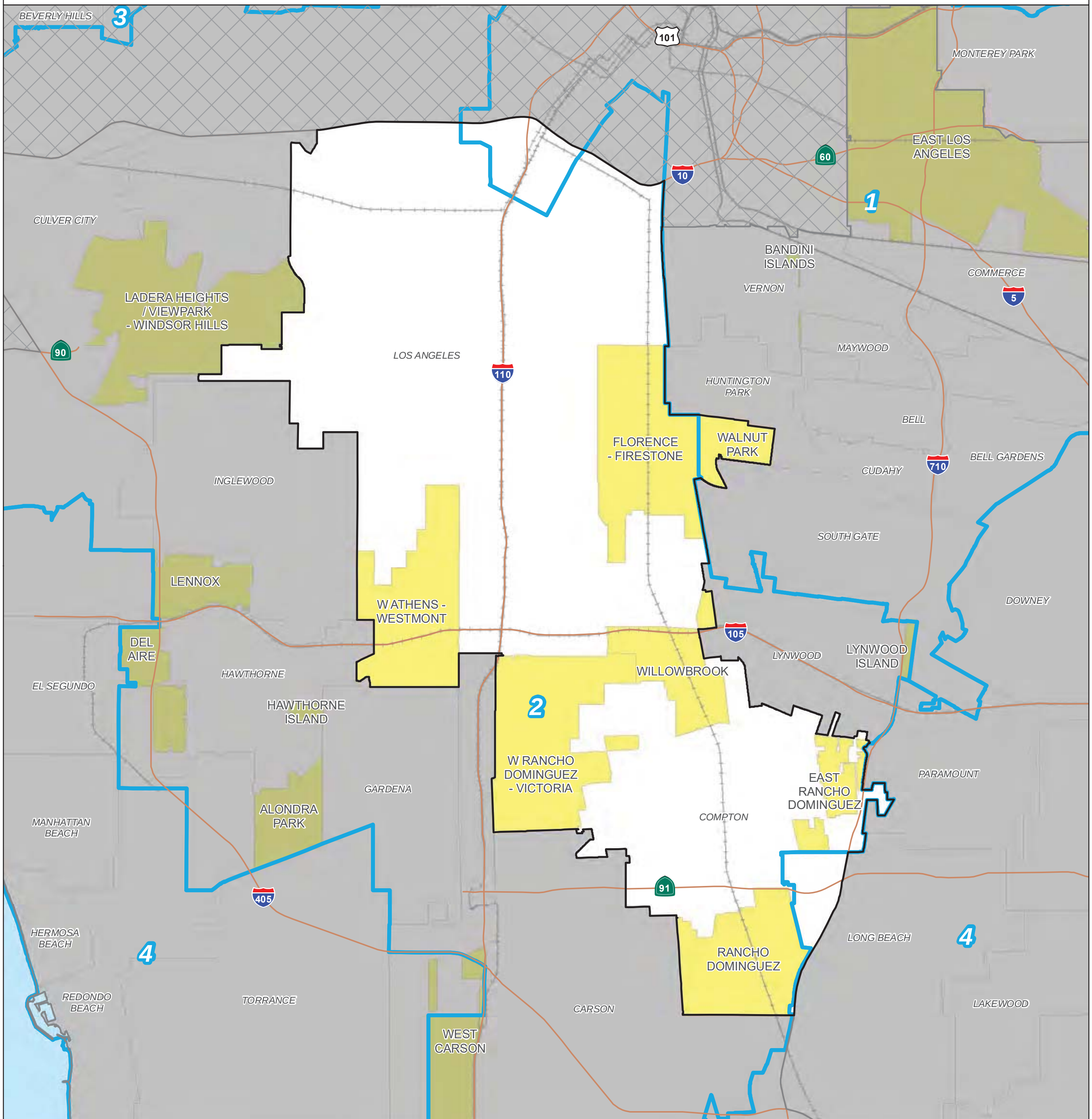
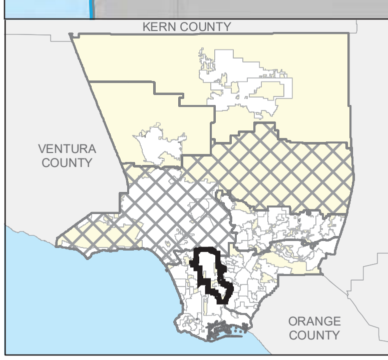
Coastal South Los Angeles Submarket Area



Source: Department of Regional Planning & KMA, June 2017

South Los Angeles Submarket Area





	Submarket Area		Freeway
	Not a Part of Submarket Area		Light Rail / Metrolink
	Supervisorial District		Unincorporated Area
	Surrounding Submarket Area		City
	National Forest		

Source: Department of Regional Planning & KMA, June 2017

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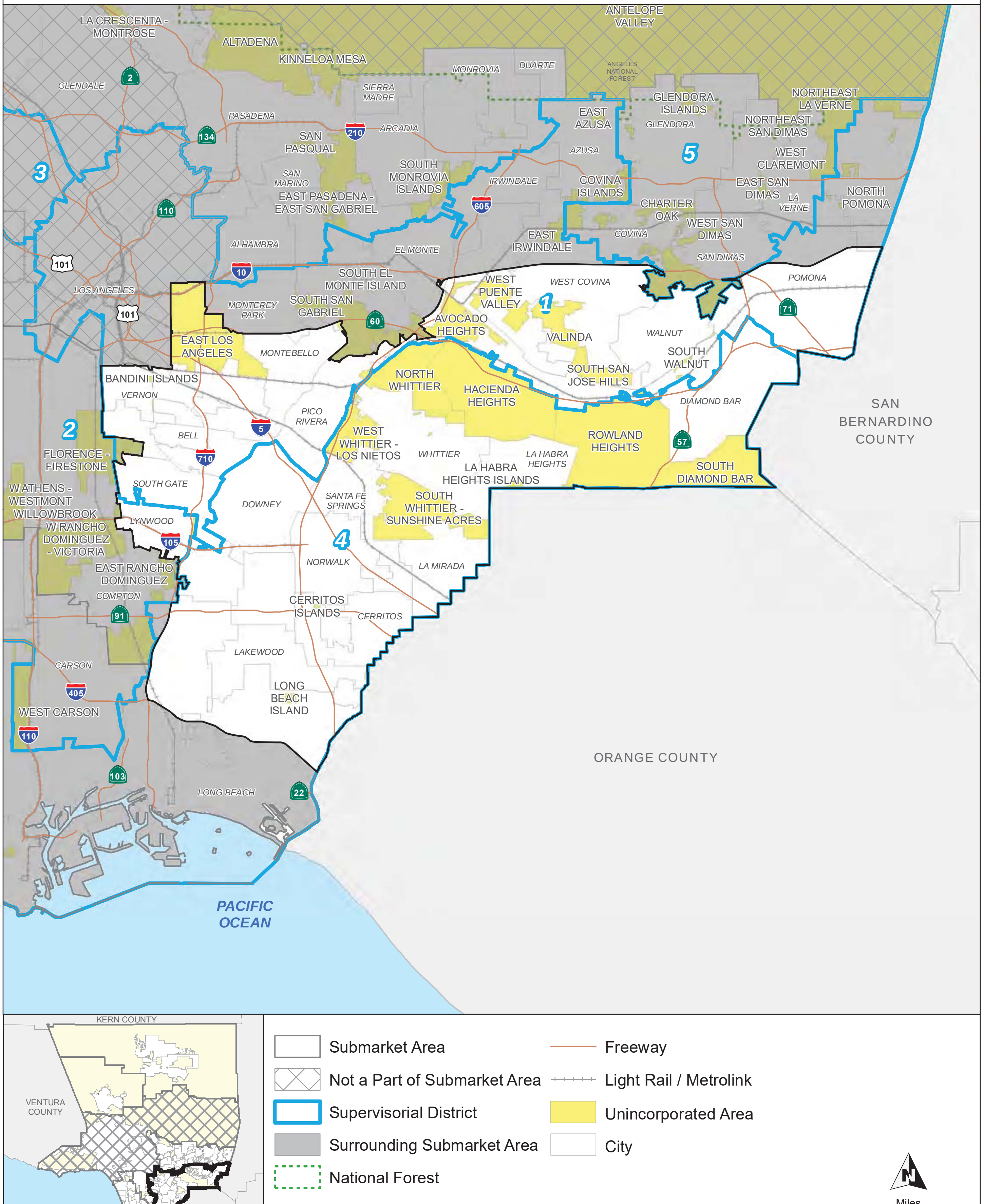
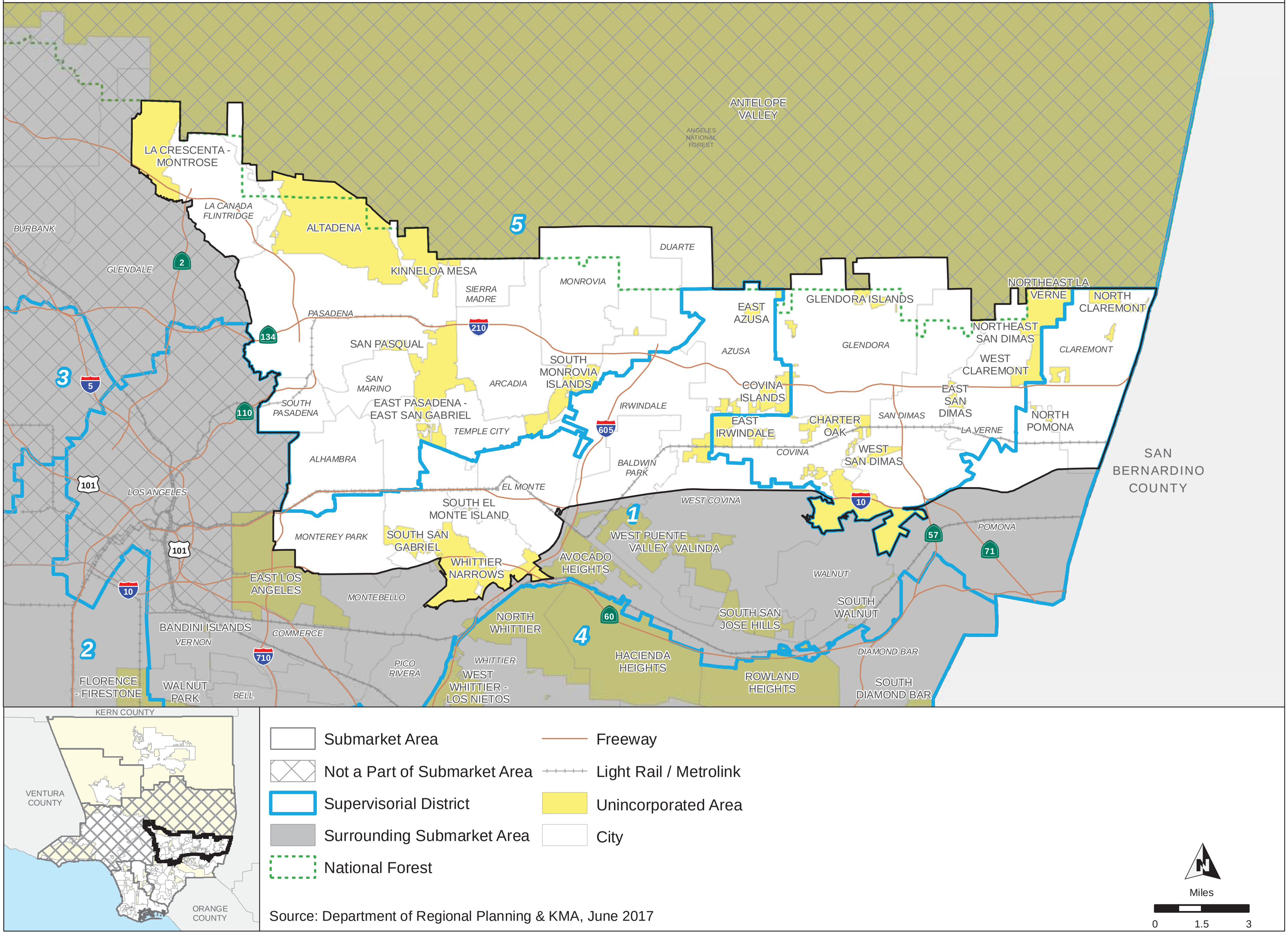
East Los Angeles / Gateway Submarket Area



Source: Department of Regional Planning & KMA, June 2017

San Gabriel Valley Submarket Area



Submarket Area

Not a Part of Submarket Area

Supervisorial District

Surrounding Submarket Area

National Forest

Freeway

Light Rail / Metrolink

Unincorporated Area

City

Source: Department of Regional Planning & KMA, June 2017

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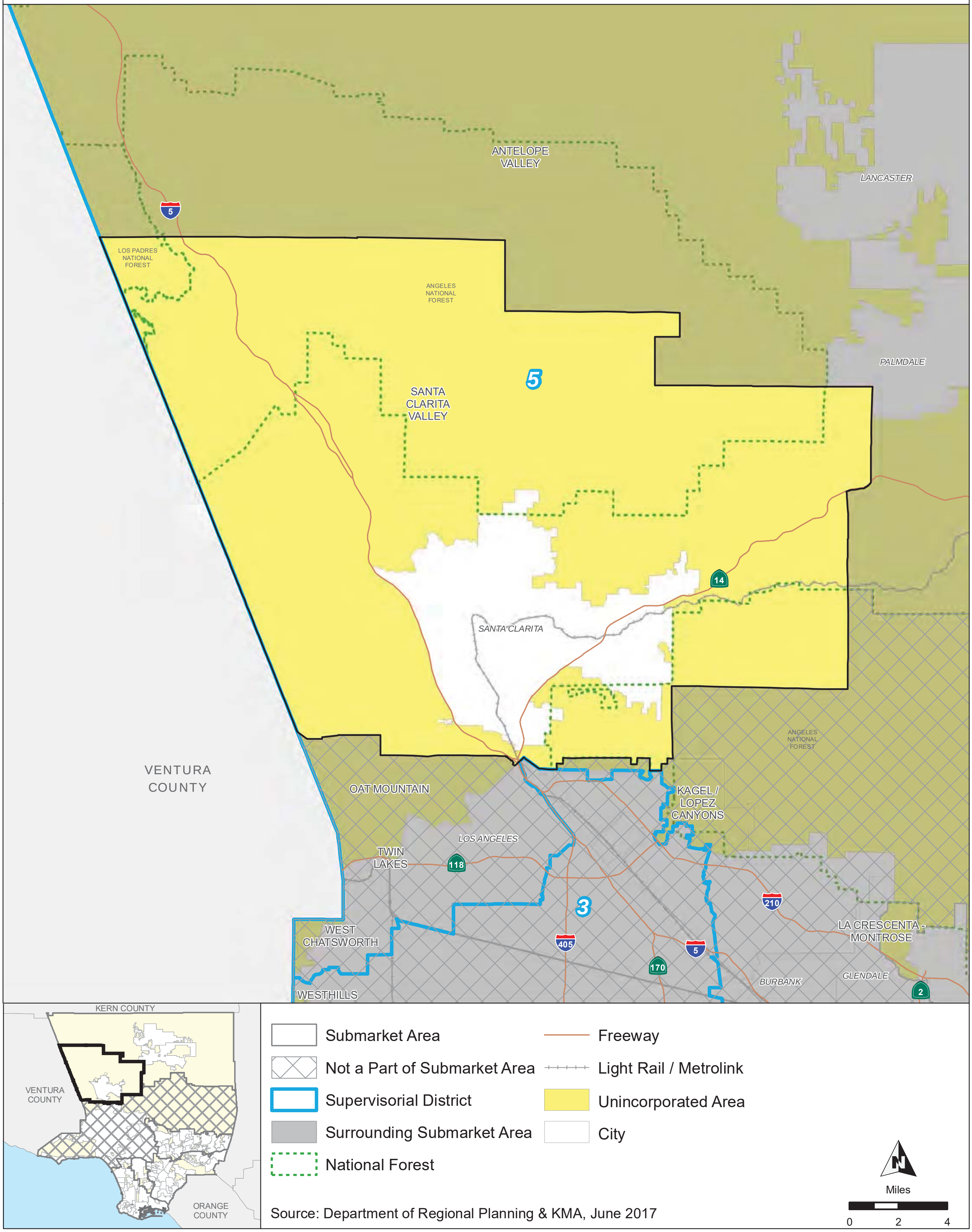
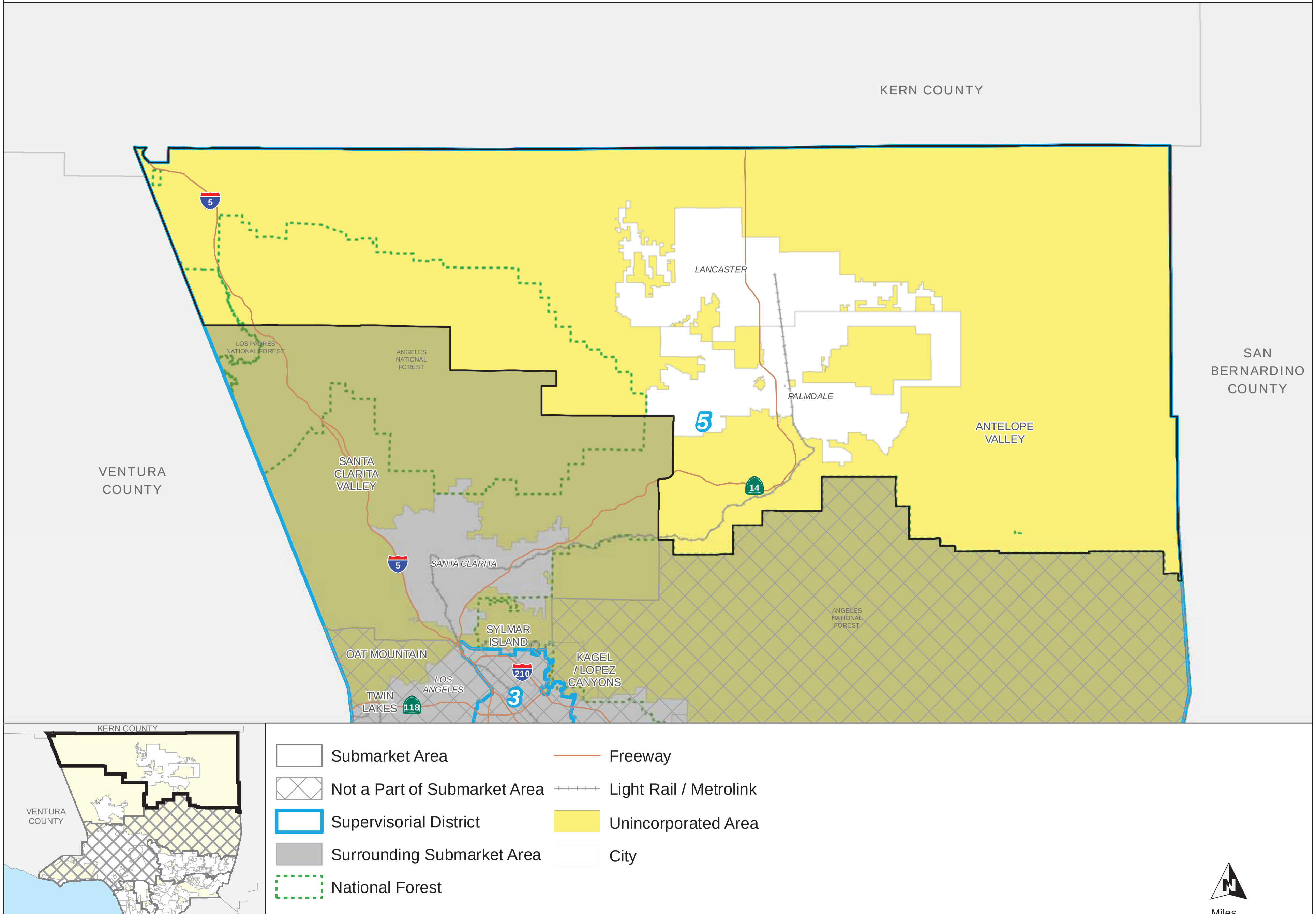
0 1.5 3

Santa Clarita Valley Submarket Area



Source: Department of Regional Planning & KMA, June 2017

Antelope Valley Submarket Area



Source: Department of Regional Planning & KMA, June 2017

APPENDIX B
AFFORDABLE SALES PRICE CALCULATIONS
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX B - EXHIBIT I

AFFORDABLE SALES PRICE CALCULATIONS [1]
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

	Two-Bedroom Units	Three-Bedroom Units	Four-Bedroom Units	Five-Bedroom Units
I.	**Moderate Income Households**			
A. Income Information				
Household Income @ 110% Median	$64,130	$71,280	$77,000	$82,670
Income Allotted to Housing @ 35% of Income	$22,450	$24,950	$26,950	$28,930
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	4,200	4,200	4,200	4,200
Property Taxes @ 1.30% of Affordable Sales Price	2,990	3,370	3,650	3,920
Total Ongoing Expenses	$8,714	$9,454	$10,178	$10,880
C. Income Available for Mortgage	$13,736	$15,496	$16,772	$18,050
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$218,200	$246,100	$266,400	$286,700
Home Buyer Down Payment @ 5% Aff Sales Price	11,500	13,000	14,000	15,100
Affordable Sales Price	$229,700	$259,100	$280,400	$301,800
II.	**Lower Income Households**			
A. Income Information				
Household Income @ 70% Median	$40,810	$45,360	$49,000	$52,610
Income Allotted to Housing @ 30% of Income	$12,240	$13,610	$14,700	$15,780
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	4,200	4,200	4,200	4,200
Property Taxes @ 1.30% of Affordable Sales Price	1,160	1,350	1,460	1,580
Total Ongoing Expenses	$6,884	$7,434	$7,988	$8,540
C. Income Available for Mortgage	$5,356	$6,176	$6,712	$7,240
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$85,100	$98,100	$106,600	$115,000
Home Buyer Down Payment @ 5% Aff Sales Price	4,500	5,200	5,600	6,100
Affordable Sales Price	$89,600	$103,300	$112,200	$121,100

[1] Based on 2017 household incomes published by HCD. The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.

[2] Utilities allowances are based on HACoLA allowances for single family homes published on July 1, 2017. Assumes costs for gas heating, cooking, and water heating; basic electric; air conditioning; water; and trash services.

Prepared by: Keyser Marston Associates
File name: Own Inclusionary Analyses_1 25 18; ASP Coastal

APPENDIX B - EXHIBIT II

AFFORDABLE SALES PRICE CALCULATIONS [1]
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

	Two-Bedroom Units	Three-Bedroom Units	Four-Bedroom Units	Five-Bedroom Units
I.	**Moderate Income Households**			
A. Income Information				
Household Income @ 110% Median	$64,130	$71,280	$77,000	$82,670
Income Allotted to Housing @ 35% of Income	$22,450	$24,950	$26,950	$28,930
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	2,500	2,500	2,500	2,500
Property Taxes @ 1.30% of Affordable Sales Price	3,290	3,670	3,950	4,230
Total Ongoing Expenses	$7,314	$8,054	$8,778	$9,490
C. Income Available for Mortgage	$15,136	$16,896	$18,172	$19,440
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$240,400	$268,400	$288,600	$308,800
Home Buyer Down Payment @ 5% Aff Sales Price	12,700	14,100	15,200	16,300
Affordable Sales Price	$253,100	$282,500	$303,800	$325,100
II.	**Lower Income Households**			
A. Income Information				
Household Income @ 70% Median	$40,810	$45,360	$49,000	$52,610
Income Allotted to Housing @ 30% of Income	$12,240	$13,610	$14,700	$15,780
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	2,500	2,500	2,500	2,500
Property Taxes @ 1.30% of Affordable Sales Price	1,470	1,650	1,760	1,880
Total Ongoing Expenses	$5,494	$6,034	$6,588	$7,140
C. Income Available for Mortgage	$6,746	$7,576	$8,112	$8,640
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$107,100	$120,300	$128,800	$137,200
Home Buyer Down Payment @ 5% Aff Sales Price	5,600	6,300	6,800	7,200
Affordable Sales Price	$112,700	$126,600	$135,600	$144,400

[1] Based on 2017 household incomes published by HCD. The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.

[2] Utilities allowances are based on HACoLA allowances for single family homes published on July 1, 2017. Assumes costs for gas heating, cooking, and water heating; basic electric; air conditioning; water; and trash services.

Prepared by: Keyser Marston Associates
File name: Own Inclusionary Analyses_1 25 18; ASP SLA

APPENDIX B - EXHIBIT III

AFFORDABLE SALES PRICE CALCULATIONS [1]
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

		Two-Bedroom Units	Three-Bedroom Units	Four-Bedroom Units	Five-Bedroom Units
I.		**Moderate Income Households**			
A. Income Information					
Household Income @ 110% Median		$64,130	$71,280	$77,000	$82,670
Income Allotted to Housing @ 35% of Income		$22,450	$24,950	$26,950	$28,930
B. Ongoing Expenses					
Annual Utilities Allowance	2	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance		3,800	3,800	3,800	3,800
Property Taxes @ 1.20% of Affordable Sales Price		2,860	3,220	3,480	3,740
Total Ongoing Expenses		$8,184	$8,904	$9,608	$10,300
C. Income Available for Mortgage		$14,266	$16,046	$17,342	$18,630
D. Affordable Sales Price					
Supportable Mtg @ 4.80% Interest		$226,600	$254,900	$275,400	$295,900
Home Buyer Down Payment @ 5% Aff Sales Price		11,900	13,400	14,500	15,600
Affordable Sales Price		$238,500	$268,300	$289,900	$311,500
II.		**Lower Income Households**			
A. Income Information					
Household Income @ 70% Median		$40,810	$45,360	$49,000	$52,610
Income Allotted to Housing @ 30% of Income		$12,240	$13,610	$14,700	$15,780
B. Ongoing Expenses					
Annual Utilities Allowance	2	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance		3,800	3,800	3,800	3,800
Property Taxes @ 1.20% of Affordable Sales Price		1,160	1,320	1,430	1,540
Total Ongoing Expenses		$6,484	$7,004	$7,558	$8,100
C. Income Available for Mortgage		$5,756	$6,606	$7,142	$7,680
D. Affordable Sales Price					
Supportable Mtg @ 4.80% Interest		$91,400	$104,900	$113,400	$122,000
Home Buyer Down Payment @ 5% Aff Sales Price		4,800	5,500	6,000	6,400
Affordable Sales Price		$96,200	$110,400	$119,400	$128,400

[1] Based on 2017 household incomes published by HCD. The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.

[2] Utilities allowances are based on HACoLA allowances for single family homes published on July 1, 2017. Assumes costs for gas heating, cooking, and water heating; basic electric; air conditioning; water; and trash services.

Prepared by: Keyser Marston Associates
File name: Own Inclusionary Analyses_1 25 18; ASP ELA

APPENDIX B - EXHIBIT IV

AFFORDABLE SALES PRICE CALCULATIONS [1]
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

	Two-Bedroom Units	Three-Bedroom Units	Four-Bedroom Units	Five-Bedroom Units
I.	**Moderate Income Households**			
A. Income Information				
Household Income @ 110% Median	$64,130	$71,280	$77,000	$82,670
Income Allotted to Housing @ 35% of Income	$22,450	$24,950	$26,950	$28,930
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	4,200	4,200	4,200	4,200
Property Taxes @ 1.25% of Affordable Sales Price	2,890	3,260	3,530	3,800
Total Ongoing Expenses	$8,614	$9,344	$10,058	$10,760
C. Income Available for Mortgage	$13,836	$15,606	$16,892	$18,170
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$219,800	$247,900	$268,300	$288,600
Home Buyer Down Payment @ 5% Aff Sales Price	11,600	13,000	14,100	15,200
Affordable Sales Price	$231,400	$260,900	$282,400	$303,800
II.	**Lower Income Households**			
A. Income Information				
Household Income @ 70% Median	$40,810	$45,360	$49,000	$52,610
Income Allotted to Housing @ 30% of Income	$12,240	$13,610	$14,700	$15,780
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	4,200	4,200	4,200	4,200
Property Taxes @ 1.25% of Affordable Sales Price	1,130	1,300	1,410	1,530
Total Ongoing Expenses	$6,854	$7,384	$7,938	$8,490
C. Income Available for Mortgage	$5,386	$6,226	$6,762	$7,290
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$85,500	$98,900	$107,400	$115,800
Home Buyer Down Payment @ 5% Aff Sales Price	4,500	5,200	5,700	6,100
Affordable Sales Price	$90,000	$104,100	$113,100	$121,900

[1] Based on 2017 household incomes published by HCD. The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.

[2] Utilities allowances are based on HACoLA allowances for single family homes published on July 1, 2017. Assumes costs for gas heating, cooking, and water heating; basic electric; air conditioning; water; and trash services.

Prepared by: Keyser Marston Associates
File name: Own Inclusionary Analyses_1 25 18; ASP SGV

APPENDIX B - EXHIBIT V

AFFORDABLE SALES PRICE CALCULATIONS [1]
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

	Two-Bedroom Units	Three-Bedroom Units	Four-Bedroom Units	Five-Bedroom Units
I.	**Moderate Income Households**			
A. Income Information				
Household Income @ 110% Median	$64,130	$71,280	$77,000	$82,670
Income Allotted to Housing @ 35% of Income	$22,450	$24,950	$26,950	$28,930
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	4,900	4,900	4,900	4,900
Property Taxes @ 1.30% of Affordable Sales Price	2,860	3,240	3,520	3,800
Total Ongoing Expenses	$9,284	$10,024	$10,748	$11,460
C. Income Available for Mortgage	$13,166	$14,926	$16,202	$17,470
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$209,100	$237,100	$257,300	$277,500
Home Buyer Down Payment @ 5% Aff Sales Price	11,000	12,500	13,500	14,600
Affordable Sales Price	$220,100	$249,600	$270,800	$292,100
II.	**Lower Income Households**			
A. Income Information				
Household Income @ 70% Median	$40,810	$45,360	$49,000	$52,610
Income Allotted to Housing @ 30% of Income	$12,240	$13,610	$14,700	$15,780
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	4,900	4,900	4,900	4,900
Property Taxes @ 1.30% of Affordable Sales Price	1,040	1,220	1,340	1,450
Total Ongoing Expenses	$7,464	$8,004	$8,568	$9,110
C. Income Available for Mortgage	$4,776	$5,606	$6,132	$6,670
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$75,900	$89,000	$97,400	$105,900
Home Buyer Down Payment @ 5% Aff Sales Price	4,000	4,700	5,100	5,600
Affordable Sales Price	$79,900	$93,700	$102,500	$111,500

1 Based on 2017 household incomes published by HCD. The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.

2 Utilities allowances are based on HACoLA allowances for single family homes published on July 1, 2017. Assumes costs for gas heating, cooking, and water heating; basic electric; air conditioning; water; and trash services.

Prepared by: Keyser Marston Associates
File name: Own Inclusionary Analyses_1 25 18; ASP SCV

APPENDIX B - EXHIBIT VI

AFFORDABLE SALES PRICE CALCULATIONS [1]
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

	Two-Bedroom Units	Three-Bedroom Units	Four-Bedroom Units	Five-Bedroom Units
I.	**Moderate Income Households**			
A. Income Information				
Household Income @ 110% Median	$64,130	$71,280	$77,000	$82,670
Income Allotted to Housing @ 35% of Income	$22,450	$24,950	$26,950	$28,930
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	2,900	2,900	2,900	2,900
Property Taxes @ 1.25% of Affordable Sales Price	3,120	3,490	3,760	4,020
Total Ongoing Expenses	$7,544	$8,274	$8,988	$9,680
C. Income Available for Mortgage	$14,906	$16,676	$17,962	$19,250
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$236,800	$264,900	$285,300	$305,800
Home Buyer Down Payment @ 5% Aff Sales Price	12,500	13,900	15,000	16,100
Affordable Sales Price	$249,300	$278,800	$300,300	$321,900
II.	**Lower Income Households**			
A. Income Information				
Household Income @ 70% Median	$40,810	$45,360	$49,000	$52,610
Income Allotted to Housing @ 30% of Income	$12,240	$13,610	$14,700	$15,780
B. Ongoing Expenses				
Annual Utilities Allowance [2]	$1,524	$1,884	$2,328	$2,760
Maintenance & Insurance	2,900	2,900	2,900	2,900
Property Taxes @ 1.25% of Affordable Sales Price	1,350	1,530	1,640	1,750
Total Ongoing Expenses	$5,774	$6,314	$6,868	$7,410
C. Income Available for Mortgage	$6,466	$7,296	$7,832	$8,370
D. Affordable Sales Price				
Supportable Mtg @ 4.80% Interest	$102,700	$115,900	$124,400	$132,900
Home Buyer Down Payment @ 5% Aff Sales Price	5,400	6,100	6,500	7,000
Affordable Sales Price	$108,100	$122,000	$130,900	$139,900

[1] Based on 2017 household incomes published by HCD. The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 methodology.

[2] Utilities allowances are based on HACoLA allowances for single family homes published on July 1, 2017. Assumes costs for gas heating, cooking, and water heating; basic electric; air conditioning; water; and trash services.

Prepared by: Keyser Marston Associates
File name: Own Inclusionary Analyses_1 25 18; ASP AV

APPENDIX C
SINGLE-FAMILY HOME ALTERNATIVES
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX C - EXHIBIT I
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX C - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	435,600	Sf of Land	$50	/Sf of Land		$21,780,000
II.	**Direct Costs**	2						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		239,940	Sf of GBA	$70	/Sf of GBA	16,796,000	
	Contractor Costs		20%	Other Direct Costs			5,102,000	
	Total Direct Costs							$30,610,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,837,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			765,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			2,193,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			330,000	
	Total Indirect Costs							$6,925,000
IV.	**Financing Costs**							
	Interest During Construction	4					$3,124,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	890,000	
	Total Financing Costs							$4,014,000
V.	**Total Construction Cost**		100	Units	$415,000	/Unit		$41,549,000
	Total Development Cost		100	Units	$633,000	/Unit		$63,329,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX C - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	33	Units @	$518,000	/Unit	17,094,000	
	Four-Bedroom Units	67	Units @	$835,700	/Unit	55,992,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$73,086,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$2,193,000	
	Closing	2.0%	Gross Sales Revenue			1,462,000	
	Warranty	0.5%	Gross Sales Revenue			365,000	
	Total Cost of Sales						($4,020,000)
III.	**Net Revenue**						$69,066,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $305 per square foot of saleable area.

APPENDIX C - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX C - EXHIBIT I - TABLE 2	$69,066,000	
II.	**Total Development Cost**	See APPENDIX C - EXHIBIT I - TABLE 1	$63,329,000	
III.	**Developer Profit**	9.1% Total Development Cost		$5,737,000

APPENDIX C - EXHIBIT II
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX C - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	435,600	Sf of Land	$50	/Sf of Land		$21,780,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		239,940	Sf of GBA	$70	/Sf of GBA	16,796,000	
	Contractor Costs		20%	Other Direct Costs			5,102,000	
	Total Direct Costs							$30,610,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,837,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			765,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,970,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			319,000	
	Total Indirect Costs							$6,691,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$3,114,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	886,000	
	Total Financing Costs							$4,000,000
V.	**Total Construction Cost**		100	Units	$413,000	/Unit		$41,301,000
	Total Development Cost		100	Units	$631,000	/Unit		$63,081,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 11 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX C - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	28	Units @	$518,000	/Unit	14,504,000	
	Four-Bedroom Units	56	Units @	$835,700	/Unit	46,799,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	5	Units @	$259,100	/Unit	1,296,000	
	Four-Bedroom Units	11	Units @	$280,400	/Unit	3,084,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$103,300	/Unit	0	
	Four-Bedroom Units	0	Units @	$112,200	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$65,683,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,970,000	
	Closing	2.0%	Gross Sales Revenue			1,314,000	
	Warranty	0.5%	Gross Sales Revenue			328,000	
	Total Cost of Sales						($3,612,000)
III.	**Net Revenue**						$62,071,000

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $305 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT I. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX C - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue		See APPENDIX C - EXHIBIT II - TABLE 2	$62,071,000	
	(Less) Threshold Developer Profit [1]	9.1%	Total Development Cost	($5,715,000)	
	Total Funds Available for Development Costs				$56,356,000
II.	**Total Development Cost**		See APPENDIX C - EXHIBIT II - TABLE 1		$63,081,000
III.	**Land Value Reduction**	31%	As a % of Land Cost		$6,725,000
	Inclusionary Housing Production Requirement	16%	Moderate Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the COASTAL SOUTH LOS ANGELES SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX C - EXHIBIT III
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX C - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	435,600	Sf of Land	$50	/Sf of Land		$21,780,000
II.	**Direct Costs**	2						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		239,940	Sf of GBA	$70	/Sf of GBA	16,796,000	
	Contractor Costs		20%	Other Direct Costs			5,102,000	
	Total Direct Costs							$30,610,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,837,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			765,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,969,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			319,000	
	Total Indirect Costs							$6,690,000
IV.	**Financing Costs**							
	Interest During Construction	4					$3,169,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	886,000	
	Total Financing Costs							$4,055,000
V.	**Total Construction Cost**		100	Units	$414,000	/Unit		$41,355,000
	Total Development Cost		100	Units	$631,000	/Unit		$63,135,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 12 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX C - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	29	Units @	$518,000	/Unit	15,022,000	
	Four-Bedroom Units	59	Units @	$835,700	/Unit	49,306,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$259,100	/Unit	0	
	Four-Bedroom Units	0	Units @	$280,400	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	4	Units @	$103,300	/Unit	413,000	
	Four-Bedroom Units	8	Units @	$112,200	/Unit	898,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$65,639,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,969,000	
	Closing	2.0%	Gross Sales Revenue			1,313,000	
	Warranty	0.5%	Gross Sales Revenue			328,000	
	Total Cost of Sales						($3,610,000)
III.	**Net Revenue**						$62,029,000

[1] Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $305 per square foot of saleable area.

[2] See APPENDIX B - EXHIBIT I. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX C - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Net Revenue	See APPENDIX C - EXHIBIT III - TABLE 2	$62,029,000	
	(Less) Threshold Developer Profit [1]	9.1% Total Development Cost	($5,719,000)	
	Total Funds Available for Development Costs			$56,310,000
II.	**Total Development Cost**	See APPENDIX C - EXHIBIT III - TABLE 1		$63,135,000
III.	**Land Value Reduction**	31% As a % of Land Cost		$6,825,000
	Inclusionary Housing Production Requirement	12% Lower Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the COASTAL SOUTH LOS ANGELES SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX C - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX C - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs** [1]	435,600	Sf of Land	$50	/Sf of Land		$21,780,000
II.	**Direct Costs** [2]						
	Site Improvement Costs	435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage	200	Spaces	$0	/Space	0	
	Residential Building Costs	239,940	Sf of GBA	$70	/Sf of GBA	16,796,000	
	Contractor Costs	20%	Other Direct Costs			5,102,000	
	Total Direct Costs						$30,610,000
III.	**Indirect Costs**						
	Architecture, Eng & Consulting	6.0%	Direct Costs			$1,837,000	
	Public Permits & Fees [3]	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee	239,940	Sf of GBA	$21.60	/Sf of GBA	5,182,000	
	Taxes, Ins. Legal & Accounting	2.5%	Direct Costs			765,000	
	Marketing	100	Units	$3,000	/Unit	300,000	
	Development Management	3.0%	Gross Sales Revenue			2,193,000	
	Soft Cost Contingency Allowance	5.0%	Other Indirect Costs			589,000	
	Total Indirect Costs						$12,366,000
IV.	**Financing Costs**						
	Interest During Construction [4]					$3,593,000	
	Loan Origination Fees	60.0%	Loan to Cost	2.5	Points	971,000	
	Total Financing Costs						$4,564,000
V.	**Total Construction Cost**	100	Units	$475,000	/Unit		$47,540,000
	Total Development Cost	100	Units	$693,000	/Unit		$69,320,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX C - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]							
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	33	Units @	$518,000	/Unit	17,094,000	
	Four-Bedroom Units	67	Units @	$835,700	/Unit	55,992,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$73,086,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$2,193,000	
	Closing	2.0%	Gross Sales Revenue			1,462,000	
	Warranty	0.5%	Gross Sales Revenue			365,000	
	Total Cost of Sales						($4,020,000)
III.	**Net Revenue**						$69,066,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $305 per square foot of saleable area.

APPENDIX C - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX C - EXHIBIT IV - TABLE 2	$69,066,000		
	(Less) Threshold Developer Profit [1]	9.1% Total Development Cost	($6,280,000)		
	Total Funds Available for Development Costs			$62,786,000	
II.	**Total Development Cost**	See APPENDIX C - EXHIBIT IV - TABLE 1		$69,320,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$6,534,000	
	In-Lieu Fee	See APPENDIX C - EXHIBIT IV - TABLE 1		$21.60	/Sf of GBA

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the COASTAL SOUTH LOS ANGELES SUBMARKET: SINGLE-FAMILY HOME: BASE CASE

APPENDIX C: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX C: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

			Moderate Income	Lower Income
I.	**Sales Price Difference**			
A.	**Two-Bedroom Units**			
	Market Rate Units		$0	$0
	Affordable Sales Price	1	0	0
	Difference		$0	$0
B.	**Three-Bedroom Units**			
	Market Rate Units		$518,000	$518,000
	Affordable Sales Price	1	259,100	103,300
	Difference		$258,900	$414,700
C.	**Four-Bedroom Units**			
	Market Rate Units		$835,700	$835,700
	Affordable Sales Price	1	280,400	112,200
	Difference		$555,300	$723,500
D.	**Five-Bedroom Units**			
	Market Rate Units		$0	$0
	Affordable Sales Price	1	0	0
	Difference		$0	$0
II.	**Distribution of Total Units**			
	Two-Bedroom Units		0%	0%
	Three-Bedroom Units		33%	33%
	Four-Bedroom Units		67%	67%
	Five-Bedroom Units		0%	0%
III.	**In-Lieu Fee**			
	Per Income Restricted Unit		$457,500	$621,600
	Per Square Foot of GBA		$28.60	$38.90

[1] See APPENDIX B - EXHIBIT I. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX D
CONDOMINIUM ALTERNATIVES
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX D - EXHIBIT I
PRO FORMA ANALYSIS
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX D - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	290,400	Sf of Land	$50	/Sf of Land		$14,520,000
II.	**Direct Costs**	2						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		166,000	Sf of GBA	$70	/Sf of GBA	11,620,000	
	Contractor Costs		20%	Other Direct Costs			3,486,000	
	Total Direct Costs							$20,914,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,255,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			523,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,573,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			258,000	
	Total Indirect Costs							$5,409,000
IV.	**Financing Costs**							
	Interest During Construction	4					$2,109,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	613,000	
	Total Financing Costs							$2,722,000
V.	**Total Construction Cost**		100	Units	$290,000	/Unit		$29,045,000
	Total Development Cost		100	Units	$436,000	/Unit		$43,565,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX D - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]					
	Two-Bedroom Units	0 Units @	$0 /Unit		$0	
	Three-Bedroom Units	70 Units @	$505,300 /Unit		35,371,000	
	Four-Bedroom Units	30 Units @	$569,200 /Unit		$17,076,000	
	Five-Bedroom Units	0 Units @	$0 /Unit		0	
	Total Gross Sales Revenue					$52,447,000
II.	**Cost of Sales**					
	Commissions	3.0%	Gross Sales Revenue		$1,573,000	
	Closing	2.0%	Gross Sales Revenue		1,049,000	
	Warranty	0.5%	Gross Sales Revenue		262,000	
	Total Cost of Sales					($2,884,000)
III.	**Net Revenue**					$49,563,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $316 per square foot of saleable area.

APPENDIX D - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX D - EXHIBIT I - TABLE 2	$49,563,000
II.	**Total Development Cost**	See APPENDIX D - EXHIBIT I - TABLE 1	$43,565,000
III.	**Developer Profit**	13.8% Total Development Cost	$5,998,000

APPENDIX D - EXHIBIT II
PRO FORMA ANALYSIS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX D - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	290,400	Sf of Land	$50	/Sf of Land		$14,520,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		166,000	Sf of GBA	$70	/Sf of GBA	11,620,000	
	Contractor Costs		20%	Other Direct Costs			3,486,000	
	Total Direct Costs							$20,914,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,255,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			523,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,434,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			251,000	
	Total Indirect Costs							$5,263,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$2,060,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	610,000	
	Total Financing Costs							$2,670,000
V.	**Total Construction Cost**		100	Units	$288,000	/Unit		$28,847,000
	Total Development Cost		100	Units	$434,000	/Unit		$43,367,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX D - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	57	Units @	$505,300	/Unit	28,802,000	
	Four-Bedroom Units	25	Units @	$569,200	/Unit	14,230,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	13	Units @	$259,100	/Unit	3,368,000	
	Four-Bedroom Units	5	Units @	$280,400	/Unit	1,402,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$103,300	/Unit	0	
	Four-Bedroom Units	0	Units @	$112,200	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$47,802,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,434,000	
	Closing	2.0%	Gross Sales Revenue			956,000	
	Warranty	0.5%	Gross Sales Revenue			239,000	
	Total Cost of Sales						($2,629,000)
III.	**Net Revenue**						$45,173,000

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $316 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT I. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX D - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue		See APPENDIX D - EXHIBIT II - TABLE 2	$45,173,000	
	(Less) Threshold Developer Profit	[1]	13.8% Total Development Cost	($5,971,000)	
	Total Funds Available for Development Costs				$39,202,000
II.	**Total Development Cost**		See APPENDIX D - EXHIBIT II - TABLE 1		$43,367,000
III.	**Land Value Reduction**		29% As a % of Land Cost		$4,165,000
	Inclusionary Housing Production Requirement		18% Moderate Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the COASTAL SOUTH LOS ANGELES SUBMARKET: CONDOMINIUM: BASE CASE.

APPENDIX D - EXHIBIT III
PRO FORMA ANALYSIS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX D - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	290,400	Sf of Land	$50	/Sf of Land		$14,520,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		166,000	Sf of GBA	$70	/Sf of GBA	11,620,000	
	Contractor Costs		20%	Other Direct Costs			3,486,000	
	Total Direct Costs							$20,914,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,255,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			523,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,436,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			251,000	
	Total Indirect Costs							$5,265,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$2,115,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	610,000	
	Total Financing Costs							$2,725,000
V.	**Total Construction Cost**		100	Units	$289,000	/Unit		$28,904,000
	Total Development Cost		100	Units	$434,000	/Unit		$43,424,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX D - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: LOWER INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	62	Units @	$505,300	/Unit	31,329,000	
	Four-Bedroom Units	27	Units @	$569,200	/Unit	15,368,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$259,100	/Unit	0	
	Four-Bedroom Units	0	Units @	$280,400	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	8	Units @	$103,300	/Unit	826,000	
	Four-Bedroom Units	3	Units @	$112,200	/Unit	337,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$47,860,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,436,000	
	Closing	2.0%	Gross Sales Revenue			957,000	
	Warranty	0.5%	Gross Sales Revenue			239,000	
	Total Cost of Sales						($2,632,000)
III.	**Net Revenue**						$45,228,000

[1] Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $316 per square foot of saleable area.

[2] See APPENDIX B - EXHIBIT I. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX D - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue		See APPENDIX D - EXHIBIT III - TABLE 2	$45,228,000	
	(Less) Threshold Developer Profit [1]	13.8%	Total Development Cost	($5,979,000)	
	Total Funds Available for Development Costs				$39,249,000
II.	**Total Development Cost**		See APPENDIX D - EXHIBIT III - TABLE 1		$43,424,000
III.	**Land Value Reduction**	29%	As a % of Land Cost		$4,175,000
	Inclusionary Housing Production Requirement	11%	Lower Income Units		

1 Based on the profit as a percentage of Total Development Cost estimated to be generated by the COASTAL SOUTH LOS ANGELES SUBMARKET: CONDOMINIUM: BASE CASE.

APPENDIX D - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX D - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	290,400	Sf of Land	$50	/Sf of Land		$14,520,000
II.	**Direct Costs**	2						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		166,000	Sf of GBA	$70	/Sf of GBA	11,620,000	
	Contractor Costs		20%	Other Direct Costs			3,486,000	
	Total Direct Costs							$20,914,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,255,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		166,000	Sf of GBA	$20.00	/Sf of GBA	3,320,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			523,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,573,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			424,000	
	Total Indirect Costs							$8,895,000
IV.	**Financing Costs**							
	Interest During Construction	4					$2,400,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	665,000	
	Total Financing Costs							$3,065,000
V.	**Total Construction Cost**		100	Units	$329,000	/Unit		$32,874,000
	Total Development Cost		100	Units	$474,000	/Unit		$47,394,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX D - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	70	Units @	$505,300	/Unit	35,371,000	
	Four-Bedroom Units	30	Units @	$569,200	/Unit	17,076,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$52,447,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,573,000	
	Closing	2.0%	Gross Sales Revenue			1,049,000	
	Warranty	0.5%	Gross Sales Revenue			262,000	
	Total Cost of Sales						($2,884,000)
III.	**Net Revenue**						$49,563,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $316 per square foot of saleable area.

APPENDIX D - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX D - EXHIBIT IV - TABLE 2	$49,563,000		
	(Less) Threshold Developer Profit [1]	13.8% Total Development Cost	($6,525,000)		
	Total Funds Available for Development Costs			$43,038,000	
II.	**Total Development Cost**	See APPENDIX D - EXHIBIT IV - TABLE 1		$47,394,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$4,356,000	
	In-Lieu Fee	See APPENDIX D - EXHIBIT IV - TABLE 1		$20.00	/Sf of GBA

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the COASTAL SOUTH LOS ANGELES SUBMARKET: CONDOMINIUM: BASE CASE

APPENDIX D: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - CONDOMINIUM ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX D: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET - CONDOMINIUM ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

			Moderate Income	**Lower Income**
I.	**Sales Price Difference**			
A.	**Two-Bedroom Units**			
	Market Rate Units		$0	$0
	Affordable Sales Price	[1]	0	0
	Difference		$0	$0
B.	**Three-Bedroom Units**			
	Market Rate Units		$505,300	$505,300
	Affordable Sales Price	[1]	259,100	103,300
	Difference		$246,200	$402,000
C.	**Four-Bedroom Units**			
	Market Rate Units		$569,200	$569,200
	Affordable Sales Price	[1]	280,400	112,200
	Difference		$288,800	$457,000
D.	**Five-Bedroom Units**			
	Market Rate Units		$0	$0
	Affordable Sales Price	[1]	0	0
	Difference		$0	$0
II.	**Distribution of Total Units**			
	Two-Bedroom Units		0%	0%
	Three-Bedroom Units		70%	70%
	Four-Bedroom Units		30%	30%
	Five-Bedroom Units		0%	0%
III.	**In-Lieu Fee**			
	Per Income Restricted Unit		$259,000	$418,500
	Per Square Foot of GBA		$23.40	$37.80

[1] See APPENDIX B - EXHIBIT I. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX E
SINGLE-FAMILY HOME ALTERNATIVES
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX E - EXHIBIT I
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: BASE CASE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX E - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: BASE CASE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	435,600	Sf of Land	$20	/Sf of Land		$8,712,000
II.	**Direct Costs**	2						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		153,780	Sf of GBA	$60	/Sf of GBA	9,227,000	
	Contractor Costs		20%	Other Direct Costs			3,588,000	
	Total Direct Costs							$21,527,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,292,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			538,000	
	Marketing		100	Units	$2,500	/Unit	250,000	
	Development Management		3.0%	Gross Sales Revenue			1,325,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			245,000	
	Total Indirect Costs							$5,150,000
IV.	**Financing Costs**							
	Interest During Construction	4					$1,848,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	531,000	
	Total Financing Costs							$2,379,000
V.	**Total Construction Cost**		100	Units	$291,000	/Unit		$29,056,000
	Total Development Cost		100	Units	$378,000	/Unit		$37,768,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX E - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: BASE CASE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	42	Units @	$390,000	/Unit	16,380,000	
	Four-Bedroom Units	58	Units @	$478,800	/Unit	27,770,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$44,150,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,325,000	
	Closing	2.0%	Gross Sales Revenue			883,000	
	Warranty	0.5%	Gross Sales Revenue			221,000	
	Total Cost of Sales						($2,429,000)
III.	**Net Revenue**						$41,721,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $287 per square foot of saleable area.

APPENDIX E - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
SINGLE-FAMILY HOME: BASE CASE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX E - EXHIBIT I - TABLE 2	$41,721,000
II.	**Total Development Cost**	See APPENDIX E - EXHIBIT I - TABLE 1	$37,768,000
III.	**Developer Profit**	10.5% Total Development Cost	$3,953,000

APPENDIX E - EXHIBIT II
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX E - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	435,600	Sf of Land	$20	/Sf of Land		$8,712,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		153,780	Sf of GBA	$60	/Sf of GBA	9,227,000	
	Contractor Costs		20%	Other Direct Costs			3,588,000	
	Total Direct Costs							$21,527,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,292,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			538,000	
	Marketing		100	Units	$2,500	/Unit	250,000	
	Development Management		3.0%	Gross Sales Revenue			1,239,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			241,000	
	Total Indirect Costs							$5,060,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$1,783,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	529,000	
	Total Financing Costs							$2,312,000
V.	**Total Construction Cost**		100	Units	$289,000	/Unit		$28,899,000
	Total Development Cost		100	Units	$376,000	/Unit		$37,611,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX E - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	34	Units @	$390,000	/Unit	13,260,000	
	Four-Bedroom Units	47	Units @	$478,800	/Unit	22,504,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	8	Units @	$273,000	/Unit	2,184,000	
	Four-Bedroom Units	11	Units @	$303,800	/Unit	3,342,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$126,600	/Unit	0	
	Four-Bedroom Units	0	Units @	$135,600	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$41,290,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,239,000	
	Closing	2.0%	Gross Sales Revenue			826,000	
	Warranty	0.5%	Gross Sales Revenue			206,000	
	Total Cost of Sales						($2,271,000)
III.	**Net Revenue**						$39,019,000

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $287 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT II. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX E - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Net Revenue	See APPENDIX E - EXHIBIT II - TABLE 2	$39,019,000	
	(Less) Threshold Developer Profit [1]	10.5% Total Development Cost	($3,937,000)	
	Total Funds Available for Development Costs			$35,082,000
II.	**Total Development Cost**	See APPENDIX E - EXHIBIT II - TABLE 1		$37,611,000
III.	**Land Value Reduction**	29% As a % of Land Cost		$2,529,000
	Inclusionary Housing Production Requirement	19% Moderate Income Units		

1 Based on the profit as a percentage of Total Development Cost estimated to be generated by the SOUTH LOS ANGELES SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX E - EXHIBIT III
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX E - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	435,600	Sf of Land	$20	/Sf of Land		$8,712,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		153,780	Sf of GBA	$60	/Sf of GBA	9,227,000	
	Contractor Costs		20%	Other Direct Costs			3,588,000	
	Total Direct Costs							$21,527,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,292,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			538,000	
	Marketing		100	Units	$2,500	/Unit	250,000	
	Development Management		3.0%	Gross Sales Revenue			1,241,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			241,000	
	Total Indirect Costs							$5,062,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$1,849,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	530,000	
	Total Financing Costs							$2,379,000
V.	**Total Construction Cost**		100	Units	$290,000	/Unit		$28,968,000
	Total Development Cost		100	Units	$377,000	/Unit		$37,680,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX E - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	38	Units @	$390,000	/Unit	14,820,000	
	Four-Bedroom Units	53	Units @	$478,800	/Unit	25,376,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$273,000	/Unit	0	
	Four-Bedroom Units	0	Units @	$303,800	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	4	Units @	$126,600	/Unit	506,000	
	Four-Bedroom Units	5	Units @	$135,600	/Unit	678,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$41,380,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,241,000	
	Closing	2.0%	Gross Sales Revenue			828,000	
	Warranty	0.5%	Gross Sales Revenue			207,000	
	Total Cost of Sales						($2,276,000)
III.	**Net Revenue**						$39,104,000

1 Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $287 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT II. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX E - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue		See APPENDIX E - EXHIBIT III - TABLE 2	$39,104,000	
	(Less) Threshold Developer Profit [1]	10.5%	Total Development Cost	($3,944,000)	
	Total Funds Available for Development Costs				$35,160,000
II.	**Total Development Cost**		See APPENDIX E - EXHIBIT III - TABLE 1		$37,680,000
III.	**Land Value Reduction**	29%	As a % of Land Cost		$2,520,000
	Inclusionary Housing Production Requirement	9%	Lower Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SOUTH LOS ANGELES SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX E - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX E - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	435,600	Sf of Land	$20	/Sf of Land		$8,712,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		153,780	Sf of GBA	$60	/Sf of GBA	9,227,000	
	Contractor Costs		20%	Other Direct Costs			3,588,000	
	Total Direct Costs							$21,527,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,292,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		153,780	Sf of GBA	$13.33	/Sf of GBA	2,050,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			538,000	
	Marketing		100	Units	$2,500	/Unit	250,000	
	Development Management		3.0%	Gross Sales Revenue			1,325,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			348,000	
	Total Indirect Costs							$7,303,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$2,029,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	563,000	
	Total Financing Costs							$2,592,000
V.	**Total Construction Cost**		100	Units	$314,000	/Unit		$31,422,000
	Total Development Cost		100	Units	$401,000	/Unit		$40,134,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX E - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	42	Units @	$390,000	/Unit	16,380,000	
	Four-Bedroom Units	58	Units @	$478,800	/Unit	27,770,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$44,150,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,325,000	
	Closing	2.0%	Gross Sales Revenue			883,000	
	Warranty	0.5%	Gross Sales Revenue			221,000	
	Total Cost of Sales						($2,429,000)
III.	**Net Revenue**						$41,721,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $287 per square foot of saleable area.

APPENDIX E - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX E - EXHIBIT IV - TABLE 2	$41,721,000		
	(Less) Threshold Developer Profit [1]	10.5% Total Development Cost	($4,201,000)		
	Total Funds Available for Development Costs			$37,520,000	
II.	**Total Development Cost**	See APPENDIX E - EXHIBIT IV - TABLE 1		$40,134,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$2,614,000	
	In-Lieu Fee	See APPENDIX E - EXHIBIT IV - TABLE 1		$13.33	/Sf of GBA

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SOUTH LOS ANGELES SUBMARKET: SINGLE-FAMILY HOME: BASE CASE

APPENDIX E: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX E: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SOUTH LOS ANGELES SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

		Moderate Income	Lower Income
I. Sales Price Difference			
A. Two-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	[1]	0	0
Difference		$0	$0
B. Three-Bedroom Units			
Market Rate Units		$390,000	$390,000
Affordable Sales Price	[1]	273,000	126,600
Difference		$117,000	$263,400
C. Four-Bedroom Units			
Market Rate Units		$478,800	$478,800
Affordable Sales Price	[1]	303,800	135,600
Difference		$175,000	$343,200
D. Five-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	[1]	0	0
Difference		$0	$0
II. Distribution of Total Units			
Two-Bedroom Units		0%	0%
Three-Bedroom Units		42%	42%
Four-Bedroom Units		58%	58%
Five-Bedroom Units		0%	0%
III. In-Lieu Fee			
Per Income Restricted Unit		$150,600	$309,700
Per Square Foot of GBA		$14.70	$30.20

[1] See APPENDIX B - EXHIBIT II. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX F
SINGLE-FAMILY HOME ALTERNATIVES
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX F - EXHIBIT I
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX F - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	435,600	Sf of Land	$30	/Sf of Land		$13,068,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		200,200	Sf of GBA	$70	/Sf of GBA	14,014,000	
	Contractor Costs		20%	Other Direct Costs			4,545,000	
	Total Direct Costs							$27,271,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,636,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			682,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,723,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			292,000	
	Total Indirect Costs							$6,133,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$2,394,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	697,000	
	Total Financing Costs							$3,091,000
V.	**Total Construction Cost**		100	Units	$365,000	/Unit		$36,495,000
	Total Development Cost		100	Units	$496,000	/Unit		$49,563,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX F - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	30	Units @	$515,800	/Unit	15,474,000	
	Four-Bedroom Units	70	Units @	$599,200	/Unit	41,944,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$57,418,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,723,000	
	Closing	2.0%	Gross Sales Revenue			1,148,000	
	Warranty	0.5%	Gross Sales Revenue			287,000	
	Total Cost of Sales						($3,158,000)
III.	**Net Revenue**						$54,260,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $287 per square foot of saleable area.

APPENDIX F - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX F - EXHIBIT I - TABLE 2	$54,260,000
II.	**Total Development Cost**	See APPENDIX F - EXHIBIT I - TABLE 1	$49,563,000
III.	**Developer Profit**	9.5% Total Development Cost	$4,697,000

APPENDIX F - EXHIBIT II
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX F - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	435,600	Sf of Land	$30	/Sf of Land		$13,068,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		200,200	Sf of GBA	$70	/Sf of GBA	14,014,000	
	Contractor Costs		20%	Other Direct Costs			4,545,000	
	Total Direct Costs							$27,271,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,636,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			682,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,600,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			286,000	
	Total Indirect Costs							$6,004,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$2,351,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	695,000	
	Total Financing Costs							$3,046,000
V.	**Total Construction Cost**		100	Units	$363,000	/Unit		$36,321,000
	Total Development Cost		100	Units	$494,000	/Unit		$49,389,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX F - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**<u>Gross Sales Revenue</u>**							
	Market Rate Units	1						
	Two-Bedroom Units		0	Units @	$0	/Unit	$0	
	Three-Bedroom Units		26	Units @	$515,800	/Unit	13,411,000	
	Four-Bedroom Units		60	Units @	$599,200	/Unit	35,952,000	
	Five-Bedroom Units		0	Units @	$0	/Unit	0	
	Moderate Income Units	2						
	Two-Bedroom Units		0	Units @	$0	/Unit	0	
	Three-Bedroom Units		4	Units @	$268,300	/Unit	1,073,000	
	Four-Bedroom Units		10	Units @	$289,900	/Unit	2,899,000	
	Five-Bedroom Units		0	Units @	$0	/Unit	0	
	Lower Income Units	2						
	Two-Bedroom Units		0	Units @	$0	/Unit	0	
	Three-Bedroom Units		0	Units @	$110,400	/Unit	0	
	Four-Bedroom Units		0	Units @	$119,400	/Unit	0	
	Five-Bedroom Units		0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue							$53,335,000
II.	**<u>Cost of Sales</u>**							
	Commissions		3.0%	Gross Sales Revenue			$1,600,000	
	Closing		2.0%	Gross Sales Revenue			1,067,000	
	Warranty		0.5%	Gross Sales Revenue			267,000	
	Total Cost of Sales							($2,934,000)
III.	**Net Revenue**							$50,401,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $287 per square foot of saleable area.

[2] See APPENDIX B - EXHIBIT III. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX F - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue		See APPENDIX F - EXHIBIT II - TABLE 2	$50,401,000	
	(Less) Threshold Developer Profit	[1]	9.5% Total Development Cost	($4,681,000)	
	Total Funds Available for Development Costs				$45,720,000
II.	**Total Development Cost**		See APPENDIX F - EXHIBIT II - TABLE 1		$49,389,000
III.	**Land Value Reduction**		28% As a % of Land Cost		$3,669,000
	Inclusionary Housing Production Requirement		14% Moderate Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the EAST LOS ANGELES/GATEWAY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX F - EXHIBIT III
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX F - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	435,600	Sf of Land	$30	/Sf of Land		$13,068,000
II.	**Direct Costs**	2						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		200,200	Sf of GBA	$70	/Sf of GBA	14,014,000	
	Contractor Costs		20%	Other Direct Costs			4,545,000	
	Total Direct Costs							$27,271,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,636,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			682,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,600,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			286,000	
	Total Indirect Costs							$6,004,000
IV.	**Financing Costs**							
	Interest During Construction	4					$2,407,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	695,000	
	Total Financing Costs							$3,102,000
V.	**Total Construction Cost**		100	Units	$364,000	/Unit		$36,377,000
	Total Development Cost		100	Units	$494,000	/Unit		$49,445,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX F - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	27	Units @	$515,800	/Unit	13,927,000	
	Four-Bedroom Units	64	Units @	$599,200	/Unit	38,349,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$268,300	/Unit	0	
	Four-Bedroom Units	0	Units @	$289,900	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	3	Units @	$110,400	/Unit	331,000	
	Four-Bedroom Units	6	Units @	$119,400	/Unit	716,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$53,323,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,600,000	
	Closing	2.0%	Gross Sales Revenue			1,066,000	
	Warranty	0.5%	Gross Sales Revenue			267,000	
	Total Cost of Sales						($2,933,000)
III.	**Net Revenue**						$50,390,000

[1] Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $287 per square foot of saleable area.

[2] See APPENDIX B - EXHIBIT III. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX F - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue		See APPENDIX F - EXHIBIT III - TABLE 2	$50,390,000	
	(Less) Threshold Developer Profit	[1]	9.5% Total Development Cost	($4,686,000)	
	Total Funds Available for Development Costs				$45,704,000
II.	**Total Development Cost**		See APPENDIX F - EXHIBIT III - TABLE 1		$49,445,000
III.	**Land Value Reduction**		29% As a % of Land Cost		$3,741,000
	Inclusionary Housing Production Requirement		9% Lower Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the EAST LOS ANGELES/GATEWAY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX F - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX F - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	435,600	Sf of Land	$30	/Sf of Land		$13,068,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		200,200	Sf of GBA	$70	/Sf of GBA	14,014,000	
	Contractor Costs		20%	Other Direct Costs			4,545,000	
	Total Direct Costs							$27,271,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,636,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		200,200	Sf of GBA	$15.48	/Sf of GBA	3,100,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			682,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,723,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			447,000	
	Total Indirect Costs							$9,388,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$2,671,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	746,000	
	Total Financing Costs							$3,417,000
V.	**Total Construction Cost**		100	Units	$401,000	/Unit		$40,076,000
	Total Development Cost		100	Units	$531,000	/Unit		$53,144,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX F - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	30	Units @	$515,800	/Unit	15,474,000	
	Four-Bedroom Units	70	Units @	$599,200	/Unit	41,944,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$57,418,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,723,000	
	Closing	2.0%	Gross Sales Revenue			1,148,000	
	Warranty	0.5%	Gross Sales Revenue			287,000	
	Total Cost of Sales						($3,158,000)
III.	**Net Revenue**						$54,260,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $287 per square foot of saleable area.

APPENDIX F - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**					
	Net Revenue		See APPENDIX F - EXHIBIT IV - TABLE 2	$54,260,000		
	(Less) Threshold Developer Profit [1]	9.5%	Total Development Cost	($5,036,000)		
	Total Funds Available for Development Costs				$49,224,000	
II.	**Total Development Cost**		See APPENDIX F - EXHIBIT IV - TABLE 1		$53,144,000	
III.	**Land Value Reduction**	30%	As a % of Land Cost		$3,920,000	
	In-Lieu Fee		See APPENDIX F - EXHIBIT IV - TABLE 1		$15.48	/Sf of GBA

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the EAST LOS ANGELES/GATEWAY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE

APPENDIX F: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX F: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

		Moderate Income	Lower Income
I. Sales Price Difference			
A. Two-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	[1]	0	0
Difference		$0	$0
B. Three-Bedroom Units			
Market Rate Units		$515,800	$515,800
Affordable Sales Price	[1]	268,300	110,400
Difference		$247,500	$405,400
C. Four-Bedroom Units			
Market Rate Units		$599,200	$599,200
Affordable Sales Price	[1]	289,900	119,400
Difference		$309,300	$479,800
D. Five-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	[1]	0	0
Difference		$0	$0
II. Distribution of Total Units			
Two-Bedroom Units		0%	0%
Three-Bedroom Units		30%	30%
Four-Bedroom Units		70%	70%
Five-Bedroom Units		0%	0%
III. In-Lieu Fee			
Per Income Restricted Unit		$290,800	$457,500
Per Square Foot of GBA		$21.80	$34.30

[1] See APPENDIX B - EXHIBIT III. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX G
CONDOMINIUM ALTERNATIVES
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX G - EXHIBIT I
PRO FORMA ANALYSIS
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX G - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	290,400	Sf of Land	$30	/Sf of Land		$8,712,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		134,800	Sf of GBA	$70	/Sf of GBA	9,436,000	
	Contractor Costs		20%	Other Direct Costs			3,049,000	
	Total Direct Costs							$18,293,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,098,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			457,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,259,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			231,000	
	Total Indirect Costs							$4,845,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$1,599,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	478,000	
	Total Financing Costs							$2,077,000
V.	**Total Construction Cost**		100	Units	$252,000	/Unit		$25,215,000
	Total Development Cost		100	Units	$339,000	/Unit		$33,927,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX G - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]					
	Two-Bedroom Units	40 Units @	$297,800	/Unit	$11,912,000	
	Three-Bedroom Units	60 Units @	$500,800	/Unit	30,048,000	
	Four-Bedroom Units	0 Units @	$0	/Unit	0	
	Five-Bedroom Units	0 Units @	$0	/Unit	0	
	Total Gross Sales Revenue					$41,960,000
II.	**Cost of Sales**					
	Commissions	3.0% Gross Sales Revenue			$1,259,000	
	Closing	2.0% Gross Sales Revenue			839,000	
	Warranty	0.5% Gross Sales Revenue			210,000	
	Total Cost of Sales					($2,308,000)
III.	**Net Revenue**					$39,652,000

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $311 per square foot of saleable area.

APPENDIX G - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX G - EXHIBIT I - TABLE 2	$39,652,000
II.	**Total Development Cost**	See APPENDIX G - EXHIBIT I - TABLE 1	$33,927,000
III.	**Developer Profit**	16.9% Total Development Cost	$5,725,000

APPENDIX G - EXHIBIT II
PRO FORMA ANALYSIS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX G - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	290,400	Sf of Land	$30	/Sf of Land		$8,712,000
II.	**Direct Costs**	2						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		134,800	Sf of GBA	$70	/Sf of GBA	9,436,000	
	Contractor Costs		20%	Other Direct Costs			3,049,000	
	Total Direct Costs							$18,293,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,098,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			457,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,170,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			226,000	
	Total Indirect Costs							$4,751,000
IV.	**Financing Costs**							
	Interest During Construction	4					$1,555,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	476,000	
	Total Financing Costs							$2,031,000
V.	**Total Construction Cost**		100	Units	$251,000	/Unit		$25,075,000
	Total Development Cost		100	Units	$338,000	/Unit		$33,787,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX G - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**							
	Market Rate Units [1]							
	Two-Bedroom Units	33	Units @	$297,800	/Unit	$9,827,000	
	Three-Bedroom Units	50	Units @	$500,800	/Unit	25,040,000	
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	7	Units @	$208,500	/Unit	1,460,000	
	Three-Bedroom Units	10	Units @	$268,300	/Unit	2,683,000	
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$96,200	/Unit	0	
	Three-Bedroom Units	0	Units @	$110,400	/Unit		
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$39,010,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,170,000	
	Closing	2.0%	Gross Sales Revenue			780,000	
	Warranty	0.5%	Gross Sales Revenue			195,000	
	Total Cost of Sales						($2,145,000)
III.	**Net Revenue**						$36,865,000

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $311 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT III. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX G - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX G - EXHIBIT II - TABLE 2		$36,865,000	
	(Less) Threshold Developer Profit [1]	16.9%	Total Development Cost	($5,701,000)	
	Total Funds Available for Development Costs				$31,164,000
II.	**Total Development Cost**	See APPENDIX G - EXHIBIT II - TABLE 1			$33,787,000
III.	**Land Value Reduction**	30%	As a % of Land Cost		$2,623,000
	Inclusionary Housing Production Requirement	17%	Moderate Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the EAST LOS ANGELES/GATEWAY SUBMARKET: CONDOMINIUM: BASE CASE.

APPENDIX G - EXHIBIT III
PRO FORMA ANALYSIS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX G - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	290,400	Sf of Land	$30	/Sf of Land		$8,712,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		134,800	Sf of GBA	$70	/Sf of GBA	9,436,000	
	Contractor Costs		20%	Other Direct Costs			3,049,000	
	Total Direct Costs							$18,293,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,098,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			457,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,176,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			227,000	
	Total Indirect Costs							$4,758,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$1,603,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	476,000	
	Total Financing Costs							$2,079,000
V.	**Total Construction Cost**		100	Units	$251,000	/Unit		$25,130,000
	Total Development Cost		100	Units	$338,000	/Unit		$33,842,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX G - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: LOWER INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**							
	Market Rate Units [1]							
	Two-Bedroom Units	36	Units @	$297,800	/Unit	$10,721,000		
	Three-Bedroom Units	55	Units @	$500,800	/Unit	27,544,000		
	Four-Bedroom Units	0	Units @	$0	/Unit	0		
	Five-Bedroom Units	0	Units @	$0	/Unit	0		
	Moderate Income Units [2]							
	Two-Bedroom Units	0	Units @	$208,500	/Unit	0		
	Three-Bedroom Units	0	Units @	$268,300	/Unit	0		
	Four-Bedroom Units	0	Units @	$0	/Unit	0		
	Five-Bedroom Units	0	Units @	$0	/Unit	0		
	Lower Income Units [2]							
	Two-Bedroom Units	4	Units @	$96,200	/Unit	385,000		
	Three-Bedroom Units	5	Units @	$110,400	/Unit	552,000		
	Four-Bedroom Units	0	Units @	$0	/Unit	0		
	Five-Bedroom Units	0	Units @	$0	/Unit	0		
	Total Gross Sales Revenue						$39,202,000	
II.	**Cost of Sales**							
	Commissions	3.0%	Gross Sales Revenue			$1,176,000		
	Closing	2.0%	Gross Sales Revenue			784,000		
	Warranty	0.5%	Gross Sales Revenue			196,000		
	Total Cost of Sales						($2,156,000)	
III.	**Net Revenue**						$37,046,000	

[1] Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $311 per square foot of saleable area.

[2] See APPENDIX B - EXHIBIT III. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX G - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue		See APPENDIX G - EXHIBIT III - TABLE 2	$37,046,000	
	(Less) Threshold Developer Profit [1]	16.9%	Total Development Cost	($5,711,000)	
	Total Funds Available for Development Costs				$31,335,000
II.	**Total Development Cost**		See APPENDIX G - EXHIBIT III - TABLE 1		$33,842,000
III.	**Land Value Reduction**	29%	As a % of Land Cost		$2,507,000
	Inclusionary Housing Production Requirement	9%	Lower Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the EAST LOS ANGELES/GATEWAY SUBMARKET: CONDOMINIUM: BASE CASE.

APPENDIX G - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX G - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	290,400	Sf of Land	$30	/Sf of Land		$8,712,000
II.	**Direct Costs**	2						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		134,800	Sf of GBA	$70	/Sf of GBA	9,436,000	
	Contractor Costs		20%	Other Direct Costs			3,049,000	
	Total Direct Costs							$18,293,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,098,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		134,800	Sf of GBA	$14.41	/Sf of GBA	1,943,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			457,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,259,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			328,000	
	Total Indirect Costs							$6,885,000
IV.	**Financing Costs**							
	Interest During Construction	4					$1,766,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	508,000	
	Total Financing Costs							$2,274,000
V.	**Total Construction Cost**		100	Units	$275,000	/Unit		$27,452,000
	Total Development Cost		100	Units	$362,000	/Unit		$36,164,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX G - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	40	Units @	$297,800	/Unit	$11,912,000	
	Three-Bedroom Units	60	Units @	$500,800	/Unit	30,048,000	
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$41,960,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,259,000	
	Closing	2.0%	Gross Sales Revenue			839,000	
	Warranty	0.5%	Gross Sales Revenue			210,000	
	Total Cost of Sales						($2,308,000)
III.	**Net Revenue**						$39,652,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $311 per square foot of saleable area.

APPENDIX G - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX G - EXHIBIT IV - TABLE 2	$39,652,000		
	(Less) Threshold Developer Profit [1]	16.9% Total Development Cost	($6,102,000)		
	Total Funds Available for Development Costs			$33,550,000	
II.	**Total Development Cost**	See APPENDIX G - EXHIBIT IV - TABLE 1		$36,164,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$2,614,000	
	In-Lieu Fee	See APPENDIX G - EXHIBIT IV - TABLE 1		$14.41	/Sf of GBA

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the EAST LOS ANGELES/GATEWAY SUBMARKET: CONDOMINIUM: BASE CASE

APPENDIX G: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - CONDOMINIUM ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX G: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET - CONDOMINIUM ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

		Moderate Income	Lower Income
I. Sales Price Difference			
A. Two-Bedroom Units			
Market Rate Units		$297,800	$297,800
Affordable Sales Price	[1]	208,500	96,200
Difference		$89,300	$201,600
B. Three-Bedroom Units			
Market Rate Units		$500,800	$500,800
Affordable Sales Price	[1]	268,300	110,400
Difference		$232,500	$390,400
C. Four-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	[1]	0	0
Difference		$0	$0
D. Five-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	[1]	0	0
Difference		$0	$0
II. Distribution of Total Units			
Two-Bedroom Units		40%	40%
Three-Bedroom Units		60%	60%
Four-Bedroom Units		0%	0%
Five-Bedroom Units		0%	0%
III. In-Lieu Fee			
Per Income Restricted Unit		$175,200	$314,900
Per Square Foot of GBA		$19.50	$35.00

[1] See APPENDIX B - EXHIBIT III. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX H
SINGLE-FAMILY HOME ALTERNATIVES
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX H - EXHIBIT I
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX H - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	726,000	Sf of Land	$50	/Sf of Land		$36,300,000
II.	**Direct Costs**	2						
	Site Improvement Costs		726,000	Sf of Land	$25	/Sf of Land	$18,150,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		302,325	Sf of GBA	$100	/Sf of GBA	30,233,000	
	Contractor Costs		20%	Other Direct Costs			9,677,000	
	Total Direct Costs							$58,060,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$3,484,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			1,452,000	
	Marketing		100	Units	$7,500	/Unit	750,000	
	Development Management		3.0%	Gross Sales Revenue			4,119,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			565,000	
	Total Indirect Costs							$11,870,000
IV.	**Financing Costs**							
	Interest During Construction	4					$5,454,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	1,593,000	
	Total Financing Costs							$7,047,000
V.	**Total Construction Cost**		100	Units	$770,000	/Unit		$76,977,000
	Total Development Cost		100	Units	$1,133,000	/Unit		$113,277,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX H - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	15	Units @	$856,900	/Unit	12,854,000	
	Four-Bedroom Units	60	Units @	$1,322,400	/Unit	79,344,000	
	Five-Bedroom Units	25	Units @	$1,804,700	/Unit	45,118,000	
	Total Gross Sales Revenue						$137,316,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$4,119,000	
	Closing	2.0%	Gross Sales Revenue			2,746,000	
	Warranty	0.5%	Gross Sales Revenue			687,000	
	Total Cost of Sales						($7,552,000)
III.	**Net Revenue**						$129,764,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $454 per square foot of saleable area.

APPENDIX H - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX H - EXHIBIT I - TABLE 2	$129,764,000
II.	**Total Development Cost**	See APPENDIX H - EXHIBIT I - TABLE 1	$113,277,000
III.	**Developer Profit**	14.6% Total Development Cost	$16,487,000

APPENDIX H - EXHIBIT II
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX H - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	726,000	Sf of Land	$50	/Sf of Land		$36,300,000
II.	**Direct Costs**	2						
	Site Improvement Costs		726,000	Sf of Land	$25	/Sf of Land	$18,150,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		302,325	Sf of GBA	$100	/Sf of GBA	30,233,000	
	Contractor Costs		20%	Other Direct Costs			9,677,000	
	Total Direct Costs							$58,060,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$3,484,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			1,452,000	
	Marketing		100	Units	$7,500	/Unit	750,000	
	Development Management		3.0%	Gross Sales Revenue			3,761,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			547,000	
	Total Indirect Costs							$11,494,000
IV.	**Financing Costs**							
	Interest During Construction	4					$5,466,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	1,588,000	
	Total Financing Costs							$7,054,000
V.	**Total Construction Cost**		100	Units	$766,000	/Unit		$76,608,000
	Total Development Cost		100	Units	$1,129,000	/Unit		$112,908,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX H - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**							
	Market Rate Units [1]							
	Two-Bedroom Units	0	Units @	$0	/Unit	$0		
	Three-Bedroom Units	13	Units @	$856,900	/Unit	11,140,000		
	Four-Bedroom Units	54	Units @	$1,322,400	/Unit	71,410,000		
	Five-Bedroom Units	22	Units @	$1,804,700	/Unit	39,703,000		
	Moderate Income Units [2]							
	Two-Bedroom Units	0	Units @	$0	/Unit	0		
	Three-Bedroom Units	2	Units @	$260,900	/Unit	522,000		
	Four-Bedroom Units	6	Units @	$282,400	/Unit	1,694,000		
	Five-Bedroom Units	3	Units @	$303,800	/Unit	911,000		
	Lower Income Units [2]							
	Two-Bedroom Units	0	Units @	$0	/Unit	0		
	Three-Bedroom Units	0	Units @	$104,100	/Unit	0		
	Four-Bedroom Units	0	Units @	$113,100	/Unit	0		
	Five-Bedroom Units	0	Units @	$121,900	/Unit	0		
	Total Gross Sales Revenue						$125,380,000	
II.	**Cost of Sales**							
	Commissions	3.0%	Gross Sales Revenue			$3,761,000		
	Closing	2.0%	Gross Sales Revenue			2,508,000		
	Warranty	0.5%	Gross Sales Revenue			627,000		
	Total Cost of Sales						($6,896,000)	
III.	**Net Revenue**						$118,484,000	

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $454 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT IV. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX H - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**<u>Funds Available for Development Costs</u>**			
	Net Revenue	See APPENDIX H - EXHIBIT II - TABLE 2	$118,484,000	
	(Less) Threshold Developer Profit [1]	14.6% Total Development Cost	($16,433,000)	
	Total Funds Available for Development Costs			$102,051,000
II.	**Total Development Cost**	See APPENDIX H - EXHIBIT II - TABLE 1		$112,908,000
III.	**Land Value Reduction**	30% As a % of Land Cost		$10,857,000
	Inclusionary Housing Production Requirement	11% Moderate Income Units		

1 Based on the profit as a percentage of Total Development Cost estimated to be generated by the SAN GABRIEL VALLEY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX H - EXHIBIT III
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX H - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	726,000	Sf of Land	$50	/Sf of Land		$36,300,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		726,000	Sf of Land	$25	/Sf of Land	$18,150,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		302,325	Sf of GBA	$100	/Sf of GBA	30,233,000	
	Contractor Costs		20%	Other Direct Costs			9,677,000	
	Total Direct Costs							$58,060,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$3,484,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			1,452,000	
	Marketing		100	Units	$7,500	/Unit	750,000	
	Development Management		3.0%	Gross Sales Revenue			3,778,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			548,000	
	Total Indirect Costs							$11,512,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$5,518,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	1,588,000	
	Total Financing Costs							$7,106,000
V.	**Total Construction Cost**		100	Units	$767,000	/Unit		$76,678,000
	Total Development Cost		100	Units	$1,130,000	/Unit		$112,978,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX H - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	14	Units @	$856,900	/Unit	11,997,000	
	Four-Bedroom Units	54	Units @	$1,322,400	/Unit	71,410,000	
	Five-Bedroom Units	23	Units @	$1,804,700	/Unit	41,508,000	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$260,900	/Unit	0	
	Four-Bedroom Units	0	Units @	$282,400	/Unit	0	
	Five-Bedroom Units	0	Units @	$303,800	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	1	Unit @	$104,100	/Unit	104,000	
	Four-Bedroom Units	6	Units @	$113,100	/Unit	679,000	
	Five-Bedroom Units	2	Units @	$121,900	/Unit	244,000	
	Total Gross Sales Revenue						$125,942,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$3,778,000	
	Closing	2.0%	Gross Sales Revenue			2,519,000	
	Warranty	0.5%	Gross Sales Revenue			630,000	
	Total Cost of Sales						($6,927,000)
III.	**Net Revenue**						$119,015,000

[1] Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $454 per square foot of saleable area.

[2] See APPENDIX B - EXHIBIT IV. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX H - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX H - EXHIBIT III - TABLE 2		$119,015,000	
	(Less) Threshold Developer Profit [1]	14.6%	Total Development Cost	($16,443,000)	
	Total Funds Available for Development Costs				$102,572,000
II.	**Total Development Cost**	See APPENDIX H - EXHIBIT III - TABLE 1			$112,978,000
III.	**Land Value Reduction**	29%	As a % of Land Cost		$10,406,000
	Inclusionary Housing Production Requirement	9%	Lower Income Units		

1 Based on the profit as a percentage of Total Development Cost estimated to be generated by the SAN GABRIEL VALLEY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX H - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SAN GABRIEL VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX H - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SAN GABRIEL VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs** [1]	726,000	Sf of Land	$50	/Sf of Land		$36,300,000
II.	**Direct Costs** [2]						
	Site Improvement Costs	726,000	Sf of Land	$25	/Sf of Land	$18,150,000	
	Attached Garage	200	Spaces	$0	/Space	0	
	Residential Building Costs	302,325	Sf of GBA	$100	/Sf of GBA	30,233,000	
	Contractor Costs	20%	Other Direct Costs			9,677,000	
	Total Direct Costs						$58,060,000
III.	**Indirect Costs**						
	Architecture, Eng & Consulting	6.0%	Direct Costs			$3,484,000	
	Public Permits & Fees [3]	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee	302,325	Sf of GBA	$27.27	/Sf of GBA	8,245,000	
	Taxes, Ins. Legal & Accounting	2.5%	Direct Costs			1,452,000	
	Marketing	100	Units	$7,500	/Unit	750,000	
	Development Management	3.0%	Gross Sales Revenue			4,119,000	
	Soft Cost Contingency Allowance	5.0%	Other Indirect Costs			978,000	
	Total Indirect Costs						$20,528,000
IV.	**Financing Costs**						
	Interest During Construction [4]					$6,174,000	
	Loan Origination Fees	60.0%	Loan to Cost	2.5	Points	1,723,000	
	Total Financing Costs						$7,897,000
V.	**Total Construction Cost**	100	Units	$865,000	/Unit		$86,485,000
	Total Development Cost	100	Units	$1,228,000	/Unit		$122,785,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX H - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SAN GABRIEL VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	15	Units @	$856,900	/Unit	12,854,000	
	Four-Bedroom Units	60	Units @	$1,322,400	/Unit	79,344,000	
	Five-Bedroom Units	25	Units @	$1,804,700	/Unit	45,118,000	
	Total Gross Sales Revenue						$137,316,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$4,119,000	
	Closing	2.0%	Gross Sales Revenue			2,746,000	
	Warranty	0.5%	Gross Sales Revenue			687,000	
	Total Cost of Sales						($7,552,000)
III.	**Net Revenue**						$129,764,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $454 per square foot of saleable area.

APPENDIX H - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SAN GABRIEL VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**					
	Net Revenue		See APPENDIX H - EXHIBIT IV - TABLE 2	$129,764,000		
	(Less) Threshold Developer Profit [1]	14.6%	Total Development Cost	($17,871,000)		
	Total Funds Available for Development Costs				$111,893,000	
II.	**Total Development Cost**		See APPENDIX H - EXHIBIT IV - TABLE 1		$122,785,000	
III.	**Land Value Reduction**	30%	As a % of Land Cost		$10,892,000	
	In-Lieu Fee		See APPENDIX H - EXHIBIT IV - TABLE 1		$27.27	/Sf of GBA

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SAN GABRIEL VALLEY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE

APPENDIX H: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SAN GABRIEL VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX H: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SAN GABRIEL VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

		Moderate Income	Lower Income
I. Sales Price Difference			
A. Two-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	1	0	0
Difference		$0	$0
B. Three-Bedroom Units			
Market Rate Units		$856,900	$856,900
Affordable Sales Price	1	260,900	104,100
Difference		$596,000	$752,800
C. Four-Bedroom Units			
Market Rate Units		$1,322,400	$1,322,400
Affordable Sales Price	1	282,400	113,100
Difference		$1,040,000	$1,209,300
D. Five-Bedroom Units			
Market Rate Units		$1,804,700	$1,804,700
Affordable Sales Price	1	303,800	121,900
Difference		$1,500,900	$1,682,800
II. Distribution of Total Units			
Two-Bedroom Units		0%	0%
Three-Bedroom Units		15%	15%
Four-Bedroom Units		60%	60%
Five-Bedroom Units		25%	25%
III. In-Lieu Fee			
Per Income Restricted Unit		$1,088,600	$1,259,200
Per Square Foot of GBA		$54.00	$62.50

1 See APPENDIX B - EXHIBIT IV. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX I
CONDOMINIUM ALTERNATIVES
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX I - EXHIBIT I
PRO FORMA ANALYSIS
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX I - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	290,400	Sf of Land	$50	/Sf of Land		$14,520,000
II.	**Direct Costs**	2						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		177,500	Sf of GBA	$80	/Sf of GBA	14,200,000	
	Contractor Costs		20%	Other Direct Costs			4,002,000	
	Total Direct Costs							$24,010,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,441,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			600,000	
	Marketing		100	Units	$5,000	/Unit	500,000	
	Development Management		3.0%	Gross Sales Revenue			1,771,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			291,000	
	Total Indirect Costs							$6,103,000
IV.	**Financing Costs**							
	Interest During Construction	4					$2,219,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	669,000	
	Total Financing Costs							$2,888,000
V.	**Total Construction Cost**		100	Units	$330,000	/Unit		$33,001,000
	Total Development Cost		100	Units	$475,000	/Unit		$47,521,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX I - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	15	Units @	$541,400	/Unit	$8,121,000	
	Three-Bedroom Units	75	Units @	$591,900	/Unit	$44,393,000	
	Four-Bedroom Units	10	Units @	$651,500	/Unit	$6,515,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$59,029,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,771,000	
	Closing	2.0%	Gross Sales Revenue			1,181,000	
	Warranty	0.5%	Gross Sales Revenue			295,000	
	Total Cost of Sales						($3,247,000)
III.	**Net Revenue**						$55,782,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $333 per square foot of saleable area.

APPENDIX I - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX I - EXHIBIT I - TABLE 2	$55,782,000	
II.	**Total Development Cost**	See APPENDIX I - EXHIBIT I - TABLE 1	$47,521,000	
III.	**Developer Profit**	17.4% Total Development Cost		$8,261,000

APPENDIX I - EXHIBIT II
PRO FORMA ANALYSIS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX I - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	290,400	Sf of Land	$50	/Sf of Land		$14,520,000
II.	**Direct Costs**	2						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		177,500	Sf of GBA	$80	/Sf of GBA	14,200,000	
	Contractor Costs		20%	Other Direct Costs			4,002,000	
	Total Direct Costs							$24,010,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,441,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			600,000	
	Marketing		100	Units	$5,000	/Unit	500,000	
	Development Management		3.0%	Gross Sales Revenue			1,632,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			284,000	
	Total Indirect Costs							$5,957,000
IV.	**Financing Costs**							
	Interest During Construction	4					$2,190,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	667,000	
	Total Financing Costs							$2,857,000
V.	**Total Construction Cost**		100	Units	$328,000	/Unit		$32,824,000
	Total Development Cost		100	Units	$473,000	/Unit		$47,344,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX I - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	13	Units @	$541,400	/Unit	$7,038,000	
	Three-Bedroom Units	64	Units @	$591,900	/Unit	37,882,000	
	Four-Bedroom Units	9	Units @	$651,500	/Unit	$5,864,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	2	Units @	$231,400	/Unit	463,000	
	Three-Bedroom Units	11	Units @	$260,900	/Unit	2,870,000	
	Four-Bedroom Units	1	Unit @	$282,400	/Unit	282,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$90,000	/Unit	0	
	Three-Bedroom Units	0	Units @	$104,100	/Unit	0	
	Four-Bedroom Units	0	Units @	$113,100	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$54,399,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,632,000	
	Closing	2.0%	Gross Sales Revenue			1,088,000	
	Warranty	0.5%	Gross Sales Revenue			272,000	
	Total Cost of Sales						($2,992,000)
III.	**Net Revenue**						$51,407,000

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $332 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT IV. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX I - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX I - EXHIBIT II - TABLE 2		$51,407,000	
	(Less) Threshold Developer Profit [1]	17.4%	Total Development Cost	($8,230,000)	
	Total Funds Available for Development Costs				$43,177,000
II.	**Total Development Cost**	See APPENDIX I - EXHIBIT II - TABLE 1			$47,344,000
III.	**Land Value Reduction**	29%	As a % of Land Cost		$4,167,000
	Inclusionary Housing Production Requirement	14%	Moderate Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SAN GABRIEL VALLEY SUBMARKET: CONDOMINIUM: BASE CASE.

APPENDIX I - EXHIBIT III
PRO FORMA ANALYSIS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX I - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	290,400	Sf of Land	$50	/Sf of Land		$14,520,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		177,500	Sf of GBA	$80	/Sf of GBA	14,200,000	
	Contractor Costs		20%	Other Direct Costs			4,002,000	
	Total Direct Costs							$24,010,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,441,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			600,000	
	Marketing		100	Units	$5,000	/Unit	500,000	
	Development Management		3.0%	Gross Sales Revenue			1,625,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			283,000	
	Total Indirect Costs							$5,949,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$2,232,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	667,000	
	Total Financing Costs							$2,899,000
V.	**Total Construction Cost**		100	Units	$329,000	/Unit		$32,858,000
	Total Development Cost		100	Units	$474,000	/Unit		$47,378,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX I - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: LOWER INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**<u>Gross Sales Revenue</u>**						
	Market Rate Units [1]						
	Two-Bedroom Units	13	Units @	$541,400	/Unit	$7,038,000	
	Three-Bedroom Units	68	Units @	$591,900	/Unit	40,249,000	
	Four-Bedroom Units	9	Units @	$651,500	/Unit	5,864,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$231,400	/Unit	0	
	Three-Bedroom Units	0	Units @	$260,900	/Unit	0	
	Four-Bedroom Units	0	Units @	$282,400	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	2	Units @	$90,000	/Unit	180,000	
	Three-Bedroom Units	7	Units @	$104,100	/Unit	729,000	
	Four-Bedroom Units	1	Unit @	$113,100	/Unit	113,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$54,173,000
II.	**<u>Cost of Sales</u>**						
	Commissions	3.0%	Gross Sales Revenue			$1,625,000	
	Closing	2.0%	Gross Sales Revenue			1,083,000	
	Warranty	0.5%	Gross Sales Revenue			271,000	
	Total Cost of Sales						($2,979,000)
III.	**Net Revenue**						$51,194,000

[1] Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $332 per square foot of saleable area.

[2] See APPENDIX B - EXHIBIT IV. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX I - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue		See APPENDIX I - EXHIBIT III - TABLE 2	$51,194,000	
	(Less) Threshold Developer Profit [1]	17.4%	Total Development Cost	($8,236,000)	
	Total Funds Available for Development Costs				$42,958,000
II.	**Total Development Cost**		See APPENDIX I - EXHIBIT III - TABLE 1		$47,378,000
III.	**Land Value Reduction**	30%	As a % of Land Cost		$4,420,000
	Inclusionary Housing Production Requirement	10%	Lower Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SAN GABRIEL VALLEY SUBMARKET: CONDOMINIUM: BASE CASE.

APPENDIX I - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SAN GABRIEL VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX I - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SAN GABRIEL VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	290,400	Sf of Land	$50	/Sf of Land		$14,520,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		177,500	Sf of GBA	$80	/Sf of GBA	14,200,000	
	Contractor Costs		20%	Other Direct Costs			4,002,000	
	Total Direct Costs							$24,010,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,441,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		177,500	Sf of GBA	$18.15	/Sf of GBA	3,221,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			600,000	
	Marketing		100	Units	$5,000	/Unit	500,000	
	Development Management		3.0%	Gross Sales Revenue			1,771,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			452,000	
	Total Indirect Costs							$9,485,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$2,497,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	720,000	
	Total Financing Costs							$3,217,000
V.	**Total Construction Cost**		100	Units	$367,000	/Unit		$36,712,000
	Total Development Cost		100	Units	$512,000	/Unit		$51,232,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX I - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SAN GABRIEL VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	15	Units @	$541,400	/Unit	$8,121,000	
	Three-Bedroom Units	75	Units @	$591,900	/Unit	44,393,000	
	Four-Bedroom Units	10	Units @	$651,500	/Unit	6,515,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$59,029,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,771,000	
	Closing	2.0%	Gross Sales Revenue			1,181,000	
	Warranty	0.5%	Gross Sales Revenue			295,000	
	Total Cost of Sales						($3,247,000)
III.	**Net Revenue**						$55,782,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $333 per square foot of saleable area.

APPENDIX I - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SAN GABRIEL VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX I - EXHIBIT IV - TABLE 2	$55,782,000		
	(Less) Threshold Developer Profit [1]	17.4% Total Development Cost	($8,906,000)		
	Total Funds Available for Development Costs			$46,876,000	
II.	**Total Development Cost**	See APPENDIX I - EXHIBIT IV - TABLE 1		$51,232,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$4,356,000	
	In-Lieu Fee	See APPENDIX I - EXHIBIT IV - TABLE 1		$18.15	/Sf of GBA

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SAN GABRIEL VALLEY SUBMARKET: CONDOMINIUM: BASE CASE

APPENDIX I: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SAN GABRIEL VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX I: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SAN GABRIEL VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

		Moderate Income	Lower Income
I. Sales Price Difference			
A. Two-Bedroom Units			
Market Rate Units		$541,400	$541,400
Affordable Sales Price	1	231,400	90,000
Difference		$310,000	$451,400
B. Three-Bedroom Units			
Market Rate Units		$591,900	$591,900
Affordable Sales Price	1	260,900	104,100
Difference		$331,000	$487,800
C. Four-Bedroom Units			
Market Rate Units		$651,500	$651,500
Affordable Sales Price	1	282,400	113,100
Difference		$369,100	$538,400
D. Five-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	1	0	0
Difference		$0	$0
II. Distribution of Total Units			
Two-Bedroom Units		15%	15%
Three-Bedroom Units		75%	75%
Four-Bedroom Units		10%	10%
Five-Bedroom Units		0%	0%
III. In-Lieu Fee			
Per Income Restricted Unit		$331,700	$487,400
Per Square Foot of GBA		$28.00	$41.20

[1] See APPENDIX B - EXHIBIT IV. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX J
SINGLE-FAMILY HOME ALTERNATIVES
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX J - EXHIBIT I
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX J - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	726,000	Sf of Land	$10	/Sf of Land		$7,260,000
II.	**Direct Costs**	2						
	Site Improvement Costs		726,000	Sf of Land	$30	/Sf of Land	$21,780,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		275,800	Sf of GBA	$70	/Sf of GBA	19,306,000	
	Contractor Costs		20%	Other Direct Costs			8,217,000	
	Total Direct Costs							$49,303,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$2,958,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			1,233,000	
	Marketing		100	Units	$7,500	/Unit	750,000	
	Development Management		3.0%	Gross Sales Revenue			2,472,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			446,000	
	Total Indirect Costs							$9,359,000
IV.	**Financing Costs**							
	Interest During Construction	4					$3,304,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	989,000	
	Total Financing Costs							$4,293,000
V.	**Total Construction Cost**		100	Units	$630,000	/Unit		$62,955,000
	Total Development Cost		100	Units	$702,000	/Unit		$70,215,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX J - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	25	Units @	$533,600	/Unit	13,340,000	
	Four-Bedroom Units	45	Units @	$711,500	/Unit	32,018,000	
	Five-Bedroom Units	30	Units @	$1,235,200	/Unit	37,056,000	
	Total Gross Sales Revenue						$82,414,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$2,472,000	
	Closing	2.0%	Gross Sales Revenue			1,648,000	
	Warranty	0.5%	Gross Sales Revenue			412,000	
	Total Cost of Sales						($4,532,000)
III.	**Net Revenue**						$77,882,000

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $299 per square foot of saleable area.

APPENDIX J - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX J - EXHIBIT I - TABLE 2	$77,882,000
II.	**Total Development Cost**	See APPENDIX J - EXHIBIT I - TABLE 1	$70,215,000
III.	**Developer Profit**	10.9% Total Development Cost	$7,667,000

APPENDIX J - EXHIBIT II
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX J - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	726,000	Sf of Land	$10	/Sf of Land		$7,260,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		726,000	Sf of Land	$30	/Sf of Land	$21,780,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		275,800	Sf of GBA	$70	/Sf of GBA	19,306,000	
	Contractor Costs		20%	Other Direct Costs			8,217,000	
	Total Direct Costs							$49,303,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$2,958,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			1,233,000	
	Marketing		100	Units	$7,500	/Unit	750,000	
	Development Management		3.0%	Gross Sales Revenue			2,401,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			442,000	
	Total Indirect Costs							$9,284,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$3,282,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	988,000	
	Total Financing Costs							$4,270,000
V.	**Total Construction Cost**		100	Units	$629,000	/Unit		$62,857,000
	Total Development Cost		100	Units	$701,000	/Unit		$70,117,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX J - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	23	Units @	$533,600	/Unit	12,273,000	
	Four-Bedroom Units	43	Units @	$711,500	/Unit	30,595,000	
	Five-Bedroom Units	29	Units @	$1,235,200	/Unit	35,821,000	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	2	Units @	$249,600	/Unit	499,000	
	Four-Bedroom Units	2	Units @	$270,800	/Unit	542,000	
	Five-Bedroom Units	1	Unit @	$292,100	/Unit	292,000	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$93,700	/Unit	0	
	Four-Bedroom Units	0	Units @	$102,500	/Unit	0	
	Five-Bedroom Units	0	Units @	$111,500	/Unit	0	
	Total Gross Sales Revenue						$80,022,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$2,401,000	
	Closing	2.0%	Gross Sales Revenue			1,600,000	
	Warranty	0.5%	Gross Sales Revenue			400,000	
	Total Cost of Sales						($4,401,000)
III.	**Net Revenue**						$75,621,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $300 per square foot of saleable area.

[2] See APPENDIX B - EXHIBIT V. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX J - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Net Revenue	See APPENDIX J - EXHIBIT II - TABLE 2	$75,621,000	
	(Less) Threshold Developer Profit [1]	10.9% Total Development Cost	($7,656,000)	
	Total Funds Available for Development Costs			$67,965,000
II.	**Total Development Cost**	See APPENDIX J - EXHIBIT II - TABLE 1		$70,117,000
III.	**Land Value Reduction**	30% As a % of Land Cost		$2,152,000
	Inclusionary Housing Production Requirement	5% Moderate Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SANTA CLARITA VALLEY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX J - EXHIBIT III
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX J - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	726,000	Sf of Land	$10	/Sf of Land		$7,260,000
II.	**Direct Costs**	2						
	Site Improvement Costs		726,000	Sf of Land	$30	/Sf of Land	$21,780,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		275,800	Sf of GBA	$70	/Sf of GBA	19,306,000	
	Contractor Costs		20%	Other Direct Costs			8,217,000	
	Total Direct Costs							$49,303,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$2,958,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			1,233,000	
	Marketing		100	Units	$7,500	/Unit	750,000	
	Development Management		3.0%	Gross Sales Revenue			2,407,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			442,000	
	Total Indirect Costs							$9,290,000
IV.	**Financing Costs**							
	Interest During Construction	4					$3,315,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	988,000	
	Total Financing Costs							$4,303,000
V.	**Total Construction Cost**		100	Units	$629,000	/Unit		$62,896,000
	Total Development Cost		100	Units	$702,000	/Unit		$70,156,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX J - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	24	Units @	$533,600	/Unit	12,806,000	
	Four-Bedroom Units	44	Units @	$711,500	/Unit	31,306,000	
	Five-Bedroom Units	29	Units @	$1,235,200	/Unit	35,821,000	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$249,600	/Unit	0	
	Four-Bedroom Units	0	Units @	$270,800	/Unit	0	
	Five-Bedroom Units	0	Units @	$292,100	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	1	Unit @	$93,700	/Unit	94,000	
	Four-Bedroom Units	1	Unit @	$102,500	/Unit	103,000	
	Five-Bedroom Units	1	Unit @	$111,500	/Unit	112,000	
	Total Gross Sales Revenue						$80,242,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$2,407,000	
	Closing	2.0%	Gross Sales Revenue			1,605,000	
	Warranty	0.5%	Gross Sales Revenue			401,000	
	Total Cost of Sales						($4,413,000)
III.	**Net Revenue**						$75,829,000

1 Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $299 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT V. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX J - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Net Revenue	See APPENDIX J - EXHIBIT III - TABLE 2	$75,829,000	
	(Less) Threshold Developer Profit [1]	10.9% Total Development Cost	($7,661,000)	
	Total Funds Available for Development Costs			$68,168,000
II.	**Total Development Cost**	See APPENDIX J - EXHIBIT III - TABLE 1		$70,156,000
III.	**Land Value Reduction**	27% As a % of Land Cost		$1,988,000
	Inclusionary Housing Production Requirement	3% Lower Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SANTA CLARITA VALLEY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX J - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SANTA CLARITA VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SANTA CLARITA VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	726,000	Sf of Land	$10	/Sf of Land		$7,260,000
II.	**Direct Costs**	2						
	Site Improvement Costs		726,000	Sf of Land	$30	/Sf of Land	$21,780,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		275,800	Sf of GBA	$70	/Sf of GBA	19,306,000	
	Contractor Costs		20%	Other Direct Costs			8,217,000	
	Total Direct Costs							$49,303,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$2,958,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		275,800	Sf of GBA	$6.17	/Sf of GBA	1,702,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			1,233,000	
	Marketing		100	Units	$7,500	/Unit	750,000	
	Development Management		3.0%	Gross Sales Revenue			2,472,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			531,000	
	Total Indirect Costs							$11,146,000
IV.	**Financing Costs**							
	Interest During Construction	4					$3,454,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	1,016,000	
	Total Financing Costs							$4,470,000
V.	**Total Construction Cost**		100	Units	$649,000	/Unit		$64,919,000
	Total Development Cost		100	Units	$722,000	/Unit		$72,179,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX J - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SANTA CLARITA VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	25	Units @	$533,600	/Unit	13,340,000	
	Four-Bedroom Units	45	Units @	$711,500	/Unit	32,018,000	
	Five-Bedroom Units	30	Units @	$1,235,200	/Unit	37,056,000	
	Total Gross Sales Revenue						$82,414,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$2,472,000	
	Closing	2.0%	Gross Sales Revenue			1,648,000	
	Warranty	0.5%	Gross Sales Revenue			412,000	
	Total Cost of Sales						($4,532,000)
III.	**Net Revenue**						$77,882,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $299 per square foot of saleable area.

APPENDIX J - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SANTA CLARITA VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX J - EXHIBIT IV - TABLE 2	$77,882,000		
	(Less) Threshold Developer Profit [1]	10.9% Total Development Cost	($7,881,000)		
	Total Funds Available for Development Costs			$70,001,000	
II.	**Total Development Cost**	See APPENDIX J - EXHIBIT IV - TABLE 1		$72,179,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$2,178,000	
	In-Lieu Fee	See APPENDIX J - EXHIBIT IV - TABLE 1		$6.17	/Sf of GBA

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SANTA CLARITA VALLEY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE

APPENDIX J: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SANTA CLARITA VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX J: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SANTA CLARITA VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

			Moderate Income	Lower Income
I.	**Sales Price Difference**			
A.	**Two-Bedroom Units**			
	Market Rate Units		$0	$0
	Affordable Sales Price	1	0	0
	Difference		$0	$0
B.	**Three-Bedroom Units**			
	Market Rate Units		$533,600	$533,600
	Affordable Sales Price	1	249,600	93,700
	Difference		$284,000	$439,900
C.	**Four-Bedroom Units**			
	Market Rate Units		$711,500	$711,500
	Affordable Sales Price	1	270,800	102,500
	Difference		$440,700	$609,000
D.	**Five-Bedroom Units**			
	Market Rate Units		$1,235,200	$1,235,200
	Affordable Sales Price	1	292,100	111,500
	Difference		$943,100	$1,123,700
II.	**Distribution of Total Units**			
	Two-Bedroom Units		0%	0%
	Three-Bedroom Units		25%	25%
	Four-Bedroom Units		45%	45%
	Five-Bedroom Units		30%	30%
III.	**In-Lieu Fee**			
	Per Income Restricted Unit		$552,200	$721,100
	Per Square Foot of GBA		$30.00	$39.20

[1] See APPENDIX B - EXHIBIT V. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX K
CONDOMINIUM ALTERNATIVES
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX K - EXHIBIT I
PRO FORMA ANALYSIS
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX K - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	290,400	Sf of Land	$10	/Sf of Land			$2,904,000
II.	**Direct Costs**	[2]							
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land		$5,808,000	
	Attached Garage		200	Spaces	$0	/Space		0	
	Residential Building Costs		160,400	Sf of GBA	$80	/Sf of GBA		12,832,000	
	Contractor Costs		20%	Other Direct Costs				3,728,000	
	Total Direct Costs								$22,368,000
III.	**Indirect Costs**								
	Architecture, Eng & Consulting		6.0%	Direct Costs				$1,342,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit		1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs				559,000	
	Marketing		100	Units	$2,500	/Unit		250,000	
	Development Management		3.0%	Gross Sales Revenue				1,205,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs				243,000	
	Total Indirect Costs								$5,099,000
IV.	**Financing Costs**								
	Interest During Construction	[4]						$1,382,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points		456,000	
	Total Financing Costs								$1,838,000
V.	**Total Construction Cost**		100	Units	$293,000	/Unit			$29,305,000
	Total Development Cost		100	Units	$322,000	/Unit			$32,209,000

[1] Estimated based on a survey of recent land sales in the submarket.
[2] Based on the estimated costs for similar uses.
[3] Based on estimates prepared for other projects within the County.
[4] Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX K - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	20	Units @	$365,400	/Unit	$7,308,000	
	Three-Bedroom Units	80	Units @	$410,700	/Unit	$32,856,000	
	Four-Bedroom Units	0	Units @	$0	/Unit	$0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$40,164,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,205,000	
	Closing	2.0%	Gross Sales Revenue			803,000	
	Warranty	0.5%	Gross Sales Revenue			201,000	
	Total Cost of Sales						($2,209,000)
III.	**Net Revenue**						$37,955,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $250 per square foot of saleable area.

APPENDIX K - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
CONDOMINIUM: BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX K - EXHIBIT I - TABLE 2	$37,955,000	
II.	**Total Development Cost**	See APPENDIX K - EXHIBIT I - TABLE 1	$32,209,000	
III.	**Developer Profit**	17.8% Total Development Cost		$5,746,000

APPENDIX K - EXHIBIT II
PRO FORMA ANALYSIS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX K - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	290,400	Sf of Land	$10	/Sf of Land		$2,904,000
II.	**Direct Costs**	2						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		160,400	Sf of GBA	$80	/Sf of GBA	12,832,000	
	Contractor Costs		20%	Other Direct Costs			3,728,000	
	Total Direct Costs							$22,368,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,342,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			559,000	
	Marketing		100	Units	$2,500	/Unit	250,000	
	Development Management		3.0%	Gross Sales Revenue			1,176,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			241,000	
	Total Indirect Costs							$5,068,000
IV.	**Financing Costs**							
	Interest During Construction	4					$1,366,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	455,000	
	Total Financing Costs							$1,821,000
V.	**Total Construction Cost**		100	Units	$293,000	/Unit		$29,257,000
	Total Development Cost		100	Units	$322,000	/Unit		$32,161,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX K - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	19	Units @	$365,400	/Unit	$6,943,000	
	Three-Bedroom Units	75	Units @	$410,700	/Unit	30,803,000	
	Four-Bedroom Units	0	Units @	$0	/Unit	$0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	1	Unit @	$220,100	/Unit	220,000	
	Three-Bedroom Units	5	Units @	$249,600	/Unit	1,248,000	
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$79,900	/Unit	0	
	Three-Bedroom Units	0	Units @	$93,700	/Unit	0	
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$39,214,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,176,000	
	Closing	2.0%	Gross Sales Revenue			784,000	
	Warranty	0.5%	Gross Sales Revenue			196,000	
	Total Cost of Sales						($2,156,000)
III.	**Net Revenue**						$37,058,000

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $250 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT V. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX K - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
CONDOMINIUM: MODERATE INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue		See APPENDIX K - EXHIBIT II - TABLE 2	$37,058,000	
	(Less) Threshold Developer Profit [1]		17.8% Total Development Cost	($5,737,000)	
	Total Funds Available for Development Costs				$31,321,000
II.	**Total Development Cost**		See APPENDIX K - EXHIBIT II - TABLE 1		$32,161,000
III.	**Land Value Reduction**		29% As a % of Land Cost		$840,000
	Inclusionary Housing Production Requirement		6% Moderate Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SANTA CLARITA VALLEY SUBMARKET: CONDOMINIUM: BASE CASE.

APPENDIX K - EXHIBIT III
PRO FORMA ANALYSIS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX K - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	290,400	Sf of Land	$10	/Sf of Land		$2,904,000
II.	**Direct Costs**	2						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		160,400	Sf of GBA	$80	/Sf of GBA	12,832,000	
	Contractor Costs		20%	Other Direct Costs			3,728,000	
	Total Direct Costs							$22,368,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,342,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			559,000	
	Marketing		100	Units	$2,500	/Unit	250,000	
	Development Management		3.0%	Gross Sales Revenue			1,177,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			241,000	
	Total Indirect Costs							$5,069,000
IV.	**Financing Costs**							
	Interest During Construction	4					$1,384,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	455,000	
	Total Financing Costs							$1,839,000
V.	**Total Construction Cost**		100	Units	$293,000	/Unit		$29,276,000
	Total Development Cost		100	Units	$322,000	/Unit		$32,180,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX K - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
CONDOMINIUM: LOWER INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**							
	Market Rate Units [1]							
	Two-Bedroom Units	19	Units @	$365,400	/Unit	$6,943,000	
	Three-Bedroom Units	78	Units @	$410,700	/Unit	32,035,000	
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$220,100	/Unit	0	
	Three-Bedroom Units	0	Units @	$249,600	/Unit	0	
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	1	Unit @	$79,900	/Unit	80,000	
	Three-Bedroom Units	2	Units @	$93,700	/Unit	187,000	
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$39,245,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,177,000	
	Closing	2.0%	Gross Sales Revenue			785,000	
	Warranty	0.5%	Gross Sales Revenue			196,000	
	Total Cost of Sales						($2,158,000)
III.	**Net Revenue**						$37,087,000

1 Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $250 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT V. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX K - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
CONDOMINIUM: LOWER INCOME ALTERNATIVE
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX K - EXHIBIT III - TABLE 2		$37,087,000	
	(Less) Threshold Developer Profit [1]	17.8%	Total Development Cost	($5,741,000)	
	Total Funds Available for Development Costs				$31,346,000
II.	**Total Development Cost**	See APPENDIX K - EXHIBIT III - TABLE 1			$32,180,000
III.	**Land Value Reduction**	29%	As a % of Land Cost		$834,000
	Inclusionary Housing Production Requirement	3%	Lower Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SANTA CLARITA VALLEY SUBMARKET: CONDOMINIUM: BASE CASE.

APPENDIX K - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SANTA CLARITA VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX K - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SANTA CLARITA VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	290,400	Sf of Land	$10	/Sf of Land		$2,904,000
II.	**Direct Costs**	2						
	Site Improvement Costs		290,400	Sf of Land	$20	/Sf of Land	$5,808,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		160,400	Sf of GBA	$80	/Sf of GBA	12,832,000	
	Contractor Costs		20%	Other Direct Costs			3,728,000	
	Total Direct Costs							$22,368,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,342,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		160,400	Sf of GBA	$4.00	/Sf of GBA	642,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			559,000	
	Marketing		100	Units	$2,500	/Unit	250,000	
	Development Management		3.0%	Gross Sales Revenue			1,205,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			275,000	
	Total Indirect Costs							$5,773,000
IV.	**Financing Costs**							
	Interest During Construction	4					$1,437,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	466,000	
	Total Financing Costs							$1,903,000
V.	**Total Construction Cost**		100	Units	$300,000	/Unit		$30,044,000
	Total Development Cost		100	Units	$329,000	/Unit		$32,948,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX K - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SANTA CLARITA VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	20	Units @	$365,400	/Unit	$7,308,000	
	Three-Bedroom Units	80	Units @	$410,700	/Unit	32,856,000	
	Four-Bedroom Units	0	Units @	$0	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$40,164,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,205,000	
	Closing	2.0%	Gross Sales Revenue			803,000	
	Warranty	0.5%	Gross Sales Revenue			201,000	
	Total Cost of Sales						($2,209,000)
III.	**Net Revenue**						$37,955,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $250 per square foot of saleable area.

APPENDIX K - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
SANTA CLARITA VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Net Revenue	See APPENDIX K - EXHIBIT IV - TABLE 2	$37,955,000		
	(Less) Threshold Developer Profit [1]	17.8% Total Development Cost	($5,878,000)		
	Total Funds Available for Development Costs			$32,077,000	
II.	**Total Development Cost**	See APPENDIX K - EXHIBIT IV - TABLE 1		$32,948,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$871,000	
	In-Lieu Fee	See APPENDIX K - EXHIBIT IV - TABLE 1		$4.00	/Sf of GBA

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the SANTA CLARITA VALLEY SUBMARKET: CONDOMINIUM: BASE CASE

APPENDIX K: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SANTA CLARITA VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX K: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SANTA CLARITA VALLEY SUBMARKET - CONDOMINIUM ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

		Moderate Income	Lower Income
I. Sales Price Difference			
A. Two-Bedroom Units			
Market Rate Units		$365,400	$365,400
Affordable Sales Price	[1]	220,100	79,900
Difference		$145,300	$285,500
B. Three-Bedroom Units			
Market Rate Units		$410,700	$410,700
Affordable Sales Price	[1]	249,600	93,700
Difference		$161,100	$317,000
C. Four-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	[1]	0	0
Difference		$0	$0
D. Five-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	[1]	0	0
Difference		$0	$0
II. Distribution of Total Units			
Two-Bedroom Units		20%	20%
Three-Bedroom Units		80%	80%
Four-Bedroom Units		0%	0%
Five-Bedroom Units		0%	0%
III. In-Lieu Fee			
Per Income Restricted Unit		$157,900	$310,700
Per Square Foot of GBA		$14.80	$29.10

[1] See APPENDIX B - EXHIBIT V. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX L
SINGLE-FAMILY HOME ALTERNATIVES
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX L - EXHIBIT I
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX L - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	435,600	Sf of Land	$5	/Sf of Land		$2,178,000
II.	**Direct Costs**	2						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		220,000	Sf of GBA	$50	/Sf of GBA	11,000,000	
	Contractor Costs		20%	Other Direct Costs			3,942,000	
	Total Direct Costs							$23,654,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,419,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			591,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,122,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			247,000	
	Total Indirect Costs							$5,179,000
IV.	**Financing Costs**							
	Interest During Construction	4					$1,522,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	465,000	
	Total Financing Costs							$1,987,000
V.	**Total Construction Cost**		100	Units	$308,000	/Unit		$30,820,000
	Total Development Cost		100	Units	$330,000	/Unit		$32,998,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX L - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]					
	Two-Bedroom Units	0	Units @	$0 /Unit	$0	
	Three-Bedroom Units	40	Units @	$297,500 /Unit	11,900,000	
	Four-Bedroom Units	60	Units @	$425,000 /Unit	25,500,000	
	Five-Bedroom Units	0	Units @	$0 /Unit	0	
	Total Gross Sales Revenue					$37,400,000
II.	**Cost of Sales**					
	Commissions	3.0%	Gross Sales Revenue		$1,122,000	
	Closing	2.0%	Gross Sales Revenue		748,000	
	Warranty	0.5%	Gross Sales Revenue		187,000	
	Total Cost of Sales					($2,057,000)
III.	**Net Revenue**					$35,343,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $170 per square foot of saleable area.

APPENDIX L - EXHIBIT I - TABLE 3

PROJECTED DEVELOPER PROFIT
SINGLE-FAMILY HOME: BASE CASE: 100% MARKET RATE UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Net Revenue**	See APPENDIX L - EXHIBIT I - TABLE 2	$35,343,000	
II.	**Total Development Cost**	See APPENDIX L - EXHIBIT I - TABLE 1	$32,998,000	
III.	**Developer Profit**	7.1% Total Development Cost		$2,345,000

APPENDIX L - EXHIBIT II
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX L - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	435,600	Sf of Land	$5	/Sf of Land		$2,178,000
II.	**Direct Costs**	2						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		220,000	Sf of GBA	$50	/Sf of GBA	11,000,000	
	Contractor Costs		20%	Other Direct Costs			3,942,000	
	Total Direct Costs							$23,654,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,419,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			591,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,101,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			246,000	
	Total Indirect Costs							$5,157,000
IV.	**Financing Costs**							
	Interest During Construction	4					$1,500,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	465,000	
	Total Financing Costs							$1,965,000
V.	**Total Construction Cost**		100	Units	$308,000	/Unit		$30,776,000
	Total Development Cost		100	Units	$330,000	/Unit		$32,954,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX L - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**						
	Market Rate Units [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	38	Units @	$297,500	/Unit	11,305,000	
	Four-Bedroom Units	56	Units @	$425,000	/Unit	23,800,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	2	Units @	$208,300	/Unit	417,000	
	Four-Bedroom Units	4	Units @	$297,500	/Unit	1,190,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$122,000	/Unit	0	
	Four-Bedroom Units	0	Units @	$130,900	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$36,712,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,101,000	
	Closing	2.0%	Gross Sales Revenue			734,000	
	Warranty	0.5%	Gross Sales Revenue			184,000	
	Total Cost of Sales						($2,019,000)
III.	**Net Revenue**						$34,693,000

1 Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $170 per square foot of saleable area.

2 See APPENDIX B - EXHIBIT VI. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX L - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: MODERATE INCOME ALTERNATIVE
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Net Revenue	See APPENDIX L - EXHIBIT II - TABLE 2	$34,693,000	
	(Less) Threshold Developer Profit [1]	7.1% Total Development Cost	($2,342,000)	
	Total Funds Available for Development Costs			$32,351,000
II.	**Total Development Cost**	See APPENDIX L - EXHIBIT II - TABLE 1		$32,954,000
III.	**Land Value Reduction**	28% As a % of Land Cost		$603,000
	Inclusionary Housing Production Requirement	6% Moderate Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the ANTELOPE VALLEY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX L - EXHIBIT III
PRO FORMA ANALYSIS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX L - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	[1]	435,600	Sf of Land	$5	/Sf of Land		$2,178,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		220,000	Sf of GBA	$50	/Sf of GBA	11,000,000	
	Contractor Costs		20%	Other Direct Costs			3,942,000	
	Total Direct Costs							$23,654,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,419,000	
	Public Permits & Fees	[3]	100	Units	$15,000	/Unit	1,500,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			591,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,099,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			245,000	
	Total Indirect Costs							$5,154,000
IV.	**Financing Costs**							
	Interest During Construction	[4]					$1,522,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	465,000	
	Total Financing Costs							$1,987,000
V.	**Total Construction Cost**		100	Units	$308,000	/Unit		$30,795,000
	Total Development Cost		100	Units	$330,000	/Unit		$32,973,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX L - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue**							
	Market Rate Units [1]							
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	39	Units @	$297,500	/Unit	11,603,000	
	Four-Bedroom Units	58	Units @	$425,000	/Unit	24,650,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Moderate Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	0	Units @	$208,300	/Unit	0	
	Four-Bedroom Units	0	Units @	$297,500	/Unit	0	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Lower Income Units [2]						
	Two-Bedroom Units	0	Units @	$0	/Unit	0	
	Three-Bedroom Units	1	Unit @	$122,000	/Unit	122,000	
	Four-Bedroom Units	2	Units @	$130,900	/Unit	262,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$36,637,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,099,000	
	Closing	2.0%	Gross Sales Revenue			733,000	
	Warranty	0.5%	Gross Sales Revenue			183,000	
	Total Cost of Sales						($2,015,000)
III.	**Net Revenue**						$34,622,000

1 Based on sales comparable information applied in the KMA Residential Nexus Study. The weighted average price equates to $170 per square foot of saleable area.
2 See APPENDIX B - EXHIBIT VI. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX L - EXHIBIT III - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
SINGLE-FAMILY HOME: LOWER INCOME ALTERNATIVE
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Net Revenue	See APPENDIX L - EXHIBIT III - TABLE 2	$34,622,000	
	(Less) Threshold Developer Profit [1]	7.1% Total Development Cost	($2,343,000)	
	Total Funds Available for Development Costs			$32,279,000
II.	**Total Development Cost**	See APPENDIX L - EXHIBIT III - TABLE 1		$32,973,000
III.	**Land Value Reduction**	32% As a % of Land Cost		$694,000
	Inclusionary Housing Production Requirement	3% Lower Income Units		

[1] Based on the profit as a percentage of Total Development Cost estimated to be generated by the ANTELOPE VALLEY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE.

APPENDIX L - EXHIBIT IV
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
ANTELOPE VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX L - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
ANTELOPE VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Land Acquisition Costs**	1	435,600	Sf of Land	$5	/Sf of Land		$2,178,000
II.	**Direct Costs**	2						
	Site Improvement Costs		435,600	Sf of Land	$20	/Sf of Land	$8,712,000	
	Attached Garage		200	Spaces	$0	/Space	0	
	Residential Building Costs		220,000	Sf of GBA	$50	/Sf of GBA	11,000,000	
	Contractor Costs		20%	Other Direct Costs			3,942,000	
	Total Direct Costs							$23,654,000
III.	**Indirect Costs**							
	Architecture, Eng & Consulting		6.0%	Direct Costs			$1,419,000	
	Public Permits & Fees	3	100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		220,000	Sf of GBA	$2.40	/Sf of GBA	529,000	
	Taxes, Ins. Legal & Accounting		2.5%	Direct Costs			591,000	
	Marketing		100	Units	$3,000	/Unit	300,000	
	Development Management		3.0%	Gross Sales Revenue			1,122,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			273,000	
	Total Indirect Costs							$5,734,000
IV.	**Financing Costs**							
	Interest During Construction	4					$1,569,000	
	Loan Origination Fees		60.0%	Loan to Cost	2.5	Points	473,000	
	Total Financing Costs							$2,042,000
V.	**Total Construction Cost**		100	Units	$314,000	/Unit		$31,430,000
	Total Development Cost		100	Units	$336,000	/Unit		$33,608,000

1 Estimated based on a survey of recent land sales in the submarket.
2 Based on the estimated costs for similar uses.
3 Based on estimates prepared for other projects within the County.
4 Assumes a 5.5% interest cost for debt; an 18 month construction period; a 13 month absorption period; 30% of the units are presold and close during first month after completion; and 2.5 points for loan origination fees.

APPENDIX L - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
ANTELOPE VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**Gross Sales Revenue** [1]						
	Two-Bedroom Units	0	Units @	$0	/Unit	$0	
	Three-Bedroom Units	40	Units @	$297,500	/Unit	11,900,000	
	Four-Bedroom Units	60	Units @	$425,000	/Unit	25,500,000	
	Five-Bedroom Units	0	Units @	$0	/Unit	0	
	Total Gross Sales Revenue						$37,400,000
II.	**Cost of Sales**						
	Commissions	3.0%	Gross Sales Revenue			$1,122,000	
	Closing	2.0%	Gross Sales Revenue			748,000	
	Warranty	0.5%	Gross Sales Revenue			187,000	
	Total Cost of Sales						($2,057,000)
III.	**Net Revenue**						$35,343,000

[1] Based on sales comparables information applied in the KMA Residential Nexus Study. The weighted average price equates to $170 per square foot of saleable area.

APPENDIX L - EXHIBIT IV - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH
ANTELOPE VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

I.	**<u>Funds Available for Development Costs</u>**				
	Net Revenue	See APPENDIX L - EXHIBIT IV - TABLE 2	$35,343,000		
	(Less) Threshold Developer Profit [1]	7.1% Total Development Cost	($2,388,000)		
	Total Funds Available for Development Costs			$32,955,000	
II.	**Total Development Cost**	See APPENDIX L - EXHIBIT IV - TABLE 1		$33,608,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$653,000	
	In-Lieu Fee	See APPENDIX L - EXHIBIT IV - TABLE 1		$2.40	/Sf of GBA

1 Based on the profit as a percentage of Total Development Cost estimated to be generated by the ANTELOPE VALLEY SUBMARKET: SINGLE-FAMILY HOME: BASE CASE

APPENDIX L: EXHIBIT V
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
ANTELOPE VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

APPENDIX L: EXHIBIT V

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
ANTELOPE VALLEY SUBMARKET - SINGLE-FAMILY HOME ALTERNATIVES
15% INCLUSIONARY REQUIREMENT
INCLUSIONARY HOUSING ANALYSIS - OWNERSHIP HOUSING PROJECTS
LOS ANGELES COUNTY

		Moderate Income	Lower Income
I. Sales Price Difference			
A. Two-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	1	0	0
Difference		$0	$0
B. Three-Bedroom Units			
Market Rate Units		$297,500	$297,500
Affordable Sales Price	1	208,300	122,000
Difference		$89,200	$175,500
C. Four-Bedroom Units			
Market Rate Units		$425,000	$425,000
Affordable Sales Price	1	297,500	130,900
Difference		$127,500	$294,100
D. Five-Bedroom Units			
Market Rate Units		$0	$0
Affordable Sales Price	1	0	0
Difference		$0	$0
II. Distribution of Total Units			
Two-Bedroom Units		0%	0%
Three-Bedroom Units		40%	40%
Four-Bedroom Units		60%	60%
Five-Bedroom Units		0%	0%
III. In-Lieu Fee			
Per Income Restricted Unit		$112,200	$246,700
Per Square Foot of GBA		$7.70	$16.80

[1] See APPENDIX B - EXHIBIT VI. Equal to the lesser of the calculated affordable sales price or a 30% discount from the projected market price.

APPENDIX M
RENTAL APARTMENT PROJECTS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX M: EXHIBIT I
PRO FORMA ANALYSIS
BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX M: EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	[1]	58,080	Sf of Land	$50	/Sf of Land		$2,904,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		58,080	Sf of Land	$20	/Sf of Land	$1,162,000	
	Parking	[3]						
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking		182	Spaces	$20,000	/Space	3,640,000	
	Building Costs		113,794	Sf of GBA	$150	/Sf of GBA	17,069,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			4,374,000	
	Total Direct Costs							$26,245,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,837,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			787,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			1,050,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			276,000	
	Total Indirect Costs							$5,800,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	[4]	$2,904,000	Cost	5.0%	Interest	$254,000	
	Construction	[5]	$34,749,000	Cost	5.0%	Interest	1,998,000	
	Loan Origination Fees		$22,591,800	Loan	2.00	Points	452,000	
	Total Financing Costs							$2,704,000
V.	**Total Development Cost**		100	Units	$377,000	/Unit		$37,653,000
	Total Construction Cost		100	Units	$347,000	/Unit		$34,749,000

[1] The property acquisition costs are based on a survey of recent land sales.
[2] Based on the estimated costs for similar uses.
[3] Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
[4] Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
[5] Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX M: EXHIBIT I - TABLE 2

STABILIZED NET OPERATING INCOME
BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units [1]							
	Studio Units	21	Units	$2,246	/Unit/Month	$566,000	
	One-Bedroom Units	44	Units	$2,481	/Unit/Month	1,310,000	
	Two-Bedroom Units	35	Units	$2,946	/Unit/Month	1,237,000	
	Three-Bedroom Units	0	Units	$0	/Unit/Month	0	
	Laundy & Miscellaneous Income	100	Units	$25	/Unit/Month	30,000	
	Gross Income					$3,143,000	
	Vacancy & Collection Allowance	5.0%	Gross Income			(157,000)	
	Effective Gross Income						$2,986,000
II.	**Operating Expenses**						
	General Operating Expenses	100	Units	$4,000	/Unit	$400,000	
	Property Taxes [2]	100	Units	$5,310	/Unit	531,000	
	Reserves Deposits	100	Units	$150	/Unit	15,000	
	Total Operating Expenses	100	Units	($9,460)	/Unit		($946,000)
	Stabilized Net Operating Income						$2,040,000

1 Market rents are estimated at a weighted average of $3.26 per square foot of gross leasable area.
2 Based on the stabilized net operating income capitalized at a 5% rate and a 1.30% tax rate.

APPENDIX M: EXHIBIT I - TABLE 3

STABILIZED RETURN ON TOTAL INVESTMENT
BASE CASE: 100% MARKET RATE UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Stabilized Net Operating Income**	See APPENDIX M: EXHIBIT I - TABLE 2	$2,040,000	
II.	**Total Development Cost**	See APPENDIX M: EXHIBIT I - TABLE 1	$37,653,000	
III.	**Stabilized Return on Total Investment**			5.4%

APPENDIX M - EXHIBIT II
PRO FORMA ANALYSIS
DENSITY BONUS: 135 UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX M - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
DENSITY BONUS: 135 UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	[1]	58,080	Sf of Land	$50	/Sf of Land		$2,904,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		58,080	Sf of Land	$20	/Sf of Land	$1,162,000	
	Parking							
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking	[3]	68	Spaces	$20,000	/Space	1,360,000	
	Building Costs		134,325	Sf of GBA	$165	/Sf of GBA	22,164,000	
	Contractor/DC Contingency Allow		20.0%	Other Direct Costs			4,937,000	
	Total Direct Costs		135	Units	$219,400	/Unit		$29,623,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7%	Direct Costs			$2,074,000	
	Public Permits & Fees		135	Units	$15,000	/Unit	2,025,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			889,000	
	Marketing / Leasing		135	Units	$3,500	/Unit	473,000	
	Developer Fee		4.0%	Direct Costs			1,185,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			332,000	
	Total Indirect Costs							$6,978,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	[4]	$2,904,000	Cost	5.00%	Interest	$266,000	
	Construction	[5]	$40,209,000	Cost	5.00%	Interest	2,480,000	
	Loan Origination Fees		$43,113,000	Loan	2.00	Points	862,000	
	Total Financing Costs							$3,608,000
V.	**Total Construction Cost**		135	Units	$297,800	/Unit		$40,209,000
	Total Development Cost		135	Units	$319,400	/Unit		$43,113,000

[1] The property acquisition costs are based on a survey of recent land sales. Density is set at 101 units per acre, which represents a 35% density bonus.
[2] Direct costs assume that prevailing wage requirements will not be imposed on the Project.
[3] Based on 0.5 spaces per unit.
[4] Assumes an 18-month construction period with a 100% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.
[5] Assumes an 18-month construction period with a 60% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.

APPENDIX M - EXHIBIT II - TABLE 2

STABILIZED NET OPERATING INCOME
DENSITY BONUS: 135 UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units							
	Studios		23	Units	$2,246	/Unit/Month	$619,800	
	One-Bedroom Units		49	Units	$2,481	/Unit/Month	1,458,600	
	Two-Bedroom Units		38	Units	$2,946	/Unit/Month	1,343,300	
	Three-Bedroom Units		0	Units	$0	/Unit/Month	0	
	Lower Income	[1]						
	Studios		5	Units	$651	/Unit/Month	39,100	
	One-Bedroom Units		11	Units	$738	/Unit/Month	97,400	
	Two-Bedroom Units		9	Units	$826	/Unit/Month	89,200	
	Three-Bedroom Units		0	Units	$912	/Unit/Month	0	
	Laundy & Miscellaneous Income		135	Units	$25	/Unit/Month	40,500	
	Gross Income						$3,687,900	
	(Less) Vacancy & Collection Allowance		5.0%	Gross Income			(184,000)	
	Effective Gross Income							$3,503,900
II.	**Operating Expenses**							
	General Operating Expenses		135	Units	$4,000	/Unit	$540,000	
	Property Taxes	[2]	135	Units	$4,504	/Unit	608,000	
	Reserves Deposits		135	Units	$150	/Unit	20,000	
	Total Operating Expenses		135	Units	$8,650	/Unit		$1,168,000
III.	**Stabilized Net Operating Income**							$2,335,900

[1] Based on 2017 household incomes published by HCD. The gross monthly Affordable Rents are based on the California Health and Safety Code Section 50053 methodology. The net rent includes a deduction for utilities allowances that are based on the amounts published by HACoLA on 7/1/17. The allowances are based on costs for gas heating, cooking and water heating; and basic electric services.

[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.30% tax rate.

APPENDIX M - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
DENSITY BONUS: 135 UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Stabilized Net Operating Income	See APPENDIX M - EXHIBIT II - TABLE 2	$2,335,900	
	Threshold Developer Return		5.4%	
	Total Funds Available for Development Costs			$43,115,000
II.	**Total Development Cost**	See APPENDIX M - EXHIBIT II - TABLE 1		($43,113,000)
III.	**Surplus / (Financial Gap)**			$2,000
IV.	**Supportable Number of Inclusionary Units**			25.0
V.	**Supportable Percentage of Inclusionary Units**			19%

APPENDIX M: EXHIBIT III
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX M: EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	1	58,080	Sf of Land	$50	/Sf of Land		$2,904,000
II.	**Direct Costs**	2						
	Site Improvement Costs		58,080	Sf of Land	$20	/Sf of Land	$1,162,000	
	Parking	3						
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking		182	Spaces	$20,000	/Space	3,640,000	
	Building Costs		113,794	Sf of GBA	$150	/Sf of GBA	17,069,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			4,374,000	
	Total Direct Costs							$26,245,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,837,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		113,794	Sf of GBA	$6.64	/Sf of GBA	756,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			787,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			1,050,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			314,000	
	Total Indirect Costs							$6,594,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	4	$2,904,000	Cost	5.0%	Interest	$254,000	
	Construction	5	$35,602,000	Cost	5.0%	Interest	2,047,000	
	Loan Origination Fees		$23,103,600	Loan	2.00	Points	462,000	
	Total Financing Costs							$2,763,000
V.	**Total Development Cost**		100	Units	$385,000	/Unit		$38,506,000
	Total Construction Cost		100	Units	$356,000	/Unit		$35,602,000

1 The property acquisition costs are based on a survey of recent land sales.
2 Based on the estimated costs for similar uses.
3 Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
4 Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
5 Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX M: EXHIBIT III - TABLE 2

STABILIZED NET OPERATING INCOME
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units [1]							
	Studio Units	21	Units	$2,246	/Unit/Month	$566,000		
	One-Bedroom Units	44	Units	$2,481	/Unit/Month	1,310,000		
	Two-Bedroom Units	35	Units	$2,946	/Unit/Month	1,237,000		
	Three-Bedroom Units	0	Units	$0	/Unit/Month	0		
	Laundy & Miscellaneous Income	100	Units	$25	/Unit/Month	30,000		
	Gross Income					$3,143,000		
	Vacancy & Collection Allowance	5.0%	Gross Income			(157,000)		
	Effective Gross Income						$2,986,000	
II.	**Operating Expenses**							
	General Operating Expenses	100	Units	$4,000	/Unit	$400,000		
	Property Taxes [2]	100	Units	$5,310	/Unit	531,000		
	Reserves Deposits	100	Units	$150	/Unit	15,000		
	Total Operating Expenses	100	Units	($9,460)	/Unit		($946,000)	
	Stabilized Net Operating Income						$2,040,000	

[1] Market rents are estimated at a weighted average of $3.26 per square foot of gross leasable area.
[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.30% tax rate.

APPENDIX M: EXHIBIT III - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Stabilized Net Operating Income	See APPENDIX M: EXHIBIT III - TABLE 2	$2,040,000		
	Threshold Developer Return [1]		5.4%		
	Total Funds Available for Development Costs			$37,653,000	
II.	**Total Development Cost**	See APPENDIX M: EXHIBIT III - TABLE 1		$38,506,000	
III.	**Land Value Reduction**	29% As a % of Land Cost		$853,000	
	In-Lieu Fee	See APPENDIX M: EXHIBIT III - TABLE 1		$6.64	/Sf of GBA

[1] Based on the return on total cost estimated to be generated by the COASTAL SOUTH LOS ANGELES SUBMARKET: BASE CASE: 100% MARKET RATE UNITS.

APPENDIX M: EXHIBIT IV
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX M: EXHIBIT IV

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
COASTAL SOUTH LOS ANGELES SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

			Lower Income	Very Low Income
I.	**Rent Difference**			
A.	**Studio Units**			
	Market Rate Units		$2,246	$2,246
	Affordable Rent		651	538
	Difference		$1,595	$1,708
B.	**One-Bedroom Units**			
	Market Rate Units		$2,481	$2,481
	Affordable Rent		738	608
	Difference		$1,743	$1,872
C.	**Two-Bedroom Units**			
	Market Rate Units		$2,946	$2,946
	Affordable Rent		826	680
	Difference		$2,120	$2,266
D.	**Three-Bedroom Units**			
	Market Rate Units		$0	$0
	Affordable Rent		0	0
	Difference		$0	$0
II.	**Distribution of Total Units**			
	Studio Units		21%	21%
	One-Bedroom Units		44%	44%
	Two-Bedroom Units		35%	35%
	Three-Bedroom Units		0%	0%
III.	**Annual Affordability Gap Per Income Restricted Unit**		$22,126	$23,708
	Less: Property Tax Difference	1	(5,753)	(6,164)
	Annual Affordability Gap Per Income Restricted Unit		$16,373	$17,544
IV.	**In-Lieu Fee**			
	Per Income Restricted Unit	2	$302,200	$323,811
	Per Square Foot of GBA	3	$39.84	$42.68

[1] Based on the rent differential capitalized at a 5% rate, and a 1.30% tax rate.
[2] Based on the Annual Affordability Gap Per Income Restricted Unit capitalized at the threshold return on total investment.
[3] 15% Set Aside Requirement.

APPENDIX N
RENTAL APARTMENT PROJECTS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX N: EXHIBIT I
PRO FORMA ANALYSIS
BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX N: EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	1	96,800	Sf of Land	$30	/Sf of Land		$2,904,000
II.	**Direct Costs**	2						
	Site Improvement Costs		96,800	Sf of Land	$20	/Sf of Land	$1,936,000	
	Parking	3						
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking		198	Spaces	$20,000	/Space	3,960,000	
	Building Costs		111,172	Sf of GBA	$125	/Sf of GBA	13,897,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			3,959,000	
	Total Direct Costs							$23,752,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,663,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			713,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			950,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			259,000	
	Total Indirect Costs							$5,435,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	4	$2,904,000	Cost	5.0%	Interest	$254,000	
	Construction	5	$31,677,000	Cost	5.0%	Interest	1,821,000	
	Loan Origination Fees		$20,748,600	Loan	2.00	Points	415,000	
	Total Financing Costs							$2,490,000
V.	**Total Development Cost**		100	Units	$346,000	/Unit		$34,581,000
	Total Construction Cost		100	Units	$317,000	/Unit		$31,677,000

1 The property acquisition costs are based on a survey of recent land sales.
2 Based on the estimated costs for similar uses.
3 Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
4 Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
5 Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX N: EXHIBIT I - TABLE 2

STABILIZED NET OPERATING INCOME
BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units [1]							
	Studio Units	9	Units	$1,307	/Unit/Month	$141,000	
	One-Bedroom Units	36	Units	$1,683	/Unit/Month	727,000	
	Two-Bedroom Units	47	Units	$2,006	/Unit/Month	1,131,000	
	Three-Bedroom Units	8	Units	$2,544	/Unit/Month	244,000	
	Laundy & Miscellaneous Income	100	Units	$25	/Unit/Month	30,000	
	Gross Income					$2,273,000	
	Vacancy & Collection Allowance	5.0%	Gross Income			(114,000)	
	Effective Gross Income						$2,159,000
II.	**Operating Expenses**						
	General Operating Expenses	100	Units	$4,000	/Unit	$400,000	
	Property Taxes [2]	100	Units	$3,380	/Unit	338,000	
	Reserves Deposits	100	Units	$150	/Unit	15,000	
	Total Operating Expenses	100	Units	($7,530)	/Unit		($753,000)
	Stabilized Net Operating Income						$1,406,000

1 Market rents are estimated at a weighted average of $2.24 per square foot of gross leasable area.
2 Based on the stabilized net operating income capitalized at a 5% rate and a 1.20% tax rate.

APPENDIX N: EXHIBIT I - TABLE 3

STABILIZED RETURN ON TOTAL INVESTMENT
BASE CASE: 100% MARKET RATE UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Stabilized Net Operating Income**	See APPENDIX N: EXHIBIT I - TABLE 2	$1,406,000
II.	**Total Development Cost**	See APPENDIX N: EXHIBIT I - TABLE 1	$34,581,000
III.	**Stabilized Return on Total Investment**		4.1%

APPENDIX N - EXHIBIT II
PRO FORMA ANALYSIS
DENSITY BONUS: 135 UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX N - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
DENSITY BONUS: 135 UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	[1]	96,800	Sf of Land	$30	/Sf of Land		$2,904,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		96,800	Sf of Land	$20	/Sf of Land	$1,936,000	
	Parking							
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking	[3]	68	Spaces	$20,000	/Space	1,360,000	
	Building Costs		140,738	Sf of GBA	$138	/Sf of GBA	19,422,000	
	Contractor/DC Contingency Allow		20.0%	Other Direct Costs			4,544,000	
	Total Direct Costs		135	Units	$201,900	/Unit		$27,262,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7%	Direct Costs			$1,908,000	
	Public Permits & Fees		135	Units	$15,000	/Unit	2,025,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			818,000	
	Marketing / Leasing		135	Units	$3,500	/Unit	473,000	
	Developer Fee		4.0%	Direct Costs			1,090,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			316,000	
	Total Indirect Costs							$6,630,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	[4]	$2,904,000	Cost	5.00%	Interest	$266,000	
	Construction	[5]	$37,259,000	Cost	5.00%	Interest	2,298,000	
	Loan Origination Fees		$40,163,000	Loan	2.00	Points	803,000	
	Total Financing Costs							$3,367,000
V.	**Total Construction Cost**		135	Units	$276,000	/Unit		$37,259,000
	Total Development Cost		135	Units	$297,500	/Unit		$40,163,000

[1] The property acquisition costs are based on a survey of recent land sales. Density is set at 61 units per acre, which represents a 35% density bonus.
[2] Direct costs assume that prevailing wage requirements will not be imposed on the Project.
[3] Based on 0.5 spaces per unit.
[4] Assumes an 18-month construction period with a 100% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.
[5] Assumes an 18-month construction period with a 60% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.

APPENDIX N - EXHIBIT II - TABLE 2

STABILIZED NET OPERATING INCOME
DENSITY BONUS: 135 UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units							
	Studios		10	Units	$1,307	/Unit/Month	$156,800	
	One-Bedroom Units		39	Units	$1,683	/Unit/Month	787,700	
	Two-Bedroom Units		50	Units	$2,006	/Unit/Month	1,203,300	
	Three-Bedroom Units		9	Units	$2,544	/Unit/Month	274,800	
	Lower Income	[1]						
	Studios		2	Units	$651	/Unit/Month	15,600	
	One-Bedroom Units		10	Units	$738	/Unit/Month	88,500	
	Two-Bedroom Units		13	Units	$826	/Unit/Month	128,800	
	Three-Bedroom Units		2	Units	$912	/Unit/Month	21,900	
	Laundy & Miscellaneous Income		135	Units	$25	/Unit/Month	40,500	
	Gross Income						$2,717,900	
	(Less) Vacancy & Collection Allowance		5.0%	Gross Income			(136,000)	
	Effective Gross Income							$2,581,900
II.	**Operating Expenses**							
	General Operating Expenses		135	Units	$4,000	/Unit	$540,000	
	Property Taxes	[2]	135	Units	$2,896	/Unit	391,000	
	Reserves Deposits		135	Units	$150	/Unit	20,000	
	Total Operating Expenses		135	Units	$7,040	/Unit		$951,000
III.	**Stabilized Net Operating Income**							$1,630,900

[1] Based on 2017 household incomes published by HCD. The gross monthly Affordable Rents are based on the California Health and Safety Code Section 50053 methodology. The net rent includes a deduction for utilities allowances that are based on the amounts published by HACoLA on 7/1/17. The allowances are based on costs for gas heating, cooking and water heating; and basic electric services.

[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.20% tax rate.

APPENDIX N - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
DENSITY BONUS: 135 UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Stabilized Net Operating Income	See APPENDIX N - EXHIBIT II - TABLE 2	$1,630,900	
	Threshold Developer Return		4.1%	
	Total Funds Available for Development Costs			$40,112,000
II.	**Total Development Cost**	See APPENDIX N - EXHIBIT II - TABLE 1		($40,163,000)
III.	**Surplus / (Financial Gap)**			($51,000)
IV.	**Supportable Number of Inclusionary Units**			27.0
V.	**Supportable Percentage of Inclusionary Units**			20%

APPENDIX N: EXHIBIT III
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX N: EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	[1]	96,800	Sf of Land	$30	/Sf of Land		$2,904,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		96,800	Sf of Land	$20	/Sf of Land	$1,936,000	
	Parking	[3]						
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking		198	Spaces	$20,000	/Space	3,960,000	
	Building Costs		111,172	Sf of GBA	$125	/Sf of GBA	13,897,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			3,959,000	
	Total Direct Costs							$23,752,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,663,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		111,172	Sf of GBA	$6.94	/Sf of GBA	772,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			713,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			950,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			297,000	
	Total Indirect Costs							$6,245,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	[4]	$2,904,000	Cost	5.0%	Interest	$254,000	
	Construction	[5]	$32,547,000	Cost	5.0%	Interest	1,871,000	
	Loan Origination Fees		$21,270,600	Loan	2.00	Points	425,000	
	Total Financing Costs							$2,550,000
V.	**Total Development Cost**		100	Units	$355,000	/Unit		$35,451,000
	Total Construction Cost		100	Units	$325,000	/Unit		$32,547,000

[1] The property acquisition costs are based on a survey of recent land sales.
[2] Based on the estimated costs for similar uses.
[3] Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
[4] Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
[5] Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX N: EXHIBIT III - TABLE 2

STABILIZED NET OPERATING INCOME
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units	1						
	Studio Units		9	Units	$1,307	/Unit/Month	$141,000	
	One-Bedroom Units		36	Units	$1,683	/Unit/Month	727,000	
	Two-Bedroom Units		47	Units	$2,006	/Unit/Month	1,131,000	
	Three-Bedroom Units		8	Units	$2,544	/Unit/Month	244,000	
	Laundy & Miscellaneous Income		100	Units	$25	/Unit/Month	30,000	
	Gross Income						$2,273,000	
	Vacancy & Collection Allowance		5.0%	Gross Income			(114,000)	
	Effective Gross Income							$2,159,000
II.	**Operating Expenses**							
	General Operating Expenses		100	Units	$4,000	/Unit	$400,000	
	Property Taxes	2	100	Units	$3,380	/Unit	338,000	
	Reserves Deposits		100	Units	$150	/Unit	15,000	
	Total Operating Expenses		100	Units	($7,530)	/Unit		($753,000)
	Stabilized Net Operating Income							$1,406,000

1 Market rents are estimated at a weighted average of $2.24 per square foot of gross leasable area.
2 Based on the stabilized net operating income capitalized at a 5% rate and a 1.20% tax rate.

APPENDIX N: EXHIBIT III - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**<u>Funds Available for Development Costs</u>**				
	Stabilized Net Operating Income	See APPENDIX N: EXHIBIT III - TABLE 2	$1,406,000		
	Threshold Developer Return [1]		4.1%		
	Total Funds Available for Development Costs			$34,581,000	
II.	**Total Development Cost**	See APPENDIX N: EXHIBIT III - TABLE 1		$35,451,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$870,000	
	In-Lieu Fee	See APPENDIX N: EXHIBIT III - TABLE 1		$6.94	/Sf of GBA

[1] Based on the return on total cost estimated to be generated by the EAST LOS ANGELES/GATEWAY SUBMARKET: BASE CASE: 100% MARKET RATE UNITS.

APPENDIX N: EXHIBIT IV
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX N: EXHIBIT IV

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
EAST LOS ANGELES/GATEWAY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

			Lower Income	Very Low Income
I.	**Rent Difference**			
A.	**Studio Units**			
	Market Rate Units		$1,307	$1,307
	Affordable Rent		651	538
	Difference		$655	$769
B.	**One-Bedroom Units**			
	Market Rate Units		$1,683	$1,683
	Affordable Rent		738	608
	Difference		$945	$1,075
C.	**Two-Bedroom Units**			
	Market Rate Units		$2,006	$2,006
	Affordable Rent		826	680
	Difference		$1,180	$1,326
D.	**Three-Bedroom Units**			
	Market Rate Units		$2,544	$2,544
	Affordable Rent		912	750
	Difference		$1,632	$1,794
II.	**Distribution of Total Units**			
	Studio Units		9%	9%
	One-Bedroom Units		36%	36%
	Two-Bedroom Units		47%	47%
	Three-Bedroom Units		8%	8%
III.	**Annual Affordability Gap Per Income Restricted Unit**		$13,014	$14,674
	Less: Property Tax Difference	[1]	(3,123)	(3,522)
	Annual Affordability Gap Per Income Restricted Unit		$9,891	$11,153
IV.	**In-Lieu Fee**			
	Per Income Restricted Unit	[2]	$243,271	$274,300
	Per Square Foot of GBA	[3]	$32.82	$37.01

[1] Based on the rent differential capitalized at a 5% rate, and a 1.20% tax rate.
[2] Based on the Annual Affordability Gap Per Income Restricted Unit capitalized at the threshold return on total investment.
[3] 15% Set Aside Requirement.

APPENDIX O
RENTAL APARTMENT PROJECTS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX O: EXHIBIT I
PRO FORMA ANALYSIS
BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX O: EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	1	96,800	Sf of Land	$50	/Sf of Land		$4,840,000
II.	**Direct Costs**	2						
	Site Improvement Costs		96,800	Sf of Land	$20	/Sf of Land	$1,936,000	
	Parking	3						
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking		195	Spaces	$20,000	/Space	3,900,000	
	Building Costs		124,224	Sf of GBA	$125	/Sf of GBA	15,528,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			4,273,000	
	Total Direct Costs							$25,637,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,795,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			769,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			1,025,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			272,000	
	Total Indirect Costs							$5,711,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	4	$4,840,000	Cost	5.0%	Interest	$424,000	
	Construction	5	$34,208,000	Cost	5.0%	Interest	1,967,000	
	Loan Origination Fees		$23,428,800	Loan	2.00	Points	469,000	
	Total Financing Costs							$2,860,000
V.	**Total Development Cost**		100	Units	$390,000	/Unit		$39,048,000
	Total Construction Cost		100	Units	$342,000	/Unit		$34,208,000

1 The property acquisition costs are based on a survey of recent land sales.
2 Based on the estimated costs for similar uses.
3 Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
4 Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
5 Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX O: EXHIBIT I - TABLE 2

STABILIZED NET OPERATING INCOME
BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units [1]							
	Studio Units	9	Units	$1,635	/Unit/Month	$177,000	
	One-Bedroom Units	42	Units	$1,742	/Unit/Month	878,000	
	Two-Bedroom Units	43	Units	$2,152	/Unit/Month	1,110,000	
	Three-Bedroom Units	6	Units	$2,844	/Unit/Month	205,000	
	Laundy & Miscellaneous Income	100	Units	$25	/Unit/Month	30,000	
	Gross Income					$2,400,000	
	Vacancy & Collection Allowance	5.0%	Gross Income			(120,000)	
	Effective Gross Income						$2,280,000
II.	**Operating Expenses**						
	General Operating Expenses	100	Units	$4,000	/Unit	$400,000	
	Property Taxes [2]	100	Units	$3,730	/Unit	373,000	
	Reserves Deposits	100	Units	$150	/Unit	15,000	
	Total Operating Expenses	100	Units	($7,880)	/Unit		($788,000)
	Stabilized Net Operating Income						$1,492,000

1 Market rents are estimated at a weighted average of $2.27 per square foot of gross leasable area.
2 Based on the stabilized net operating income capitalized at a 5% rate and a 1.25% tax rate.

APPENDIX O: EXHIBIT I - TABLE 3

STABILIZED RETURN ON TOTAL INVESTMENT
BASE CASE: 100% MARKET RATE UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Stabilized Net Operating Income**	See APPENDIX O: EXHIBIT I - TABLE 2	$1,492,000
II.	**Total Development Cost**	See APPENDIX O: EXHIBIT I - TABLE 1	$39,048,000
III.	**Stabilized Return on Total Investment**		3.8%

APPENDIX O - EXHIBIT II
PRO FORMA ANALYSIS
DENSITY BONUS: 135 UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX O - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
DENSITY BONUS: 135 UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	[1]	96,800	Sf of Land	$50	/Sf of Land		$4,840,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		96,800	Sf of Land	$20	/Sf of Land	$1,936,000	
	Parking							
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking	[3]	68	Spaces	$20,000	/Space	1,360,000	
	Building Costs		146,644	Sf of GBA	$138	/Sf of GBA	20,237,000	
	Contractor/DC Contingency Allow		20.0%	Other Direct Costs			4,707,000	
	Total Direct Costs		135	Units	$209,200	/Unit		$28,240,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7%	Direct Costs			$1,977,000	
	Public Permits & Fees		135	Units	$15,000	/Unit	2,025,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			847,000	
	Marketing / Leasing		135	Units	$3,500	/Unit	473,000	
	Developer Fee		4.0%	Direct Costs			1,130,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			323,000	
	Total Indirect Costs							$6,775,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	[4]	$4,840,000	Cost	5.00%	Interest	$444,000	
	Construction	[5]	$38,718,000	Cost	5.00%	Interest	2,388,000	
	Loan Origination Fees		$43,558,000	Loan	2.00	Points	871,000	
	Total Financing Costs							$3,703,000
V.	**Total Construction Cost**		135	Units	$286,800	/Unit		$38,718,000
	Total Development Cost		135	Units	$322,700	/Unit		$43,558,000

[1] The property acquisition costs are based on a survey of recent land sales. Density is set at 61 units per acre, which represents a 35% density bonus.
[2] Direct costs assume that prevailing wage requirements will not be imposed on the Project.
[3] Based on 0.5 spaces per unit.
[4] Assumes an 18-month construction period with a 100% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.
[5] Assumes an 18-month construction period with a 60% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.

APPENDIX O - EXHIBIT II - TABLE 2

STABILIZED NET OPERATING INCOME
DENSITY BONUS: 135 UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units							
	Studios		9	Units	$1,635	/Unit/Month	$176,600	
	One-Bedroom Units		44	Units	$1,742	/Unit/Month	919,900	
	Two-Bedroom Units		44	Units	$2,152	/Unit/Month	1,136,200	
	Three-Bedroom Units		6	Units	$2,844	/Unit/Month	204,800	
	Lower Income	[1]						
	Studios		3	Units	$651	/Unit/Month	23,400	
	One-Bedroom Units		13	Units	$738	/Unit/Month	115,100	
	Two-Bedroom Units		14	Units	$826	/Unit/Month	138,700	
	Three-Bedroom Units		2	Units	$912	/Unit/Month	21,900	
	Laundy & Miscellaneous Income		135	Units	$25	/Unit/Month	40,500	
	Gross Income						$2,777,100	
	(Less) Vacancy & Collection Allowance		5.0%	Gross Income			(139,000)	
	Effective Gross Income							$2,638,100
II.	**Operating Expenses**							
	General Operating Expenses		135	Units	$4,000	/Unit	$540,000	
	Property Taxes	[2]	135	Units	$3,081	/Unit	416,000	
	Reserves Deposits		135	Units	$150	/Unit	20,000	
	Total Operating Expenses		135	Units	$7,230	/Unit		$976,000
III.	**Stabilized Net Operating Income**							$1,662,100

[1] Based on 2017 household incomes published by HCD. The gross monthly Affordable Rents are based on the California Health and Safety Code Section 50053 methodology. The net rent includes a deduction for utilities allowances that are based on the amounts published by HACoLA on 7/1/17. The allowances are based on costs for gas heating, cooking and water heating; and basic electric services.

[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.25% tax rate.

APPENDIX O - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
DENSITY BONUS: 135 UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Stabilized Net Operating Income	See APPENDIX O - EXHIBIT II - TABLE 2	$1,662,100	
	Threshold Developer Return		3.8%	
	Total Funds Available for Development Costs			$43,500,000
II.	**Total Development Cost**	See APPENDIX O - EXHIBIT II - TABLE 1		($43,558,000)
III.	**Surplus / (Financial Gap)**			($58,000)
IV.	**Supportable Number of Inclusionary Units**			32.0
V.	**Supportable Percentage of Inclusionary Units**			24%

APPENDIX O: EXHIBIT III
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX O: EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	1	96,800	Sf of Land	$50	/Sf of Land		$4,840,000
II.	**Direct Costs**	2						
	Site Improvement Costs		96,800	Sf of Land	$20	/Sf of Land	$1,936,000	
	Parking	3						
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking		195	Spaces	$20,000	/Space	3,900,000	
	Building Costs		124,224	Sf of GBA	$125	/Sf of GBA	15,528,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			4,273,000	
	Total Direct Costs							$25,637,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,795,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		124,224	Sf of GBA	$10.35	/Sf of GBA	1,286,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			769,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			1,025,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			336,000	
	Total Indirect Costs							$7,061,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	4	$4,840,000	Cost	5.0%	Interest	$424,000	
	Construction	5	$35,658,000	Cost	5.0%	Interest	2,050,000	
	Loan Origination Fees		$24,298,800	Loan	2.00	Points	486,000	
	Total Financing Costs							$2,960,000
V.	**Total Development Cost**		100	Units	$405,000	/Unit		$40,498,000
	Total Construction Cost		100	Units	$357,000	/Unit		$35,658,000

1 The property acquisition costs are based on a survey of recent land sales.
2 Based on the estimated costs for similar uses.
3 Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
4 Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
5 Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX O: EXHIBIT III - TABLE 2

STABILIZED NET OPERATING INCOME
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units	[1]						
	Studio Units		9	Units	$1,635	/Unit/Month	$177,000	
	One-Bedroom Units		42	Units	$1,742	/Unit/Month	878,000	
	Two-Bedroom Units		43	Units	$2,152	/Unit/Month	1,110,000	
	Three-Bedroom Units		6	Units	$2,844	/Unit/Month	205,000	
	Laundy & Miscellaneous Income		100	Units	$25	/Unit/Month	30,000	
	Gross Income						$2,400,000	
	Vacancy & Collection Allowance		5.0%	Gross Income			(120,000)	
	Effective Gross Income							$2,280,000
II.	**Operating Expenses**							
	General Operating Expenses		100	Units	$4,000	/Unit	$400,000	
	Property Taxes	[2]	100	Units	$3,730	/Unit	373,000	
	Reserves Deposits		100	Units	$150	/Unit	15,000	
	Total Operating Expenses		100	Units	($7,880)	/Unit		($788,000)
	Stabilized Net Operating Income							$1,492,000

[1] Market rents are estimated at a weighted average of $2.27 per square foot of gross leasable area.
[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.25% tax rate.

APPENDIX O: EXHIBIT III - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Stabilized Net Operating Income	See APPENDIX O: EXHIBIT III - TABLE 2	$1,492,000		
	Threshold Developer Return [1]		3.8%		
	Total Funds Available for Development Costs			$39,048,000	
II.	**Total Development Cost**	See APPENDIX O: EXHIBIT III - TABLE 1		$40,498,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$1,450,000	
	In-Lieu Fee	See APPENDIX O: EXHIBIT III - TABLE 1		$10.35	/Sf of GBA

1 Based on the return on total cost estimated to be generated by the SAN GABRIEL VALLEY SUBMARKET: BASE CASE: 100% MARKET RATE UNITS.

APPENDIX O: EXHIBIT IV
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX O: EXHIBIT IV

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SAN GABRIEL VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

			Lower Income	Very Low Income
I.	**Rent Difference**			
A.	**Studio Units**			
	Market Rate Units		$1,635	$1,635
	Affordable Rent		651	538
	Difference		$984	$1,097
B.	**One-Bedroom Units**			
	Market Rate Units		$1,742	$1,742
	Affordable Rent		738	608
	Difference		$1,004	$1,134
C.	**Two-Bedroom Units**			
	Market Rate Units		$2,152	$2,152
	Affordable Rent		826	680
	Difference		$1,326	$1,472
D.	**Three-Bedroom Units**			
	Market Rate Units		$2,844	$2,844
	Affordable Rent		912	750
	Difference		$1,932	$2,094
II.	**Distribution of Total Units**			
	Studio Units		9%	9%
	One-Bedroom Units		42%	42%
	Two-Bedroom Units		43%	43%
	Three-Bedroom Units		6%	6%
III.	**Annual Affordability Gap Per Income Restricted Unit**		$14,360	$16,005
	Less: Property Tax Difference	[1]	(3,590)	(4,001)
	Annual Affordability Gap Per Income Restricted Unit		$10,770	$12,004
IV.	**In-Lieu Fee**			
	Per Income Restricted Unit	[2]	$281,872	$314,151
	Per Square Foot of GBA	[3]	$34.04	$37.93

[1] Based on the rent differential capitalized at a 5% rate, and a 1.25% tax rate.
[2] Based on the Annual Affordability Gap Per Income Restricted Unit capitalized at the threshold return on total investment.
[3] 15% Set Aside Requirement.

APPENDIX P
RENTAL APARTMENT PROJECTS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX P: EXHIBIT I
PRO FORMA ANALYSIS
BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX P: EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	[1]	124,457	Sf of Land	$10	/Sf of Land		$1,245,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		124,457	Sf of Land	$20	/Sf of Land	$2,489,000	
	Parking	[3]						
	Surface Parking		208	Spaces	$2,500	/Space	520,000	
	Podium Parking		0	Spaces	$20,000	/Space	0	
	Building Costs		127,171	Sf of GBA	$115	/Sf of GBA	14,625,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			3,527,000	
	Total Direct Costs							$21,161,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,481,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			635,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			846,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			241,000	
	Total Indirect Costs							$5,053,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	[4]	$1,245,000	Cost	5.0%	Interest	$109,000	
	Construction	[5]	$28,306,000	Cost	5.0%	Interest	1,628,000	
	Loan Origination Fees		$17,730,600	Loan	2.00	Points	355,000	
	Total Financing Costs							$2,092,000
V.	**Total Development Cost**		100	Units	$296,000	/Unit		$29,551,000
	Total Construction Cost		100	Units	$283,000	/Unit		$28,306,000

[1] The property acquisition costs are based on a survey of recent land sales.
[2] Based on the estimated costs for similar uses.
[3] Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
[4] Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
[5] Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX P: EXHIBIT I - TABLE 2

STABILIZED NET OPERATING INCOME
BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units [1]							
	Studio Units	0	Units	$0	/Unit/Month	$0		
	One-Bedroom Units	34	Units	$1,709	/Unit/Month	697,000		
	Two-Bedroom Units	40	Units	$1,995	/Unit/Month	958,000		
	Three-Bedroom Units	26	Units	$2,499	/Unit/Month	780,000		
	Laundy & Miscellaneous Income	100	Units	$25	/Unit/Month	30,000		
	Gross Income					$2,465,000		
	Vacancy & Collection Allowance	5.0%	Gross Income			(123,000)		
	Effective Gross Income						$2,342,000	
II.	**Operating Expenses**							
	General Operating Expenses	100	Units	$4,000	/Unit	$400,000		
	Property Taxes [2]	100	Units	$3,980	/Unit	398,000		
	Reserves Deposits	100	Units	$150	/Unit	15,000		
	Total Operating Expenses	100	Units	($8,130)	/Unit		($813,000)	
	Stabilized Net Operating Income						$1,529,000	

[1] Market rents are estimated at a weighted average of $2.13 per square foot of gross leasable area.
[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.30% tax rate.

APPENDIX P: EXHIBIT I - TABLE 3

STABILIZED RETURN ON TOTAL INVESTMENT
BASE CASE: 100% MARKET RATE UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Stabilized Net Operating Income**	See APPENDIX P: EXHIBIT I - TABLE 2	$1,529,000	
II.	**Total Development Cost**	See APPENDIX P: EXHIBIT I - TABLE 1	$29,551,000	
III.	**Stabilized Return on Total Investment**			5.2%

APPENDIX P - EXHIBIT II
PRO FORMA ANALYSIS
DENSITY BONUS: 135 UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX P - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
DENSITY BONUS: 135 UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	1	124,457	Sf of Land	$10	/Sf of Land		$1,245,000
II.	**Direct Costs**	2						
	Site Improvement Costs		124,457	Sf of Land	$20	/Sf of Land	$2,489,000	
	Parking							
	Surface Parking		0	Spaces	$2,500	/Space	0	
	Podium Parking	3	68	Spaces	$20,000	/Space	1,360,000	
	Building Costs		160,819	Sf of GBA	$105	/Sf of GBA	16,886,000	
	Contractor/DC Contingency Allow		20.0%	Other Direct Costs			4,147,000	
	Total Direct Costs		135	Units	$184,300	/Unit		$24,882,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7%	Direct Costs			$1,742,000	
	Public Permits & Fees		135	Units	$15,000	/Unit	2,025,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			746,000	
	Marketing / Leasing		135	Units	$3,500	/Unit	473,000	
	Developer Fee		4.0%	Direct Costs			995,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			299,000	
	Total Indirect Costs							$6,280,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	4	$1,245,000	Cost	5.00%	Interest	$114,000	
	Construction	5	$34,085,000	Cost	5.00%	Interest	2,102,000	
	Loan Origination Fees		$35,330,000	Loan	2.00	Points	707,000	
	Total Financing Costs							$2,923,000
V.	**Total Construction Cost**		135	Units	$252,500	/Unit		$34,085,000
	Total Development Cost		135	Units	$261,700	/Unit		$35,330,000

1 The property acquisition costs are based on a survey of recent land sales. Density is set at 47 units per acre, which represents a 35% density bonus.
2 Direct costs assume that prevailing wage requirements will not be imposed on the Project.
3 Based on 0.5 spaces per unit.
4 Assumes an 18-month construction period with a 100% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.
5 Assumes an 18-month construction period with a 60% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.

APPENDIX P - EXHIBIT II - TABLE 2

STABILIZED NET OPERATING INCOME
DENSITY BONUS: 135 UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units							
	Studios		0	Units	$0	/Unit/Month	$0	
	One-Bedroom Units		39	Units	$1,709	/Unit/Month	799,700	
	Two-Bedroom Units		45	Units	$1,995	/Unit/Month	1,077,600	
	Three-Bedroom Units		29	Units	$2,499	/Unit/Month	869,700	
	Lower Income	[1]						
	Studios		0	Units	$651	/Unit/Month	0	
	One-Bedroom Units		7	Units	$738	/Unit/Month	62,000	
	Two-Bedroom Units		9	Units	$826	/Unit/Month	89,200	
	Three-Bedroom Units		6	Units	$912	/Unit/Month	65,700	
	Laundy & Miscellaneous Income		135	Units	$25	/Unit/Month	40,500	
	Gross Income						$3,004,400	
	(Less) Vacancy & Collection Allowance		5.0%	Gross Income			(150,000)	
	Effective Gross Income							$2,854,400
II.	**Operating Expenses**							
	General Operating Expenses		135	Units	$4,000	/Unit	$540,000	
	Property Taxes	[2]	135	Units	$3,504	/Unit	473,000	
	Reserves Deposits		135	Units	$150	/Unit	20,000	
	Total Operating Expenses		135	Units	$7,650	/Unit		$1,033,000
III.	**Stabilized Net Operating Income**							$1,821,400

[1] Based on 2017 household incomes published by HCD. The gross monthly Affordable Rents are based on the California Health and Safety Code Section 50053 methodology. The net rent includes a deduction for utilities allowances that are based on the amounts published by HACoLA on 7/1/17. The allowances are based on costs for gas heating, cooking and water heating; and basic electric services.

[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.30% tax rate.

APPENDIX P - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
DENSITY BONUS: 135 UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Stabilized Net Operating Income	See APPENDIX P - EXHIBIT II - TABLE 2	$1,821,400	
	Threshold Developer Return		5.2%	
	Total Funds Available for Development Costs			$35,202,000
II.	**Total Development Cost**	See APPENDIX P - EXHIBIT II - TABLE 1		($35,330,000)
III.	**Surplus / (Financial Gap)**			($128,000)
IV.	**Supportable Number of Inclusionary Units**			22.0
V.	**Supportable Percentage of Inclusionary Units**			16%

APPENDIX P: EXHIBIT III
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX P: EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	[1]	124,457	Sf of Land	$10	/Sf of Land		$1,245,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		124,457	Sf of Land	$20	/Sf of Land	$2,489,000	
	Parking	[3]						
	Surface Parking		208	Spaces	$2,500	/Space	520,000	
	Podium Parking		0	Spaces	$20,000	/Space	0	
	Building Costs		127,171	Sf of GBA	$115	/Sf of GBA	14,625,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			3,527,000	
	Total Direct Costs							$21,161,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,481,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		127,171	Sf of GBA	$2.61	/Sf of GBA	332,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			635,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			846,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			257,000	
	Total Indirect Costs							$5,401,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	[4]	$1,245,000	Cost	5.0%	Interest	$109,000	
	Construction	[5]	$28,679,000	Cost	5.0%	Interest	1,649,000	
	Loan Origination Fees		$17,954,400	Loan	2.00	Points	359,000	
	Total Financing Costs							$2,117,000
V.	**Total Development Cost**		100	Units	$299,000	/Unit		$29,924,000
	Total Construction Cost		100	Units	$287,000	/Unit		$28,679,000

[1] The property acquisition costs are based on a survey of recent land sales.
[2] Based on the estimated costs for similar uses.
[3] Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
[4] Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
[5] Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX P: EXHIBIT III - TABLE 2

STABILIZED NET OPERATING INCOME
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units	[1]						
	Studio Units		0	Units	$0	/Unit/Month	$0	
	One-Bedroom Units		34	Units	$1,709	/Unit/Month	697,000	
	Two-Bedroom Units		40	Units	$1,995	/Unit/Month	958,000	
	Three-Bedroom Units		26	Units	$2,499	/Unit/Month	780,000	
	Laundy & Miscellaneous Income		100	Units	$25	/Unit/Month	30,000	
	Gross Income						$2,465,000	
	Vacancy & Collection Allowance		5.0%	Gross Income			(123,000)	
	Effective Gross Income							$2,342,000
II.	**Operating Expenses**							
	General Operating Expenses		100	Units	$4,000	/Unit	$400,000	
	Property Taxes	[2]	100	Units	$3,980	/Unit	398,000	
	Reserves Deposits		100	Units	$150	/Unit	15,000	
	Total Operating Expenses		100	Units	($8,130)	/Unit		($813,000)
	Stabilized Net Operating Income							$1,529,000

1 Market rents are estimated at a weighted average of $2.13 per square foot of gross leasable area.
2 Based on the stabilized net operating income capitalized at a 5% rate and a 1.30% tax rate.

APPENDIX P: EXHIBIT III - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Stabilized Net Operating Income	See APPENDIX P: EXHIBIT III - TABLE 2	$1,529,000		
	Threshold Developer Return [1]		5.2%		
	Total Funds Available for Development Costs			$29,551,000	
II.	**Total Development Cost**	See APPENDIX P: EXHIBIT III - TABLE 1		$29,924,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$373,000	
	In-Lieu Fee	See APPENDIX P: EXHIBIT III - TABLE 1		$2.61	/Sf of GBA

[1] Based on the return on total cost estimated to be generated by the SANTA CLARITA VALLEY SUBMARKET: BASE CASE: 100% MARKET RATE UNITS.

APPENDIX P: EXHIBIT IV
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX P: EXHIBIT IV

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
SANTA CLARITA VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

			Lower Income	Very Low Income
I.	**Rent Difference**			
A.	**Studio Units**			
	Market Rate Units		$0	$0
	Affordable Rent		0	0
	Difference		$0	$0
B.	**One-Bedroom Units**			
	Market Rate Units		$1,709	$1,709
	Affordable Rent		738	608
	Difference		$971	$1,101
C.	**Two-Bedroom Units**			
	Market Rate Units		$1,995	$1,995
	Affordable Rent		826	680
	Difference		$1,170	$1,316
D.	**Three-Bedroom Units**			
	Market Rate Units		$2,499	$2,499
	Affordable Rent		912	750
	Difference		$1,587	$1,749
II.	**Distribution of Total Units**			
	Studio Units		0%	0%
	One-Bedroom Units		34%	34%
	Two-Bedroom Units		40%	40%
	Three-Bedroom Units		26%	26%
III.	**Annual Affordability Gap Per Income Restricted Unit**		$14,529	$16,263
	Less: Property Tax Difference	1	(3,778)	(4,228)
	Annual Affordability Gap Per Income Restricted Unit		$10,752	$12,035
IV.	**In-Lieu Fee**			
	Per Income Restricted Unit	2	$207,798	$232,596
	Per Square Foot of GBA	3	$24.51	$27.44

[1] Based on the rent differential capitalized at a 5% rate, and a 1.30% tax rate.
[2] Based on the Annual Affordability Gap Per Income Restricted Unit capitalized at the threshold return on total investment.
[3] 15% Set Aside Requirement.

APPENDIX Q
RENTAL APARTMENT PROJECTS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX Q: EXHIBIT I
PRO FORMA ANALYSIS
BASE CASE: 100% MARKET RATE UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX Q: EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS
BASE CASE: 100% MARKET RATE UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	1	174,240	Sf of Land	$5	/Sf of Land		$871,000
II.	**Direct Costs**	2						
	Site Improvement Costs		174,240	Sf of Land	$20	/Sf of Land	$3,485,000	
	Parking	3						
	Surface Parking		205	Spaces	$2,500	/Space	513,000	
	Podium Parking		0	Spaces	$20,000	/Space	0	
	Building Costs		108,445	Sf of GBA	$90	/Sf of GBA	9,760,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			2,752,000	
	Total Direct Costs							$16,510,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,156,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			495,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			660,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			208,000	
	Total Indirect Costs							$4,369,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	4	$871,000	Cost	5.0%	Interest	$76,000	
	Construction	5	$22,532,000	Cost	5.0%	Interest	1,296,000	
	Loan Origination Fees		$14,041,800	Loan	2.00	Points	281,000	
	Total Financing Costs							$1,653,000
V.	**Total Development Cost**		100	Units	$234,000	/Unit		$23,403,000
	Total Construction Cost		100	Units	$225,000	/Unit		$22,532,000

1 The property acquisition costs are based on a survey of recent land sales.
2 Based on the estimated costs for similar uses.
3 Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
4 Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
5 Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX Q: EXHIBIT I - TABLE 2

STABILIZED NET OPERATING INCOME
BASE CASE: 100% MARKET RATE UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units [1]							
	Studio Units	0	Units	$0	/Unit/Month	$0	
	One-Bedroom Units	41	Units	$1,094	/Unit/Month	538,000	
	Two-Bedroom Units	49	Units	$1,302	/Unit/Month	766,000	
	Three-Bedroom Units	10	Units	$1,464	/Unit/Month	176,000	
	Laundy & Miscellaneous Income	100	Units	$25	/Unit/Month	30,000	
	Gross Income					$1,510,000	
	Vacancy & Collection Allowance	5.0%	Gross Income			(76,000)	
	Effective Gross Income						$1,434,000
II.	**Operating Expenses**						
	General Operating Expenses	100	Units	$4,000	/Unit	$400,000	
	Property Taxes [2]	100	Units	$2,040	/Unit	204,000	
	Reserves Deposits	100	Units	$150	/Unit	15,000	
	Total Operating Expenses	100	Units	($6,190)	/Unit		($619,000)
	Stabilized Net Operating Income						$815,000

[1] Market rents are estimated at a weighted average of $1.52 per square foot of gross leasable area.
[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.25% tax rate.

APPENDIX Q: EXHIBIT I - TABLE 3

STABILIZED RETURN ON TOTAL INVESTMENT
BASE CASE: 100% MARKET RATE UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Stabilized Net Operating Income**	See APPENDIX Q: EXHIBIT I - TABLE 2	$815,000	
II.	**Total Development Cost**	See APPENDIX Q: EXHIBIT I - TABLE 1	$23,403,000	
III.	**Stabilized Return on Total Investment**			3.5%

APPENDIX Q - EXHIBIT II
PRO FORMA ANALYSIS
DENSITY BONUS: 135 UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX Q - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS
DENSITY BONUS: 135 UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	[1]	174,240	Sf of Land	$5	/Sf of Land		$871,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		174,240	Sf of Land	$20	/Sf of Land	$3,485,000	
	Parking							
	Surface Parking		68	Spaces	$2,500	/Space	170,000	
	Podium Parking	[3]	0	Spaces	$20,000	/Space	0	
	Building Costs		137,363	Sf of GBA	$90	/Sf of GBA	12,363,000	
	Contractor/DC Contingency Allow		20.0%	Other Direct Costs			3,204,000	
	Total Direct Costs		135	Units	$142,400	/Unit		$19,222,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7%	Direct Costs			$1,346,000	
	Public Permits & Fees		135	Units	$15,000	/Unit	2,025,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			577,000	
	Marketing / Leasing		135	Units	$3,500	/Unit	473,000	
	Developer Fee		4.0%	Direct Costs			769,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			260,000	
	Total Indirect Costs							$5,450,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	[4]	$871,000	Cost	5.00%	Interest	$80,000	
	Construction	[5]	$26,972,000	Cost	5.00%	Interest	1,663,000	
	Loan Origination Fees		$27,843,000	Loan	2.00	Points	557,000	
	Total Financing Costs							$2,300,000
V.	**Total Construction Cost**		135	Units	$199,800	/Unit		$26,972,000
	Total Development Cost		135	Units	$206,200	/Unit		$27,843,000

1 The property acquisition costs are based on a survey of recent land sales. Density is set at 34 units per acre, which represents a 35% density bonus.
2 Direct costs assume that prevailing wage requirements will not be imposed on the Project.
3 Based on 0.5 spaces per unit.
4 Assumes an 18-month construction period with a 100% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.
5 Assumes an 18-month construction period with a 60% average outstanding balance, and a 4-month lease-up period with a 100% average outstanding balance.

APPENDIX Q - EXHIBIT II - TABLE 2

STABILIZED NET OPERATING INCOME
DENSITY BONUS: 135 UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units							
	Studios		0	Units	$0	/Unit/Month	$0	
	One-Bedroom Units		42	Units	$1,094	/Unit/Month	551,600	
	Two-Bedroom Units		50	Units	$1,302	/Unit/Month	781,400	
	Three-Bedroom Units		11	Units	$1,464	/Unit/Month	193,300	
	Lower Income	[1]						
	Studios		0	Units	$651	/Unit/Month	0	
	One-Bedroom Units		13	Units	$738	/Unit/Month	115,100	
	Two-Bedroom Units		16	Units	$826	/Unit/Month	158,500	
	Three-Bedroom Units		3	Units	$912	/Unit/Month	32,800	
	Laundy & Miscellaneous Income		135	Units	$25	/Unit/Month	40,500	
	Gross Income						$1,873,200	
	(Less) Vacancy & Collection Allowance		5.0%	Gross Income			(94,000)	
	Effective Gross Income							$1,779,200
II.	**Operating Expenses**							
	General Operating Expenses		135	Units	$4,000	/Unit	$540,000	
	Property Taxes	[2]	135	Units	$1,807	/Unit	244,000	
	Reserves Deposits		135	Units	$150	/Unit	20,000	
	Total Operating Expenses		135	Units	$5,960	/Unit		$804,000
III.	**Stabilized Net Operating Income**							$975,200

[1] Based on 2017 household incomes published by HCD. The gross monthly Affordable Rents are based on the California Health and Safety Code Section 50053 methodology. The net rent includes a deduction for utilities allowances that are based on the amounts published by HACoLA on 7/1/17. The allowances are based on costs for gas heating, cooking and water heating; and basic electric services.

[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.25% tax rate.

APPENDIX Q - EXHIBIT II - TABLE 3

SUPPORTABLE INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS
DENSITY BONUS: 135 UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**			
	Stabilized Net Operating Income	See APPENDIX Q - EXHIBIT II - TABLE 2	$975,200	
	Threshold Developer Return		3.5%	
	Total Funds Available for Development Costs			$28,003,000
II.	**Total Development Cost**	See APPENDIX Q - EXHIBIT II - TABLE 1		($27,843,000)
III.	**Surplus / (Financial Gap)**			$160,000
IV.	**Supportable Number of Inclusionary Units**			32.0
V.	**Supportable Percentage of Inclusionary Units**			24%

APPENDIX Q: EXHIBIT III
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX Q: EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Property Acquisition Costs**	[1]	174,240	Sf of Land	$5	/Sf of Land		$871,000
II.	**Direct Costs**	[2]						
	Site Improvement Costs		174,240	Sf of Land	$20	/Sf of Land	$3,485,000	
	Parking	[3]						
	Surface Parking		205	Spaces	$2,500	/Space	513,000	
	Podium Parking		0	Spaces	$20,000	/Space	0	
	Building Costs		108,445	Sf of GBA	$90	/Sf of GBA	9,760,000	
	Contractor/DC Contingency Allow		20%	Other Direct Costs			2,752,000	
	Total Direct Costs							$16,510,000
III.	**Indirect Costs**							
	Architecture, Engineering & Consulting		7.0%	Direct Costs			$1,156,000	
	Public Permits & Fees		100	Units	$15,000	/Unit	1,500,000	
	Affordable Housing In-Lieu Fee		108,445	Sf of GBA	$2.13	/Sf of GBA	231,000	
	Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs			495,000	
	Marketing / Leasing		100	Units	$3,500	/Unit	350,000	
	Developer Fee		4.0%	Direct Costs			660,000	
	Soft Cost Contingency Allowance		5.0%	Other Indirect Costs			220,000	
	Total Indirect Costs							$4,612,000
IV.	**Financing Costs**							
	Interest During Construction							
	Land	[4]	$871,000	Cost	5.0%	Interest	$76,000	
	Construction	[5]	$22,793,000	Cost	5.0%	Interest	1,311,000	
	Loan Origination Fees		$14,198,400	Loan	2.00	Points	284,000	
	Total Financing Costs							$1,671,000
V.	**Total Development Cost**		100	Units	$237,000	/Unit		$23,664,000
	Total Construction Cost		100	Units	$228,000	/Unit		$22,793,000

[1] The property acquisition costs are based on a survey of recent land sales.
[2] Based on the estimated costs for similar uses.
[3] Based on 1.0 space per unit for studios; 1.5 spaces per unit for one-bedroom units; 2 spaces per unit for two- and three bedroom units; and 0.25 spaces per unit for guests.
[4] Assumes an 18-month construction period with a 100% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.
[5] Assumes an 18-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

APPENDIX Q: EXHIBIT III - TABLE 2

STABILIZED NET OPERATING INCOME
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Income**							
	Market Rate Units	[1]						
	Studio Units		0	Units	$0	/Unit/Month	$0	
	One-Bedroom Units		41	Units	$1,094	/Unit/Month	538,000	
	Two-Bedroom Units		49	Units	$1,302	/Unit/Month	766,000	
	Three-Bedroom Units		10	Units	$1,464	/Unit/Month	176,000	
	Laundy & Miscellaneous Income		100	Units	$25	/Unit/Month	30,000	
	Gross Income						$1,510,000	
	Vacancy & Collection Allowance		5.0%	Gross Income			(76,000)	
	Effective Gross Income							$1,434,000
II.	**Operating Expenses**							
	General Operating Expenses		100	Units	$4,000	/Unit	$400,000	
	Property Taxes	[2]	100	Units	$2,040	/Unit	204,000	
	Reserves Deposits		100	Units	$150	/Unit	15,000	
	Total Operating Expenses		100	Units	($6,190)	/Unit		($619,000)
	Stabilized Net Operating Income							$815,000

[1] Market rents are estimated at a weighted average of $1.52 per square foot of gross leasable area.
[2] Based on the stabilized net operating income capitalized at a 5% rate and a 1.25% tax rate.

APPENDIX Q: EXHIBIT III - TABLE 3

SUPPORTABLE IN-LIEU FEE
IN-LIEU FEE ANALYSIS
LAND VALUE REDUCTION APPROACH: 100 UNITS
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

I.	**Funds Available for Development Costs**				
	Stabilized Net Operating Income	See APPENDIX Q: EXHIBIT III - TABLE 2	$815,000		
	Threshold Developer Return [1]		3.5%		
	Total Funds Available for Development Costs			$23,403,000	
II.	**Total Development Cost**	See APPENDIX Q: EXHIBIT III - TABLE 1		$23,664,000	
III.	**Land Value Reduction**	30% As a % of Land Cost		$261,000	
	In-Lieu Fee	See APPENDIX Q: EXHIBIT III - TABLE 1		$2.13	/Sf of GBA

[1] Based on the return on total cost estimated to be generated by the ANTELOPE VALLEY SUBMARKET: BASE CASE: 100% MARKET RATE UNITS.

APPENDIX Q: EXHIBIT IV
IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

APPENDIX Q: EXHIBIT IV

IN-LIEU FEE ANALYSIS
AFFORDABILITY GAP APPROACH
ANTELOPE VALLEY SUBMARKET
INCLUSIONARY HOUSING ANALYSIS - RENTAL APARTMENT PROJECTS
LOS ANGELES COUNTY

			Lower Income	Very Low Income
I.	**Rent Difference**			
	A. Studio Units			
	Market Rate Units		$0	$0
	Affordable Rent		0	0
	Difference		$0	$0
	B. One-Bedroom Units			
	Market Rate Units		$1,094	$1,094
	Affordable Rent		738	608
	Difference		$357	$486
	C. Two-Bedroom Units			
	Market Rate Units		$1,302	$1,302
	Affordable Rent		826	680
	Difference		$477	$623
	D. Three-Bedroom Units			
	Market Rate Units		$1,464	$1,464
	Affordable Rent		912	750
	Difference		$552	$714
II.	**Distribution of Total Units**			
	Studio Units		0%	0%
	One-Bedroom Units		41%	41%
	Two-Bedroom Units		49%	49%
	Three-Bedroom Units		10%	10%
III.	**Annual Affordability Gap Per Income Restricted Unit**		$5,222	$6,911
	Less: Property Tax Difference	1	(1,305)	(1,728)
	Annual Affordability Gap Per Income Restricted Unit		$3,916	$5,183
IV.	**In-Lieu Fee**			
	Per Income Restricted Unit	2	$112,461	$148,839
	Per Square Foot of GBA	3	$15.56	$20.59

[1] Based on the rent differential capitalized at a 5% rate, and a 1.25% tax rate.
[2] Based on the Annual Affordability Gap Per Income Restricted Unit capitalized at the threshold return on total investment.
[3] 15% Set Aside Requirement.

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MEMORANDUM

To:	Tina Fung, Los Angeles County Department of Regional Planning
From:	HR&A Advisors, Inc.
Date:	April 9, 2020
Re:	Analysis of Financially Feasible Inclusionary Requirements for Rental Prototypes in Unincorporated Areas

INTRODUCTION

This memorandum summarizes HR&A Advisors, Inc.'s ("HR&A") approach, methodology and findings related to financial feasibility testing of prototypical multifamily development projects in unincorporated Los Angeles County (the "County") in order to calibrate the County's pending Inclusionary Housing Ordinance ("IHO"). This memorandum includes HR&A's preliminary recommendations for the maximum supportable affordable housing percentage that could be required in each of six previously designated submarket areas.

The County's Department of Regional Planning ("DRP") requested that HR&A prepare a supplemental analysis, building on inclusionary housing analysis prepared by Keyser Marston Associates, Inc. ("KMA") for DRP in January of 2018. KMA's analysis recommended 15 percent of total dwelling units available to lower-income households earning below 80 percent of Area Median Income ("AMI"). In finalizing the County's IHO, DRP requested that HR&A evaluate a broader range of affordability levels for multifamily rental housing and further evaluate smaller prototypes that are more reflective of the size of multifamily rental residential projects being built in unincorporated areas of the County.

METHODOLOGY AND ASSUMPTIONS

In conducting its analysis of these issues, HR&A largely mirrored the format and structure of KMA's analysis, but focused exclusively on multifamily rental prototypes of a smaller scale (20 units) than the 100-unit prototypes utilized by KMA. HR&A reproduced KMA's real estate feasibility pro forma modeling structure, updated key real estate market assumptions in the pro formas, and added model functionality to test the ability of the prototypes to support affordable housing at different AMI income thresholds. As in KMA's analysis, HR&A evaluated the financial feasibility of prototypes within six submarkets of unincorporated Los Angeles County, as depicted in Appendix A to this memorandum. These included: 1) the Antelope Valley; 2) Coastal South Los Angeles; 3) East Los Angeles/Gateway; 4) San Gabriel Valley; 5) Santa Clarita Valley; and 6) South Los Angeles.

DRP assisted HR&A to define the smaller multifamily residential prototypes based on a review of representative, recently developed or planned projects. Each resulting prototype included assumptions for land area, gross building area, rentable area, residential unit size and mixes, the number and location (i.e., surface or structured) of parking and bicycle spaces. These assumptions varied by submarket. Both a **base**

case and a "**bonus density**" protype (which included 35 percent more units and a commensurate increase in overall building area) were specified for each submarket. In some cases, the bonus density prototypes included parking reductions as permitted in the County's pending DBO. These prototypes are summarized in Tables 1 and 2 below.

Table 1: Base Case Prototypes

	Antelope Valley	Coastal South LA	East LA / Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Land Area (SF)	65,340	21,780	36,300	36,300	65,340	21,780
Gross Building Area (GSF)	23,000	23,543	21,563	27,856	22,617	21,978
Rentable Area (NSF)	18,000	18,425	16,875	21,800	17,700	17,200
Unit Mix						
Studio	0	3	0	0	0	0
1 BR	0	3	7	0	7	8
2 BR	20	14	13	11	10	8
3 BR	0	0	0	9	3	4
Total Units	**20**	**20**	**20**	**20**	**20**	**20**
Avg Unit Size						
Studio		625				
1 BR		850	600		700	750
2 BR	900	1,000	975	1,000	950	900
3 BR				1,200	1,100	1,000
Parking						
Structured Spaces	0	42	42	45	0	41
Surface Spaces	45	0	0	0	42	0
Bicycle Space Equivalent	1	1	1	1	1	1
Total Parking Spaces	**46**	**43**	**43**	**46**	**43**	**42**

Table 2: Bonus Density Prototypes

	Antelope Valley	Coastal South LA	East LA / Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Land Area (SF)	65,340	21,780	36,300	36,300	65,340	21,780
Gross Building Area (GSF)	31,050	31,146	28,846	37,823	30,859	29,900
Rentable Area (NSF)	24,300	24,375	22,575	29,600	24,150	23,400
Unit Mix						
Studio	0	5	0	0	0	0
1 BR	0	5	10	0	9	10
2 BR	27	17	17	14	13	11
3 BR	0	0	0	13	5	6
Total Units	**27**	**27**	**27**	**27**	**27**	**27**
Avg Unit Size						
Studio		625				
1 BR		850	600		700	750
2 BR	900	1,000	975	1,000	950	900
3 BR				1,200	1,100	1,000
Parking						
Structured Spaces	0	44	44	54	0	44
Surface Spaces	54	0	0	0	45	-
Bicycle Space Equivalent	2	2	2	2	2	2
Total Parking Spaces	**56**	**46**	**46**	**56**	**47**	**46**

HR&A subsequently developed a detailed financial feasibility pro forma model which accounts for development costs, land acquisition costs and revenues, and solves for the return on investment to a real estate developer. The model calculations involve estimating the "capitalized value" (the estimated price an investor would pay for a completed project resembling each prototype, based on its projected net operating income), and then subtracts from it: 1) total development cost (i.e., hard construction costs, soft costs, financing costs, and land acquisition costs); 2) estimated costs of sale; and 3) an allowance for developer profit. This results in a developer profit margin metric that is the basis for determining one measure of "financial feasibility," as discussed below.

HR&A conducted market research to update modeling assumptions used in the KMA report for each submarket area. This included using comparable projects to estimate per-square foot residential rental rates, land costs, and income capitalization ("cap") rates. HR&A applied a modest growth factor to KMA's assumed construction costs to account for inflation since that analysis was completed in 2018. HR&A's research also included collecting data for South Los Angeles, which had previously been omitted from KMA's study due to the lack of relevant comparable projects. These updated assumptions are included in the tables below and on the following pages.

Table 3: Residential Rents Per Square Foot

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Studio		$3.95				
1 bed		$3.30	$3.20		$2.90	$1.70
2 bed	$1.65	$3.25	$2.30	$2.75	$2.70	$1.65
3 bed				$2.50	$2.65	$1.70

Source: Costar

Table 4: Residential Rents Per Unit

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA
Studio		$2,460				
1 bed		$2,795	$1,910		$2,040	$1,280
2 bed	$1,490	$3,250	$2,240	$2,725	$2,570	$1,480
3 bed				$2,995	$2,940	$1,710

Source: Costar

Table 5: Affordable Residential Rents Per Unit Net of Utilities

	Studio	1BR	2BR	3BR
Extremely Low Income (Max 30% AMI)	$353	$397	$442	$484
Very Low Income (Max 50% AMI)	$609	$689	$771	$850
Lower Income (Max 80% AMI)	$737	$835	$936	$1,033
Moderate Income (Max 120% AMI)	$1,376	$1,566	$1,758	$1,946

Source: Los Angeles County Development Authority

Table 6: Land Acquisition and Construction Costs Per Square Foot

	Construction Cost PSF	Land Cost PSF
Antelope Valley	$120	$5
Coastal South LA	$155	$115
East LA/Gateway	$130	$45
San Gabriel Valley	$130	$50
Santa Clarita Valley	$120	$15
South LA	$130	$55

Source: Costar

Structured Parking (CSLA, ELA, SGV, SLA)	$21,250-$25,500/space
Surface Parking (AV, SCV)	$5,000/space

Source: Marshall & Swift, KMA

Table 7: Cap Rates

	Cap Rates
Antelope Valley	5.00%
Coastal South LA	4.00%
East LA/Gateway	4.00%
San Gabriel Valley	4.00%
Santa Clarita Valley	5.00%
South LA	5.00%

Source: Costar

Financial Feasibility Approach

The KMA analysis calculated a "Stabilized Return on Total Investment" within each submarket area for base case prototypes, and subsequently applied the calculated return (expressed as a percentage and calculated as net operating income divided by total development cost) to Net Operating Income ("NOI") for bonus density prototypes to determine supportable investment. The KMA analysis varied the percentage of inclusionary units so that NOI and supportable investment was closely aligned with total development cost for the density bonus prototype.

In contrast to this approach, HR&A utilized two investment return thresholds that must both be met for a project to be determined to be financially feasible. A minimum threshold for return on total development cost ("return on cost" or "ROC") that we believe would be required for project feasibility was set at 0.75 percentage points more than the applicable cap rate for new development within each submarket area. This ROC threshold is a key indicator of risk about a developer's ability to attract investment capital to a project. The specified cap rate is based on HR&A's analysis of sales in the past three years for newer multifamily apartment buildings within or proximate to each submarket area. After using that cap rate to estimate the value of this development at stabilized operation, HR&A then deducted costs of sale (to calculate net sale value) and total development costs, to calculate the second return metric: developer profit margin. HR&A used a developer profit margin threshold of 12.5 percent, which in our experience is a minimum for Los Angeles area development projects.

FINDINGS AND RECOMMENDATIONS

As shown on in Table 8 on the following page, the supportable set-aside of affordable housing varies dramatically across the submarkets of unincorporated Los Angeles County. In general, HR&A found that projects in Coastal South Los Angeles, the San Gabriel Valley and Santa Clarita Valley could support meaningful levels of affordable housing available to households with incomes ranging from 30 percent to as much as 120 percent of AMI. However, HR&A found that both base case and bonus density prototypes in the Antelope Valley, East LA/Gateway, and South Los Angeles were not financially feasible with any affordable housing percentage. HR&A reviewed the development pipeline provided by DRP and found that there were almost no market-rate or mixed-income projects of the scale (i.e., roughly 20 units) analyzed in this analysis in the development pipeline for those lower-performing market areas, confirming that it was unlikely that these types of multifamily housing projects would be financially feasible even with no affordable housing requirement. Accordingly, additional IHO affordable housing requirements on projects in the Antelope Valley, East LA/Gateway and South Los Angeles may limit near-term production of market rate and/or mixed-income housing.

Table 8: Supportable Requirement at 35% Density Bonus (Expressed as % of Baseline Units)

	Antelope Valley	Coastal South LA	East LA/ Gateway	San Gabriel Valley	Santa Clarita Valley	South LA	Average[1]
Affordability Level							
ELI (Max 30% AMI)	0%	15%	0%	10%	15%	0%	13.3%
VLI (Max 50% AMI)	0%	20%	0%	10%	20%	0%	16.7%
LI (Max 80% AMI)	0%	20%	0%	15%	25%	0%	20.0%
MI (Max 120% AMI)	0%	35%	0%	30%	55%	0%	40.0%

[1] Excluding Antelope Valley, East LA/Gateway and South LA

HR&A's findings differ from KMA's in that HR&A assumed that prototypes needed to meet both financial feasibility thresholds under the bonus density scenario with varying levels of affordable housing percentage. HR&A found that the Antelope Valley, East LA/Gateway, and South Los Angeles prototypes could not support any affordable percentages, and that prototypes in other market areas could generally support modestly lower set-aside requirements than calculated by KMA. The "Average" column shown in Table 8 above is generally representative of supportable requirements across the County in stronger market areas, acknowledging some variation across the three stronger market areas. Furthermore, the County's Inclusionary Housing Ordinance anticipates blended affordability levels (e.g., 45% x AMI and 65% x AMI) which will create flexibility for developers and can reduce the financial burden of on-site affordable units. Generally, HR&A found that the financial feasibility of prototypes was particularly sensitive to the following considerations:

- **Submarket Variation in Rents**: As shown in Tables 4 and 5, rents vary widely across the County's six submarket areas, although generally construction costs vary somewhat less widely, as shown in Table 6. Relatively low rents in Antelope Valley, East LA/Gateway, and South Los Angeles are not currently high enough to justify ground-up market-rate or mixed-income development, and in some cases deed-restricted moderate-income rents are similar or higher (particularly for the Antelope Valley and South Los Angeles) than market-rate rents. These differences may make it challenging to develop consistent County-wide affordable housing percentage requirements.

- **Change in Rents**: Across the County, rents grew by between 10 percent in Coastal South LA, roughly 15-20 percent in East LA/Gateway, the Santa Clarita Valley, and Antelope Valley, and as much as 35 percent in the San Gabriel Valley in the two years between KMA's analysis and when HR&A assembled updated rental rate assumptions, so it is possible that the financial feasibility of multifamily residential development projects in lower-performing submarket areas could improve over the next several years. Particularly for lower-performing submarket areas, DRP may want to consider delaying set-aside requirements or phasing in relatively modest requirements over time.

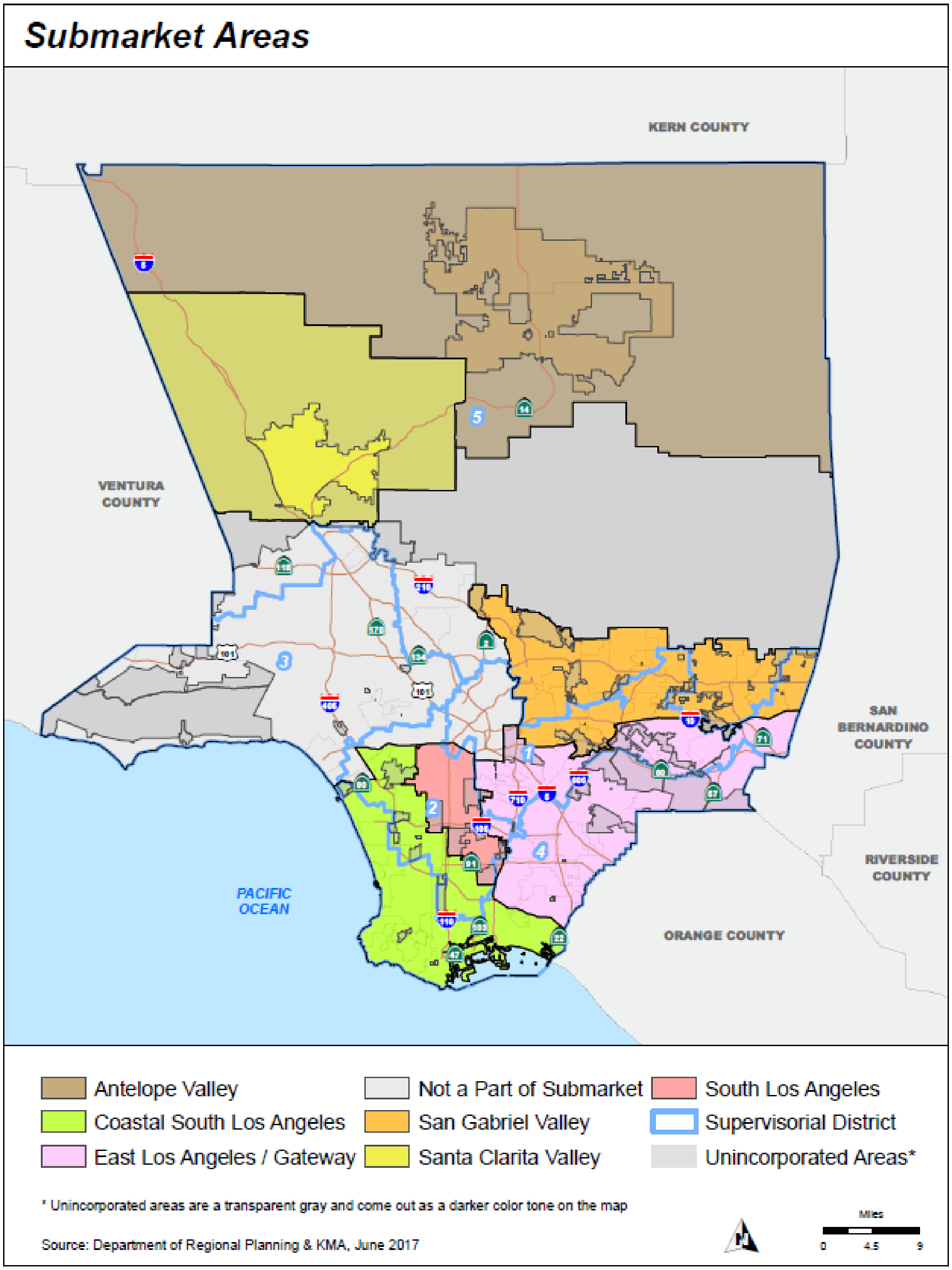
- **Parking:** The impact of parking costs on development economics is particularly clear when comparing the performance and supportable set-asides for projects in the San Gabriel Valley and Santa Clarita Valley. HR&A found that rents were roughly similar in both areas; however the combination of higher land costs and the need for structured parking to support a higher-density prototype increased total development costs for the San Gabriel Valley such that that prototype could only support lower affordable housing percentages. Similarly, the cost of structured parking for South Los Angeles and East LA/Gateway depresses financial feasibility of base case and bonus density prototypes in those areas.

LIST OF ATTACHMENTS

- Appendix A: Submarket Areas For Financial Analysis
- Appendix B.1: Pro Forma Analysis - Antelope Valley[1]
- Appendix B.2: Pro Forma Analysis - Coastal South Los Angeles[1]
- Appendix B.3: Pro Forma Analysis - East Los Angeles[1]
- Appendix B.4: Pro Forma Analysis - San Gabriel Valley[1]
- Appendix B.5: Pro Forma Analysis - Santa Clarita Valley[1]
- Appendix B.6: Pro Forma Analysis - South Los Angeles[1]

[1] HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with the maximum supportable level of Low Income (80% of AMI) inclusionary housing.

APPENDIX A
SUBMARKET AREAS FOR FINANCIAL ANALYSIS



APPENDIX B.1

PRO FORMA ANALYSIS
ANTELOPE VALLEY[1]

[1] HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with the maximum supportable level of Low Income (80% of AMI) inclusionary housing.

Estimated Development Costs
Base Case: 100% Market Rate Units
Antelope Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	65,340	SF of Land	x	$	5	/SF of Land	=			$ 327,000
II. Direct Costs										
Site Improvement	65,340	SF of Land	x	$	5	/SF of Land	=	$	327,000	
Parking										
Surface	46	Spaces	x	$	5,000	/Space	=	$	230,000	
Podium	0	Spaces	x	$	25,550	/Space	=	$	-	
Building Costs	23,000	SF of GBA	x	$	120	/SF of GBA	=	$	2,760,000	
Contractor/DC Contingency	10.00%	Other Direct Costs					=	$	332,000	
Total Direct Costs	20	Units		$	182,450	/Unit				$ 3,649,000
III. Indirect Costs										
Architecture, Engineering,& Consulting	5%	Direct Costs					=	$	182,000	
Public Permits & Fees	20	Units	x	$	15,000	/Unit	=	$	300,000	
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs					=	$	109,000	
Marketing / Leasing	20	Units	x	$	3,500	/Unit	=	$	70,000	
Developer Fee	4.0%	Direct Costs					=	$	146,000	
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs					=	$	40,000	
Total Indirect Costs										$ 847,000
IV. Financing Costs										
Land Carrying Cost	$ 327,000	Cost			5.00%	Interest		$	29,000	
Construction Loan Interest	$ 4,755,000	Cost			5.00%	Interest		$	273,000	
Loan Origination Fees	$ 4,496,000	Loan			1.50	Points		$	67,000	
Total Financing Costs	94.6%									$ 369,000
V. Total Construction Cost	20	Units		$	243,250	/Unit				$ 4,865,000
Total Development Cost	20	Units		$	259,600	/Unit				$ 5,192,000

Stabilized NOI
Base Case: 100% Market Rate Units
Antelope Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income								
Market Rate Units								
Studios	0 Units	$	-	/Unit/Month	$	-		
1 BR	0 Units	$	-	/Unit/Month	$	-		
2 BR	20 Units	$	1,490	/Unit/Month	$	357,600		
3 BR	0 Units	$	-	/Unit/Month	$	-		
Laundry & Misc Income	20	$	25	/Unit/Month	$	6,000		
Gross Income					$	363,600		
(Less) Vacancy & Collection Allowance	5.0% Gross Income				$	(18,000)		
Effective Gross Income							$	345,600
II. Operating Expenses								
General OpEx	20 Units	$	3,000	/Unit	$	60,000		
Property Taxes	20 Units	$	3,391	/Unit	$	68,000		
Reserves Deposits	20 Units	$	150	/Unit	$	3,000		
Total OpEx	20 Units	$	6,541	/Unit			$	131,000
III. Stabilized NOI							$	214,600

Stabilized Return on Total Investment
Base Case: 100% Market Rate Units
Antelope Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 214,600	
Total Development Cost		$ 5,192,000	
Stabilized Return on Total Investment		4.1%	
Feasible?			**NO**
(Minimum = Cap Rate + 0.75%)	5.75%		
II. Developer Profit Margin			
Net Operating Income		$ 214,600	
Cap Rate	5.00%		
Project Value (NOI x Cap Rate)		$ 4,292,000	
Less: Cost of Sale	3.0%	$ (128,760)	
Net Project Sale Value		$ 4,163,240	
Less: Total Development Cost		$ (5,192,000)	
Developer Profit Margin		$ (1,028,760)	
% x Net Project Sale Value		-24.7%	
Feasible?			**NO**
(Minimum = 12.5%)			
III. Financially Feasible?			**NO**

Estimated Development Costs
Density Bonus: 27 Units, Prescribed Unit Mix
Antelope Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	65,340	SF of Land	x	$ 5	/SF of Land	=		$ 327,000
II. Direct Costs								
Site Improvement	65,340	SF of Land	x	$ 5	/SF of Land	=	$ 327,000	
Parking								
Surface	56	Spaces	x	$ 5,000	/Space	=	$ 280,000	
Podium	0	Spaces	x	$ 25,550	/Space	=	$ -	
Building Costs	31,050	SF of GBA	x	$ 120	/SF of GBA	=	$ 3,726,000	
Contractor/DC Contingency	10.00%	Other Direct Costs				=	$ 433,000	
Total Direct Costs	27	Units		$ 176,519	/Unit			$ 4,766,000
III. Indirect Costs								
Architecture, Engineering,& Consulting	5%	Direct Costs				=	$ 238,000	
Public Permits & Fees	27	Units	x	$ 15,000	/Unit	=	$ 405,000	
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	$ 143,000	
Marketing / Leasing	27	Units	x	$ 3,500	/Unit	=	$ 95,000	
Developer Fee	4.0%	Direct Costs				=	$ 191,000	
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	$ 54,000	
Total Indirect Costs								$ 1,126,000
IV. Financing Costs								
Land Carrying Cost	$ 327,000	Cost		5.00%	Interest		$ 30,000	
Construction Loan Interest	$ 6,255,000	Cost		5.00%	Interest		$ 386,000	
Loan Origination Fees	$ 5,892,000	Loan		1.50	Points		$ 88,000	
Total Financing Costs								$ 504,000
V. Total Construction Cost	27	Units		$ 236,889	/Unit			$ 6,396,000
Total Development Cost	27	Units		$ 249,000	/Unit			$ 6,723,000

Stabilized NOI
Density Bonus: 27 Units, Variable Level of Affordable Units
Antelope Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income					
Market Rate Units					
Studios	0 Units	$ -	/Unit/Month	$ -	
1 BR	0 Units	$ -	/Unit/Month	$ -	
2 BR	25 Units	$ 1,490	/Unit/Month	$ 447,000	
3 BR	0 Units	$ -	/Unit/Month	$ -	
Total Market Rate Units	25				
Lower Income (Max 80% AMI)				$ -	
Studios	0 Units	$ 737	/Unit/Month	$ -	
1 BR	0 Units	$ 835	/Unit/Month	$ -	
2 BR	2 Units	$ 936	/Unit/Month	$ 22,500	
3 BR	0 Units	$ 1,033	/Unit/Month	$ -	
Total Affordable Units	**2**				
Laundry & Misc Income	27	$ 25	/Unit/Month	$ 8,100	
Gross Income				$ 477,600	
(Less) Vacancy & Collection Allowance	5.0% Gross Income			$ (24,000)	
Effective Gross Income					$ 453,600
II. Operating Expenses					
General OpEx	27 Units	$ 3,000	/Unit	$ 81,000	
Property Taxes	27 Units	$ 3,276	/Unit	$ 88,000	
Reserves Deposits	27 Units	$ 150	/Unit	$ 4,000	
Total OpEx	27 Units	$ 6,426	/Unit		$ 173,000
III. Stabilized NOI					$ 280,600

Stabilized Return on Total Investment
Density Bonus: 27 Units, Variable Level of Affordable Units
Antelope Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 280,600	
Total Development Cost		$ 6,723,000	
Stabilized Return on Total Investment		4.2%	
Feasible?			**NO**
(Minimum = Cap Rate + 0.75%)	5.75%		
II. Developer Profit Margin			
Net Operating Income		$ 280,600	
Cap Rate	5.00%		
Project Value (NOI x Cap Rate)		$ 5,612,000	
Less: Cost of Sale	3.0%	$ (168,360)	
Net Project Sale Value		$ 5,443,640	
Less: Total Development Cost		$ (6,723,000)	
Developer Profit Margin		$ (1,279,360)	
% x Net Project Sale Value		-23.5%	
Feasible?			**NO**
(Minimum = 12.5%)			
III. Financially Feasible?			**NO**

APPENDIX B.2

PRO FORMA ANALYSIS
COASTAL SOUTH LOS ANGELES[1]

[1] HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with the maximum supportable level of Low Income (80% of AMI) inclusionary housing.

Estimated Development Costs
Base Case: 100% Market Rate Units
Coastal South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	21,780	SF of Land	x	$ 115	/SF of Land	=		$ 2,505,000
II. Direct Costs								
Site Improvement	21,780	SF of Land	x	$ 5	/SF of Land	=	$ 109,000	
Parking								
Surface	0	Spaces	x	$ 5,000	/Space	=	$ -	
Podium	43	Spaces	x	$ 25,550	/Space	=	$ 1,099,000	
Building Costs	23,543	SF of GBA	x	$ 156	/SF of GBA	=	$ 3,673,000	
Contractor/DC Contingency	10.00%	Other Direct Costs				=	$ 488,000	
Total Direct Costs	20	Units		$ 268,450	/Unit			$ 5,369,000
III. Indirect Costs								
Architecture, Engineering,& Consulting	5%	Direct Costs				=	$ 268,000	
Public Permits & Fees	20	Units	x	$ 15,000	/Unit	=	$ 300,000	
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	$ 161,000	
Marketing / Leasing	20	Units	x	$ 3,500	/Unit	=	$ 70,000	
Developer Fee	4.0%	Direct Costs				=	$ 215,000	
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	$ 51,000	
Total Indirect Costs								$ 1,065,000
IV. Financing Costs								
Land Carrying Cost	$ 2,505,000	Cost		5.00%	Interest		$ 219,000	
Construction Loan Interest	$ 6,804,000	Cost		5.00%	Interest		$ 391,000	
Loan Origination Fees	$ 6,434,000	Loan		1.50	Points		$ 97,000	
Total Financing Costs	94.6%							$ 707,000
V. Total Construction Cost	20	Units		$ 357,050	/Unit			$ 7,141,000
Total Development Cost	20	Units		$ 482,300	/Unit			$ 9,646,000

Stabilized NOI
Base Case: 100% Market Rate Units
Coastal South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income					
Market Rate Units					
Studios	3 Units	$ 2,460	/Unit/Month	$ 88,600	
1 BR	3 Units	$ 2,795	/Unit/Month	$ 100,600	
2 BR	14 Units	$ 3,250	/Unit/Month	$ 546,000	
3 BR	0 Units	$ -	/Unit/Month	$ -	
Laundry & Misc Income	20	$ 25	/Unit/Month	$ 6,000	
Gross Income				$ 741,200	
(Less) Vacancy & Collection Allowance	5.0% Gross Income			$ (37,000)	
Effective Gross Income					$ 704,200
II. Operating Expenses					
General OpEx	20 Units	$ 4,000	/Unit	$ 80,000	
Property Taxes	20 Units	$ 7,454	/Unit	$ 149,000	
Reserves Deposits	20 Units	$ 150	/Unit	$ 3,000	
Total OpEx	20 Units	$ 11,604	/Unit		$ 232,000
III. Stabilized NOI					$ 472,200

Stabilized Return on Total Investment
Base Case: 100% Market Rate Units
Coastal South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 472,200	
Total Development Cost		$ 9,646,000	
Stabilized Return on Total Investment		4.90%	
Feasible?			**YES**
(Minimum = Cap Rate + 0.75%)	4.75%		
II. Developer Profit Margin			
Net Operating Income		$ 472,200	
Cap Rate	4.00%		
Project Value (NOI x Cap Rate)		$ 11,805,000	
Less: Cost of Sale	3.0%	$ (354,150)	
Net Project Sale Value		$ 11,450,850	
Less: Total Development Cost		$ (9,646,000)	
Developer Profit Margin		$ 1,804,850	
% x Net Project Sale Value		15.8%	
Feasible?			**YES**
(Minimum = 12.5%)			
III. Financially Feasible?			**YES**

Estimated Development Costs
Density Bonus: 27 Units, Prescribed Unit Mix
Coastal South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	21,780	SF of Land	x	$ 115	/SF of Land	=			$ 2,505,000
II. Direct Costs									
Site Improvement	21,780	SF of Land	x	$ 5	/SF of Land	=	$	109,000	
Parking									
Surface	0	Spaces	x	$ 5,000	/Space	=	$	-	
Podium	46	Spaces	x	$ 25,550	/Space	=	$	1,175,000	
Building Costs	31,146	SF of GBA	x	$ 156	/SF of GBA	=	$	4,859,000	
Contractor/DC Contingency	10.00%	Other Direct Costs				=	$	614,000	
Total Direct Costs	27	Units		$ 250,259	/Unit				$ 6,757,000
III. Indirect Costs									
Architecture, Engineering,& Consulting	5%	Direct Costs				=	$	338,000	
Public Permits & Fees	27	Units	x	$ 15,000	/Unit	=	$	405,000	
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	$	203,000	
Marketing / Leasing	27	Units	x	$ 3,500	/Unit	=	$	95,000	
Developer Fee	4.0%	Direct Costs				=	$	270,000	
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	$	66,000	
Total Indirect Costs									$ 1,377,000
IV. Financing Costs									
Land Carrying Cost	$ 2,505,000	Cost		5.00%	Interest		$	230,000	
Construction Loan Interest	$ 8,636,000	Cost		5.00%	Interest		$	533,000	
Loan Origination Fees	$ 8,134,000	Loan		1.50	Points		$	122,000	
Total Financing Costs									$ 885,000
V. Total Construction Cost	27	Units		$ 334,037	/Unit				$ 9,019,000
Total Development Cost	27	Units		$ 426,815	/Unit				$ 11,524,000

Stabilized NOI
Density Bonus: 27 Units, Variable Level of Affordable Units
Coastal South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income									
Market Rate Units									
Studios	4	Units	$	2,460	/Unit/Month	$	118,100		
1 BR	4	Units	$	2,795	/Unit/Month	$	134,200		
2 BR	15	Units	$	3,250	/Unit/Month	$	585,000		
3 BR	0	Units	$	-	/Unit/Month	$	-		
Total Market Rate Units	23								
Lower Income (Max 80% AMI)						$	-		
Studios	1	Units	$	737	/Unit/Month	$	8,800		
1 BR	1	Units	$	835	/Unit/Month	$	10,000		
2 BR	2	Units	$	936	/Unit/Month	$	22,500		
3 BR	0	Units	$	1,033	/Unit/Month	$	-		
Total Affordable Units	**4**								
Laundry & Misc Income	27		$	25	/Unit/Month	$	8,100		
Gross Income						$	886,700		
(Less) Vacancy & Collection Allowance	5.0%	Gross Income				$	(44,000)		
Effective Gross Income								$	842,700
II. Operating Expenses									
General OpEx	27	Units	$	4,000	/Unit	$	108,000		
Property Taxes	27	Units	$	6,495	/Unit	$	175,000		
Reserves Deposits	27	Units	$	150	/Unit	$	4,000		
Total OpEx	27	Units	$	10,645	/Unit			$	287,000
III. Stabilized NOI								$	555,700

Stabilized Return on Total Investment
Density Bonus: 27 Units, Variable Level of Affordable Units
Coastal South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost				
Stabilized NOI		$	555,700	
Total Development Cost		$	11,524,000	
Stabilized Return on Total Investment			4.8%	
Feasible?				**YES**
(Minimum = Cap Rate + 0.75%)	4.75%			
II. Developer Profit Margin				
Net Operating Income		$	555,700	
Cap Rate	4.00%			
Project Value (NOI x Cap Rate)		$	13,892,500	
Less: Cost of Sale	3.0%	$	(416,775)	
Net Project Sale Value		$	13,475,725	
Less: Total Development Cost		$	(11,524,000)	
Developer Profit Margin		$	1,951,725	
% x Net Project Sale Value			14.5%	
Feasible?				**YES**
(Minimum = 12.5%)				
III. Financially Feasible?				**YES**

APPENDIX B.3

PRO FORMA ANALYSIS
EAST LOS ANGELES[1]

[1] HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with the maximum supportable level of Low Income (80% of AMI) inclusionary housing.

Estimated Development Costs
Base Case: 100% Market Rate Units
East Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs		36,300	SF of Land	x	$ 45	/SF of Land	=		$ 1,634,000
II. Direct Costs									
Site Improvement		36,300	SF of Land	x	$ 5	/SF of Land	=	$ 182,000	
Parking									
Surface		0	Spaces	x	$ 5,000	/Space	=	$ -	
Podium		43	Spaces	x	$ 25,550	/Space	=	$ 1,099,000	
Building Costs		21,563	SF of GBA	x	$ 130	/SF of GBA	=	$ 2,803,000	
Contractor/DC Contingency		10.00%	Other Direct Costs				=	$ 408,000	
Total Direct Costs		20	Units		$ 224,600	/Unit			$ 4,492,000
III. Indirect Costs									
Architecture, Engineering,& Consulting		5%	Direct Costs				=	$ 225,000	
Public Permits & Fees		20	Units	x	$ 15,000	/Unit	=	$ 300,000	
Taxes, Insurance, Legal & Accounting		3.0%	Direct Costs				=	$ 135,000	
Marketing / Leasing		20	Units	x	$ 3,500	/Unit	=	$ 70,000	
Developer Fee		4.0%	Direct Costs				=	$ 180,000	
Soft Cost Contingency Allowance		5.0%	Other Indirect Costs				=	$ 46,000	
Total Indirect Costs									$ 956,000
IV. Financing Costs									
Land Carrying Cost	$	1,634,000	Cost		5.00%	Interest		$ 143,000	
Construction Loan Interest	$	5,761,000	Cost		5.00%	Interest		$ 331,000	
Loan Origination Fees	$	5,448,000	Loan		1.50	Points		$ 82,000	
Total Financing Costs		94.6%							$ 556,000
V. Total Construction Cost		20	Units		$ 300,200	/Unit			$ 6,004,000
Total Development Cost		20	Units		$ 381,900	/Unit			$ 7,638,000

Stabilized NOI
Base Case: 100% Market Rate Units
East Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income						
Market Rate Units						
Studios	0 Units	$ -	/Unit/Month	$ -		
1 BR	7 Units	$ 1,910	/Unit/Month	$ 160,400		
2 BR	13 Units	$ 2,240	/Unit/Month	$ 349,400		
3 BR	0 Units	$ -	/Unit/Month	$ -		
Laundry & Misc Income	20	$ 25	/Unit/Month	$ 6,000		
Gross Income				$ 515,800		
(Less) Vacancy & Collection Allowance	5.0% Gross Income			$ (26,000)		
Effective Gross Income					$	489,800
II. Operating Expenses						
General OpEx	20 Units	$ 3,000	/Unit	$ 60,000		
Property Taxes	20 Units	$ 5,122	/Unit	$ 102,000		
Reserves Deposits	20 Units	$ 150	/Unit	$ 3,000		
Total OpEx	20 Units	$ 8,272	/Unit		$	165,000
III. Stabilized NOI					$	324,800

Stabilized Return on Total Investment
Base Case: 100% Market Rate Units
East Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 324,800	
Total Development Cost		$ 7,638,000	
Stabilized Return on Total Investment		4.3%	
Feasible?			**NO**
(Minimum = Cap Rate + 0.75%)	4.75%		
II. Developer Profit Margin			
Net Operating Income		$ 324,800	
Cap Rate	4.00%		
Project Value (NOI x Cap Rate)		$ 8,120,000	
Less: Cost of Sale	3.0%	$ (243,600)	
Net Project Sale Value		$ 7,876,400	
Less: Total Development Cost		$ (7,638,000)	
Developer Profit Margin		$ 238,400	
% x Net Project Sale Value		3.0%	
Feasible?			**NO**
(Minimum = 12.5%)			
III. Financially Feasible?			**NO**

Estimated Development Costs
Density Bonus: 27 Units, Prescribed Unit Mix
East Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	36,300	SF of Land	x	$ 45	/SF of Land	=			$ 1,634,000
II. Direct Costs									
Site Improvement	36,300	SF of Land	x	$ 5	/SF of Land	=	$ 182,000		
Parking									
Surface	0	Spaces	x	$ 5,000	/Space	=	$ -		
Podium	46	Spaces	x	$ 25,550	/Space	=	$ 1,175,000		
Building Costs	28,846	SF of GBA	x	$ 130	/SF of GBA	=	$ 3,750,000		
Contractor/DC Contingency	10.00%	Other Direct Costs				=	$ 511,000		
Total Direct Costs	27	Units		$ 208,074	/Unit				$ 5,618,000
III. Indirect Costs									
Architecture, Engineering,& Consulting	5%	Direct Costs				=	$ 281,000		
Public Permits & Fees	27	Units	x	$ 15,000	/Unit	=	$ 405,000		
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	$ 169,000		
Marketing / Leasing	27	Units	x	$ 3,500	/Unit	=	$ 95,000		
Developer Fee	4.0%	Direct Costs				=	$ 225,000		
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	$ 59,000		
Total Indirect Costs									$ 1,234,000
IV. Financing Costs									
Land Carrying Cost	$ 1,634,000	Cost		5.00%	Interest		$ 150,000		
Construction Loan Interest	$ 7,275,000	Cost		5.00%	Interest		$ 449,000		
Loan Origination Fees	$ 6,852,000	Loan		1.50	Points		$ 103,000		
Total Financing Costs									$ 702,000
V. Total Construction Cost	27	Units		$ 279,778	/Unit				$ 7,554,000
Total Development Cost	27	Units		$ 340,296	/Unit				$ 9,188,000

Stabilized NOI
Density Bonus: 27 Units, Variable Level of Affordable Units
East Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income							
Market Rate Units							
Studios	0 Units	$	-	/Unit/Month	$	-	
1 BR	8 Units	$	1,910	/Unit/Month	$	183,400	
2 BR	15 Units	$	2,240	/Unit/Month	$	403,200	
3 BR	0 Units	$	-	/Unit/Month	$	-	
Total Market Rate Units	23						
Lower Income (Max 80% AMI)					$	-	
Studios	0 Units	$	737	/Unit/Month	$	-	
1 BR	2 Units	$	835	/Unit/Month	$	20,000	
2 BR	2 Units	$	936	/Unit/Month	$	22,500	
3 BR	0 Units	$	1,033	/Unit/Month	$	-	
Total Affordable Units	4						
Laundry & Misc Income	27	$	25	/Unit/Month	$	8,100	
Gross Income					$	637,200	
(Less) Vacancy & Collection Allowance	5.0% Gross Income				$	(32,000)	
Effective Gross Income						$	605,200
II. Operating Expenses							
General OpEx	27 Units	$	3,000	/Unit	$	81,000	
Property Taxes	27 Units	$	4,624	/Unit	$	125,000	
Reserves Deposits	27 Units	$	150	/Unit	$	4,000	
Total OpEx	27 Units	$	7,774	/Unit		$	210,000
III. Stabilized NOI						$	395,200

Stabilized Return on Total Investment
Density Bonus: 27 Units, Variable Level of Affordable Units
East Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 395,200	
Total Development Cost		$ 9,188,000	
Stabilized Return on Total Investment		4.3%	
Feasible?			**NO**
(Minimum = Cap Rate + 0.75%)	4.75%		
II. Developer Profit Margin			
Net Operating Income		$ 395,200	
Cap Rate	4.00%		
Project Value (NOI x Cap Rate)		$ 9,880,000	
Less: Cost of Sale	3.0%	$ (296,400)	
Net Project Sale Value		$ 9,583,600	
Less: Total Development Cost		$ (9,188,000)	
Developer Profit Margin		$ 395,600	
% x Net Project Sale Value		4.1%	
Feasible?			**NO**
(Minimum = 12.5%)			
III. Financially Feasible?			**NO**

APPENDIX B.4

PRO FORMA ANALYSIS
SAN GABRIEL VALLEY[1]

[1] HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with the maximum supportable level of Low Income (80% of AMI) inclusionary housing.

Estimated Development Costs
Base Case: 100% Market Rate Units
San Gabriel Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	36,300	SF of Land	x	$ 50	/SF of Land	=			$ 1,815,000
II. Direct Costs									
Site Improvement	36,300	SF of Land	x	$ 5	/SF of Land	=	$ 182,000		
Parking									
Surface	0	Spaces	x	$ 5,000	/Space	=	$ -		
Podium	46	Spaces	x	$ 25,550	/Space	=	$ 1,175,000		
Building Costs	27,856	SF of GBA	x	$ 130	/SF of GBA	=	$ 3,621,000		
Contractor/DC Contingency	10.00%	Other Direct Costs				=	$ 498,000		
Total Direct Costs	20	Units		$ 273,800	/Unit				$ 5,476,000
III. Indirect Costs									
Architecture, Engineering,& Consulting	5%	Direct Costs				=	$ 274,000		
Public Permits & Fees	20	Units	x	$ 15,000	/Unit	=	$ 300,000		
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	$ 164,000		
Marketing / Leasing	20	Units	x	$ 3,500	/Unit	=	$ 70,000		
Developer Fee	4.0%	Direct Costs				=	$ 219,000		
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	$ 51,000		
Total Indirect Costs				$ 53,900					$ 1,078,000
IV. Financing Costs									
Land Carrying Cost	$ 1,815,000	Cost		5.00%	Interest		$ 159,000		
Construction Loan Interest	$ 6,931,000	Cost		5.00%	Interest		$ 399,000		
Loan Origination Fees	$ 6,554,000	Loan		1.50	Points		$ 98,000		
Total Financing Costs	94.6%								$ 656,000
V. Total Construction Cost	20	Units		$ 360,500	/Unit				$ 7,210,000
Total Development Cost	20	Units		$ 451,250	/Unit				$ 9,025,000

Stabilized NOI
Base Case: 100% Market Rate Units
San Gabriel Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income							
Market Rate Units							
Studios	0 Units	$	-	/Unit/Month	$	-	
1 BR	0 Units	$	-	/Unit/Month	$	-	
2 BR	11 Units	$	2,725	/Unit/Month	$	359,700	
3 BR	9 Units	$	2,995	/Unit/Month	$	323,500	
Laundry & Misc Income	20	$	25	/Unit/Month	$	6,000	
Gross Income					$	689,200	
(Less) Vacancy & Collection Allowance	5.0% Gross Income				$	(34,000)	
Effective Gross Income						$	655,200
II. Operating Expenses							
General OpEx	20 Units	$	4,000	/Unit	$	80,000	
Property Taxes	20 Units	$	6,866	/Unit	$	137,000	
Reserves Deposits	20 Units	$	150	/Unit	$	3,000	
Total OpEx	20 Units	$	11,016	/Unit		$	220,000
III. Stabilized NOI						$	435,200

Stabilized Return on Total Investment
Base Case: 100% Market Rate Units
San Gabriel Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 435,200	
Total Development Cost		$ 9,025,000	
Stabilized Return on Total Investment		4.8%	
Feasible?			**YES**
(Minimum = Cap Rate + 0.75%)	4.75%		
II. Developer Profit Margin			
Net Operating Income		$ 435,200	
Cap Rate	4.00%		
Project Value (NOI x Cap Rate)		$ 10,880,000	
Less: Cost of Sale	3.0%	$ (326,400)	
Net Project Sale Value		$ 10,553,600	
Less: Total Development Cost		$ (9,025,000)	
Developer Profit Margin		$ 1,528,600	
% x Net Project Sale Value		14.5%	
Feasible?			**YES**
(Minimum = 12.5%)			
III. Financially Feasible?			**YES**

Estimated Development Costs
Density Bonus: 27 Units, Prescribed Unit Mix
San Gabriel Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	36,300	SF of Land	x	$ 50	/SF of Land	=			$ 1,815,000
II. Direct Costs									
Site Improvement	36,300	SF of Land	x	$ 5	/SF of Land	=	$	182,000	
Parking									
Surface	0	Spaces	x	$ 5,000	/Space	=	$	-	
Podium	56	Spaces	x	$ 25,550	/Space	=	$	1,431,000	
Building Costs	37,823	SF of GBA	x	$ 130	/SF of GBA	=	$	4,917,000	
Contractor/DC Contingency	10.00%	Other Direct Costs				=	$	653,000	
Total Direct Costs	27	Units		$ 266,037	/Unit				$ 7,183,000
III. Indirect Costs									
Architecture, Engineering,& Consulting	5%	Direct Costs				=	$	359,000	
Public Permits & Fees	27	Units	x	$ 15,000	/Unit	=	$	405,000	
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	$	215,000	
Marketing / Leasing	27	Units	x	$ 3,500	/Unit	=	$	95,000	
Developer Fee	4.0%	Direct Costs				=	$	287,000	
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	$	68,000	
Total Indirect Costs									$ 1,429,000
IV. Financing Costs									
Land Carrying Cost	$ 1,815,000	Cost		5.00%	Interest		$	166,000	
Construction Loan Interest	$ 9,143,000	Cost		5.00%	Interest		$	564,000	
Loan Origination Fees	$ 8,612,000	Loan		1.50	Points		$	129,000	
Total Financing Costs									$ 859,000
V. Total Construction Cost	27	Units		$ 350,778	/Unit				$ 9,471,000
Total Development Cost	27	Units		$ 418,000	/Unit				$ 11,286,000

Stabilized NOI
Density Bonus: 27 Units, Variable Level of Affordable Units
San Gabriel Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income					
Market Rate Units					
Studios	0 Units	$ -	/Unit/Month	$ -	
1 BR	0 Units	$ -	/Unit/Month	$ -	
2 BR	13 Units	$ 2,725	/Unit/Month	$ 425,100	
3 BR	11 Units	$ 2,995	/Unit/Month	$ 395,300	
Total Market Rate Units	24				
Lower Income (Max 80% AMI)				$ -	
Studios	0 Units	$ 737	/Unit/Month	$ -	
1 BR	0 Units	$ 835	/Unit/Month	$ -	
2 BR	1 Units	$ 936	/Unit/Month	$ 11,200	
3 BR	2 Units	$ 1,033	/Unit/Month	$ 24,800	
Total Affordable Units	3				
Laundry & Misc Income	27	$ 25	/Unit/Month	$ 8,100	
Gross Income				$ 864,500	
(Less) Vacancy & Collection Allowance	5.0% Gross Income			$ (43,000)	
Effective Gross Income					$ 821,500
II. Operating Expenses					
General OpEx	27 Units	$ 4,000	/Unit	$ 108,000	
Property Taxes	27 Units	$ 6,307	/Unit	$ 170,000	
Reserves Deposits	27 Units	$ 150	/Unit	$ 4,000	
Total OpEx	27 Units	$ 10,457	/Unit		$ 282,000
III. Stabilized NOI					$ 539,500

Stabilized Return on Total Investment
Density Bonus: 27 Units, Variable Level of Affordable Units
San Gabriel Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 539,500	
Total Development Cost		$ 11,286,000	
Stabilized Return on Total Investment		4.8%	
Feasible?			**YES**
(Minimum = Cap Rate + 0.75%)	4.75%		
II. Developer Profit Margin			
Net Operating Income		$ 539,500	
Cap Rate	4.00%		
Project Value (NOI x Cap Rate)		$ 13,487,500	
Less: Cost of Sale	3.0%	$ (404,625)	
Net Project Sale Value		$ 13,082,875	
Less: Total Development Cost		$ (11,286,000)	
Developer Profit Margin		$ 1,796,875	
% x Net Project Sale Value		13.7%	
Feasible?			**YES**
(Minimum = 12.5%)			
III. Financially Feasible?			**YES**

APPENDIX B.5

PRO FORMA ANALYSIS
SANTA CLARITA VALLEY[1]

[1] HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with the maximum supportable level of Low Income (80% of AMI) inclusionary housing.

Estimated Development Costs
Base Case: 100% Market Rate Units
Santa Clarita Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	65,340	SF of Land	x	$ 15	/SF of Land	=		$	980,000
II. Direct Costs									
Site Improvement	65,340	SF of Land	x	$ 5	/SF of Land	=	$ 327,000		
Parking									
Surface	43	Spaces	x	$ 5,000	/Space	=	$ 215,000		
Podium	0	Spaces	x	$ 25,550	/Space	=	$ -		
Building Costs	22,617	SF of GBA	x	$ 120	/SF of GBA	=	$ 2,705,000		
Contractor/DC Contingency	10.00%	Other Direct Costs				=	$ 325,000		
Total Direct Costs	20	Units		$ 178,600	/Unit			$	3,572,000
III. Indirect Costs									
Architecture, Engineering,& Consulting	5%	Direct Costs				=	$ 179,000		
Public Permits & Fees	20	Units	x	$ 15,000	/Unit	=	$ 300,000		
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	$ 107,000		
Marketing / Leasing	20	Units	x	$ 3,500	/Unit	=	$ 70,000		
Developer Fee	4.0%	Direct Costs				=	$ 143,000		
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	$ 40,000		
Total Indirect Costs								$	839,000
IV. Financing Costs									
Land Carrying Cost	$ 980,000	Cost		5.00%	Interest		$ 86,000		
Construction Loan Interest	$ 4,665,000	Cost		5.00%	Interest		$ 268,000		
Loan Origination Fees	$ 4,411,000	Loan		1.50	Points		$ 66,000		
Total Financing Costs	94.6%							$	420,000
V. Total Construction Cost	20	Units		$ 241,550	/Unit			$	4,831,000
Total Development Cost	20	Units		$ 290,550	/Unit			$	5,811,000

Stabilized NOI
Base Case: 100% Market Rate Units
Santa Clarita Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income							
Market Rate Units							
Studios	0 Units	$	-	/Unit/Month	$	-	
1 BR	7 Units	$	2,040	/Unit/Month	$	171,400	
2 BR	10 Units	$	2,570	/Unit/Month	$	308,400	
3 BR	3 Units	$	2,940	/Unit/Month	$	105,800	
Laundry & Misc Income	20	$	25	/Unit/Month	$	6,000	
Gross Income					$	591,600	
(Less) Vacancy & Collection Allowance	5.0% Gross Income				$	(30,000)	
Effective Gross Income							$ 561,600
II. Operating Expenses							
General OpEx	20 Units	$	4,000	/Unit	$	80,000	
Property Taxes	20 Units	$	5,743	/Unit	$	115,000	
Reserves Deposits	20 Units	$	150	/Unit	$	3,000	
Total OpEx	20 Units	$	9,893	/Unit			$ 198,000
III. Stabilized NOI							$ 363,600

Stabilized Return on Total Investment
Base Case: 100% Market Rate Units
Santa Clarita Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 363,600	
Total Development Cost		$ 5,811,000	
Stabilized Return on Total Investment		6.3%	
Feasible?			**YES**
(Minimum = Cap Rate + 0.75%)	5.75%		
II. Developer Profit Margin			
Net Operating Income		$ 363,600	
Cap Rate	5.00%		
Project Value (NOI x Cap Rate)		$ 7,272,000	
Less: Cost of Sale	3.0%	$ (218,160)	
Net Project Sale Value		$ 7,053,840	
Less: Total Development Cost		$ (5,811,000)	
Developer Profit Margin		$ 1,242,840	
% x Net Project Sale Value		17.6%	
Feasible?			**YES**
(Minimum = 12.5%)			
III. Financially Feasible?			**YES**

Estimated Development Costs
Density Bonus: 27 Units, Prescribed Unit Mix
Santa Clarita Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	65,340	SF of Land	x	$	15	/SF of Land	=		$	980,000
II. Direct Costs										
Site Improvement	65,340	SF of Land	x	$	5	/SF of Land	=	$ 327,000		
Parking										
Surface	47	Spaces	x	$	5,000	/Space	=	$ 235,000		
Podium	0	Spaces	x	$	25,550	/Space	=	$ -		
Building Costs	30,859	SF of GBA	x	$	120	/SF of GBA	=	$ 3,691,000		
Contractor/DC Contingency	10.00%	Other Direct Costs					=	$ 425,000		
Total Direct Costs	27	Units		$	173,259	/Unit			$	4,678,000
III. Indirect Costs										
Architecture, Engineering,& Consulting	5%	Direct Costs					=	$ 234,000		
Public Permits & Fees	27	Units	x	$	15,000	/Unit	=	$ 405,000		
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs					=	$ 140,000		
Marketing / Leasing	27	Units	x	$	3,500	/Unit	=	$ 95,000		
Developer Fee	4.0%	Direct Costs					=	$ 187,000		
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs					=	$ 53,000		
Total Indirect Costs									$	1,114,000
IV. Financing Costs										
Land Carrying Cost	$ 980,000	Cost			5.00%	Interest		$ 90,000		
Construction Loan Interest	$ 6,149,000	Cost			5.00%	Interest		$ 379,000		
Loan Origination Fees	$ 5,792,000	Loan			1.50	Points		$ 87,000		
Total Financing Costs									$	556,000
V. Total Construction Cost	27	Units		$	235,111	/Unit			$	6,348,000
Total Development Cost	27	Units		$	271,407	/Unit			$	7,328,000

Stabilized NOI
Density Bonus: 27 Units, Variable Level of Affordable Units
Santa Clarita Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income								
Market Rate Units								
Studios	0 Units	$	-	/Unit/Month	$	-		
1 BR	7 Units	$	2,040	/Unit/Month	$	171,400		
2 BR	11 Units	$	2,570	/Unit/Month	$	339,200		
3 BR	4 Units	$	2,940	/Unit/Month	$	141,100		
Total Market Rate Units	22							
Lower Income (Max 80% AMI)					$	-		
Studios	0 Units	$	737	/Unit/Month	$	-		
1 BR	1 Units	$	835	/Unit/Month	$	10,000		
2 BR	3 Units	$	936	/Unit/Month	$	33,700		
3 BR	1 Units	$	1,033	/Unit/Month	$	12,400		
Total Affordable Units	**5**							
Laundry & Misc Income	27	$	25	/Unit/Month	$	8,100		
Gross Income					$	715,900		
(Less) Vacancy & Collection Allowance	5.0% Gross Income				$	(36,000)		
Effective Gross Income							$	679,900
II. Operating Expenses								
General OpEx	27 Units	$	4,000	/Unit	$	108,000		
Property Taxes	27 Units	$	5,048	/Unit	$	136,000		
Reserves Deposits	27 Units	$	150	/Unit	$	4,000		
Total OpEx	27 Units	$	9,198	/Unit			$	248,000
III. Stabilized NOI							$	431,900

Stabilized Return on Total Investment
Density Bonus: 27 Units, Variable Level of Affordable Units
Santa Clarita Valley
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 431,900	
Total Development Cost		$ 7,328,000	
Stabilized Return on Total Investment		5.9%	
Feasible?			**YES**
(Minimum = Cap Rate + 0.75%)	5.75%		
II. Developer Profit Margin			
Net Operating Income		$ 431,900	
Cap Rate	5.00%		
Project Value (NOI x Cap Rate)		$ 8,638,000	
Less: Cost of Sale	3.0%	$ (259,140)	
Net Project Sale Value		$ 8,378,860	
Less: Total Development Cost		$ (7,328,000)	
Developer Profit Margin		$ 1,050,860	
% x Net Project Sale Value		12.5%	
Feasible?			**YES**
(Minimum = 12.5%)			
III. Financially Feasible?			**YES**

APPENDIX B.6

PRO FORMA ANALYSIS
SOUTH LOS ANGELES[1]

[1] HR&A prepared dynamic pro forma models that tested varying levels and affordability levels. For the purposes of these summary tables, prototypes are shown with the maximum supportable level of Low Income (80% of AMI) inclusionary housing.

Estimated Development Costs
Base Case: 100% Market Rate Units
South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	21,780	SF of Land	x	$ 55	/SF of Land	=		$ 1,198,000
II. Direct Costs								
Site Improvement	21,780	SF of Land	x	$ 5	/SF of Land	=	$ 109,000	
Parking								
Surface	0	Spaces	x	$ 5,000	/Space	=	$ -	
Podium	42	Spaces	x	$ 21,292	/Space	=	$ 894,000	
Building Costs	21,978	SF of GBA	x	$ 130	/SF of GBA	=	$ 2,857,000	
Contractor/DC Contingency	10.00%	Other Direct Costs				=	$ 386,000	
Total Direct Costs	20	Units		$ 212,300	/Unit			$ 4,246,000
III. Indirect Costs								
Architecture, Engineering,& Consulting	5%	Direct Costs				=	$ 212,000	
Public Permits & Fees	20	Units	x	$ 15,000	/Unit	=	$ 300,000	
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	$ 127,000	
Marketing / Leasing	20	Units	x	$ 3,500	/Unit	=	$ 70,000	
Developer Fee	4.0%	Direct Costs				=	$ 170,000	
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	$ 44,000	
Total Indirect Costs								$ 923,000
IV. Financing Costs								
Land Carrying Cost	$ 1,198,000	Cost		5.00%	Interest		$ 105,000	
Construction Loan Interest	$ 5,466,000	Cost		5.00%	Interest		$ 314,000	
Loan Origination Fees	$ 5,169,000	Loan		1.50	Points		$ 78,000	
Total Financing Costs	94.6%							$ 497,000
V. Total Construction Cost	20	Units		$ 283,300	/Unit			$ 5,666,000
Total Development Cost	20	Units		$ 343,200	/Unit			$ 6,864,000

Stabilized NOI
Base Case: 100% Market Rate Units
South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income								
Market Rate Units								
Studios	0 Units	$	-	/Unit/Month	$	-		
1 BR	8 Units	$	1,280	/Unit/Month	$	122,900		
2 BR	8 Units	$	1,480	/Unit/Month	$	142,100		
3 BR	4 Units	$	1,710	/Unit/Month	$	82,100		
Laundry & Misc Income	20	$	25	/Unit/Month	$	6,000		
Gross Income					$	353,100		
(Less) Vacancy & Collection Allowance	5.0% Gross Income				$	(18,000)		
Effective Gross Income							$	335,100
II. Operating Expenses								
General OpEx	20 Units	$	3,000	/Unit	$	60,000		
Property Taxes	20 Units	$	3,265	/Unit	$	65,000		
Reserves Deposits	20 Units	$	150	/Unit	$	3,000		
Total OpEx	20 Units	$	6,415	/Unit			$	128,000
III. Stabilized NOI							$	207,100

Stabilized Return on Total Investment
Base Case: 100% Market Rate Units
South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 207,100	
Total Development Cost		$ 6,864,000	
Stabilized Return on Total Investment		3.0%	
Feasible?			**NO**
(Minimum = Cap Rate + 0.75%)	5.75%		
II. Developer Profit Margin			
Net Operating Income		$ 207,100	
Cap Rate	5.00%		
Project Value (NOI x Cap Rate)		$ 4,142,000	
Less: Cost of Sale	3.0%	$ (124,260)	
Net Project Sale Value		$ 4,017,740	
Less: Total Development Cost		$ (6,864,000)	
Developer Profit Margin		$ (2,846,260)	
% x Net Project Sale Value		-70.8%	
Feasible?			**NO**
(Minimum = 12.5%)			
III. Financially Feasible?			**NO**

Estimated Development Costs
Density Bonus: 27 Units, Prescribed Unit Mix
South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Property Acquisition Costs	21,780	SF of Land	x	$ 55	/SF of Land	=			$ 1,198,000
II. Direct Costs									
Site Improvement	21,780	SF of Land	x	$ 5	/SF of Land	=	$ 109,000		
Parking									
Surface	0	Spaces	x	$ 5,000	/Space	=	$ -		
Podium	46	Spaces	x	$ 21,292	/Space	=	$ 979,000		
Building Costs	29,900	SF of GBA	x	$ 130	/SF of GBA	=	$ 3,887,000		
Contractor/DC Contingency	10.00%	Other Direct Costs				=	$ 498,000		
Total Direct Costs	27	Units		$ 202,704	/Unit				$ 5,473,000
III. Indirect Costs									
Architecture, Engineering,& Consulting	5%	Direct Costs				=	$ 274,000		
Public Permits & Fees	27	Units	x	$ 15,000	/Unit	=	$ 405,000		
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs				=	$ 164,000		
Marketing / Leasing	27	Units	x	$ 3,500	/Unit	=	$ 95,000		
Developer Fee	4.0%	Direct Costs				=	$ 219,000		
Soft Cost Contingency Allowance	5.0%	Other Indirect Costs				=	$ 58,000		
Total Indirect Costs									$ 1,215,000
IV. Financing Costs									
Land Carrying Cost	$ 1,198,000	Cost		5.00%	Interest		$ 110,000		
Construction Loan Interest	$ 7,100,000	Cost		5.00%	Interest		$ 438,000		
Loan Origination Fees	$ 6,688,000	Loan		1.50	Points		$ 100,000		
Total Financing Costs									$ 648,000
V. Total Construction Cost	27	Units		$ 271,704	/Unit				$ 7,336,000
Total Development Cost	27	Units		$ 316,074	/Unit				$ 8,534,000

Stabilized NOI
Density Bonus: 27 Units, Variable Level of Affordable Units
South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Income						
Market Rate Units						
Studios	0 Units	$	-	/Unit/Month	$ -	
1 BR	8 Units	$	1,280	/Unit/Month	$ 122,900	
2 BR	9 Units	$	1,480	/Unit/Month	$ 159,800	
3 BR	5 Units	$	1,710	/Unit/Month	$ 102,600	
Total Market Rate Units	22					
Lower Income (Max 80% AMI)					$ -	
Studios	0 Units	$	737	/Unit/Month	$ -	
1 BR	1 Units	$	835	/Unit/Month	$ 10,000	
2 BR	3 Units	$	936	/Unit/Month	$ 33,700	
3 BR	1 Units	$	1,033	/Unit/Month	$ 12,400	
Total Affordable Units	**5**					
Laundry & Misc Income	27	$	25	/Unit/Month	$ 8,100	
Gross Income					$ 449,500	
(Less) Vacancy & Collection Allowance	5.0% Gross Income				$ (22,000)	
Effective Gross Income						$ 427,500
II. Operating Expenses						
General OpEx	27 Units	$	3,000	/Unit	$ 81,000	
Property Taxes	27 Units	$	3,044	/Unit	$ 82,000	
Reserves Deposits	27 Units	$	150	/Unit	$ 4,000	
Total OpEx	27 Units	$	6,194	/Unit		$ 167,000
III. Stabilized NOI						$ 260,500

Stabilized Return on Total Investment
Density Bonus: 27 Units, Variable Level of Affordable Units
South Los Angeles
Inclusionary Housing Analysis - Rental Apartment Projects

I. Return on Total Development Cost			
Stabilized NOI		$ 260,500	
Total Development Cost		$ 8,534,000	
Stabilized Return on Total Investment		3.1%	
Feasible?			**NO**
(Minimum = Cap Rate + 0.75%)	5.75%		
II. Developer Profit Margin			
Net Operating Income		$ 260,500	
Cap Rate	5.00%		
Project Value (NOI x Cap Rate)		$ 5,210,000	
Less: Cost of Sale	3.0%	$ (156,300)	
Net Project Sale Value		$ 5,053,700	
Less: Total Development Cost		$ (8,534,000)	
Developer Profit Margin		$ (3,480,300)	
% x Net Project Sale Value		-68.9%	
Feasible?			**NO**
(Minimum = 12.5%)			
III. Financially Feasible?			**NO**

NOTICE OF PUBLIC HEARING

The Los Angeles County Board of Supervisors (Board) will conduct a public hearing to consider the project described below. You will have an opportunity to testify, or you can submit written comments to the planner below or at the public hearing. . If you challenge the project in court, you may be limited to raising only those issues you or someone else rasied at the public hearing described in this notice, or in written correspondence delivered to the Board at, or prior to, the public hearing.

Hearing Date and Time: Tuesday, August 4, 2020 at 9:30 a.m.
Hearing Location: 500 West Temple St., Room 383, Los Angeles, CA 90012
Please note that the location of the public hearing and/or process for holding the public hearing are subject to change due to COVID-19. Please check the Board's homepage, http://bos.lacounty.gov/, for the most up to date public hearing information.

Project: Project No. 2020-000601, Case No(s). RPPL2020001004 & RPPL2020001006
Project Location: Countywide (unincorporated areas)
CEQA: Addendum to Certified Final EIR Project 02-305 Los Angeles County General Plan
Project Description: Proposed ordinance to establish mandatory affordable housing requirements for rental and for-sale residential projects that meet certain criteria.

For more information regarding this project, contact **Tina Fung**, Los Angeles County Department of Regional Planning (DRP), 320 W. Temple St., Los Angeles, CA 90012. Telephone: (213) 974-6417, Fax: (213) 626-0434, E-mail: tfung@planning.lacounty.gov. Case materials are available online at http://planning.lacounty.gov/inclusionary. All correspondence received by DRP shall be considered a public record.

If you need reasonable accommodations or auxiliary aids, contact the Americans with Disabilities Act (ADA) Coordinator at (213) 974-6488 (Voice) or (213) 617-2292 (TDD) with at least 3 business days' notice. **Si necesita más información por favor llame al (213) 974-6411.**

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