ATTACHMENT 5

RESIDENTIAL NEXUS ANALYSIS

Inclusionary Housing Ordinance

San Diego, California

Prepared for

City of San Diego

Keyser Marston Associates, Inc.

January 2011

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INTRODUCTION

This Summary Report provides an overview of the analysis and a discussion of the findings of a residential nexus analysis conducted to examine the Inclusionary Housing Ordinance of the City of San Diego (City). The materials have been prepared by Keyser Marston Associates (KMA) for the San Diego Housing Commission (SDHC) pursuant to a contractual agreement. The residential nexus analysis addresses market rate residential projects in San Diego and the various types of units that are subject to the City's Inclusionary Housing Ordinance; the analysis quantifies the linkages between new market rate units and the demand for affordable housing in San Diego.

The City of San Diego's existing Inclusionary Housing Ordinance requires all new residential construction projects of two or more units to provide units at affordable prices or rent levels, or pay an in-lieu fee. For ownership units, the developer must set aside at least 10% of units at prices affordable to households earning up to 100% of Area Median Income (AMI). For rental units, the developer must set aside at least 10% of units at prices affordable to households earning up to 65% of AMI. The current in-lieu fee for projects with fewer than 10 units is $2.49 per square foot; for projects with 10 or more units, the in-lieu fee is $4.98 per square foot. The in-lieu fee is recalculated annually.

The Nexus Concept

At its most simplified level, the underlying nexus concept is that the newly constructed units represent new households in San Diego. These households represent new income in San Diego that will consume goods and services, either through purchases of goods and services or by "consuming" governmental services. New consumption translates to new jobs; a portion of the jobs are at lower compensation levels, low compensation jobs translate to lower income households that cannot afford market rate units in San Diego and therefore need affordable housing.

Impact Methodology and Models Used

The analysis is performed using two models. The IMPLAN model is a commercially available model developed over 30 years ago to quantify the impacts of changes in a local economy, including the employment impacts of changes in personal income. The IMPLAN model is "inputted" with net new personal income in San Diego and moves through a series of adjustments to disposable income, a distribution of expenditures, and ultimately produces a quantification of jobs generated by industry. The KMA jobs housing nexus model, which was developed nearly 20 years ago to analyze the income structure of job growth, is used to determine the household income of new employee households, identifying how many are at lower income and housing affordability levels.

Organization of this Document

- Following this Summary Report is the technical nexus analysis report (Appendix I) and a detailed discussion of market rate and affordable residential values (Appendix II). The Summary Report is not intended as a stand alone document and should not be printed or distributed without the appendices explaining all the analyses and underlying assumptions.

- Appendix I contains the full Residential Nexus Analysis Report and all the tables that are a part of the analysis.

- Appendix II – Residential Values – Market and Affordable. This is a background section that establishes the market values of various types of attached and detached residential units or "projects" based on surveys of new units selling in San Diego. This appendix also contains a discussion of affordable sales prices and rent levels at various affordability levels, per the current Area Median Income, and contains a calculation of affordability gaps.

This report has been prepared using the best and most recent data available. Local data and sources were used wherever possible. See Appendices I and II for more information.

Analysis Summary

The Prototypes

Six residential prototypes were identified for San Diego based on market surveys, input from City and SDHC staff, and KMA's extensive prior work in San Diego. The six prototypes are summarized below:

- A single family detached unit, at an average density of 5 units to the acre, a mix of three and four bedrooms, 2,750 square feet, selling for $633,000, or $230 per square foot on average.

- A townhome unit, built at an average of 20 units to the acre, a mix of two and three bedrooms, 1,400 square feet selling for $375,000, an average of $268 per square foot.

- A stacked flat condominium unit, built at an average of 50 units per acre, a mix of one, two and three bedrooms, 1,050 square feet, selling for approximately $420,000, or at $400 per square foot.

- A mid- to high-rise condominium unit, built at an average of 200 units per acre, a mix of one, two and three bedrooms, 950 square feet, selling for approximately $546,000, or at $575 per square foot.

- A garden apartment unit in a project with an average density of 25 units per acre. Unit size averages 950 square feet, a mix of one, two and three bedroom units, renting for $1,708 per month. It is noted that the rent required is slightly higher than current rent levels in San Diego. Based on our analysis, rents will have to approximate the level used in this analysis for new construction (without government assistance) to be feasible.

- A stacked flat apartment unit in a project with an average density of 60 units per acre. Average unit size is 850 square feet, a mix of one, two and three bedroom units, renting for $2,090 per month. Again, the rent required is slightly higher than current rent levels in San Diego. Based on our analysis, rents will have to approximate the level used in this analysis for new construction (without government assistance) to be feasible.

Household Income

From the sales price or rent level of the six prototypes, the household income of the purchaser or renter is readily estimated using standard housing policy and lending standards. Home purchasers are assumed to spend 35% of their household income on total housing expenses and renters 30%. Using somewhat conservative lending terms, household income for each prototype unit is estimated as follows:

Household Income						
	Single Family	*Townhome*	*Low Density Condominium*	*Higher Density Condominium*	*Garden Apartments*	*Stacked Flat Apartments*
Gross Household Income	$155,000	$91,000	$105,000	$134,000	$68,300	$83,600

As would be expected, the higher priced units translate to higher household income, with rental units and the townhome units being affordable to households at a more modest income level.

Jobs Generated

The next steps in the nexus analysis are conducted within the IMPLAN model. Gross household income is adjusted to disposable income, or income after state and federal taxes, Social Security and Medicare deductions, and personal savings.

To simplify the presentation of results, the analysis is run for building modules of 100 housing units. This avoids awkward fractions, especially at the detailed level by job industry. The IMPLAN model output provides jobs by industry; the total numbers of jobs generated are shown in the table following. The geographic area of job generation is San Diego County.

Jobs Generated per 100 Units						
	Single Family	*Townhome*	*Low Density Condominium*	*Higher Density Condominium*	*Garden Apartments*	*Stacked Flat Apartments*
Gross Household Income	$155,000	$91,000	$105,000	$134,000	$68,300	$83,600
Total Jobs Generated, 100 units	89.7	57.9	64.9	82.9	42.6	53.2

The IMPLAN model quantifies jobs generated at establishments that serve new residents directly (i.e. supermarkets, banks or schools), jobs generated by increased demand at firms which service or supply these establishments (wholesalers, janitorial contractors, accounting firms, or any jobs down the service/supply chain from direct jobs), and jobs generated when the new employees spend their wages in the local economy and generate additional jobs.

In Appendix I, jobs generated by the larger industry categories are indicated in the tables. Jobs in Eating and Drinking establishments represent the single greatest industry concentration. However if all retail categories were aggregated, even without the eating and drinking, they would be the single largest industry. Medical related services represent another major job category.

Compensation Levels of Jobs and Household Income

The output of the IMPLAN model – the numbers of jobs by industry – are then "input" into the Keyser Marston Associates jobs housing nexus analysis model to quantify the compensation level of new jobs and the income of the worker households. The KMA model sorts the jobs by industry into jobs by occupation, based on national data, and then attaches wage distribution data to the occupations, using recent San Diego County data from the California Employment Development Department (EDD). The KMA model also converts the number of employees to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers is reduced.

The output of the model is the number of new worker households by income level (expressed in relation to the AMI) attributable to the new residential units and new households in San Diego.

New Worker Households by Income Level per 100 Market Rate Units						
	Single Family	*Townhome*	*Low Density Condominium*	*Higher Density Condominium*	*Garden Apartments*	*Stacked Flat Apartments*
Under 65% AMI	26.4	16.9	19.1	24.4	12.4	15.5
65% to 100% AMI	11.3	7.3	8.1	10.4	5.3	6.7
Total, Less than 100% AMI	**37.7**	**24.2**	**27.2**	**34.8**	**17.7**	**22.2**
Greater than 100% AMI	14.1	9.3	10.3	13.2	6.9	8.6
Total, New Households	**51.9**	**33.5**	**37.5**	**47.9**	**24.6**	**30.7**

Comparison of Analysis Results to Inclusionary Percentages

The analysis findings identify how many low and median income households are generated for every 100 market rate units. These findings are adjusted to percentages for purposes of comparison to the on-site inclusionary requirements. The percentages are calculated including both market rate and affordable units (for example, 25 affordable units per 100 market rate units translates to 125 total units; 25 affordable units out of 125 units equals 20%).

Each tier is cumulative, or inclusive of the tiers above it.

Cumulative Inclusionary Percentage Supported by Nexus Analysis

	Single Family	*Townhome*	*Low Density Condominium*	*Higher Density Condominium*	*Garden Apartments*	*Stacked Flat Apartments*
Under 65% AMI	20.9%	14.4%	16.0%	19.6%	11.0%	13.4%
65% to 100% AMI	27.4%	19.5%	21.4%	25.8%	15.0%	18.2%

The conclusion of the analysis is that the market rate units analyzed support percentages up through Median Income (100% AMI) in the range of 15 to 27%. The City's current requirements are 10% at Median for ownership units and 10% at 65% AMI for rental units; the nexus analysis supports these percentages. Needless to say, units priced higher than the $633,000 unit analyzed would produce even higher on-site percentage requirements.

Fee Levels Supported by the Nexus Analysis

The last step in the analysis puts a dollar amount on the cost of mitigating the affordable housing impacts. The conclusions of the nexus analysis, expressed as the number of worker households by income affordability category, are linked to the cost of delivering housing to the households in need.

Each income or affordability tier is associated with a subsidy needed to produce and deliver a unit at the specified affordability level. These subsidies are equal to affordability gaps, or the difference between the cost of development and the sales price or unit value supported by the rent that can be paid by a household at the specified income level.

The cost of developing new residential units in San Diego was assembled from a number of sources. Land costs were gathered from recent land sale data collected by KMA. KMA is also actively working on a number of multifamily projects in various locations in the San Diego area and has recent developer pro forma financial analyses from which to draw cost information.

Appendix II presents the survey materials, methodology and findings as well as affordable rent, unit value and sales price calculations. The affordability gaps used in the analysis incorporate a policy to match households at various income levels with types of residential units. Specifically,

it is assumed that households under 65% AMI will be housed in rental apartments. Median income households, or those in the 65% to 100% tier, are assumed to be housed in townhome units.

Affordable sales prices and rent levels are calculated by KMA based on the SDHC methodology. Sales prices are calculated assuming a household earns 100% of median income and spends 35% of household income on housing expenses. Rents are calculated assuming a low income household earns 65% of median income and spends 30% of income on housing.

When the affordability gap conclusions for each income tier are linked to the number of affordable units required as a result of market rate development (as indicated in the inset table on the previous page) and divided by 100 units, the result is a Total Nexus Cost per new market rate residential unit. The results per unit are:

Nexus Per Market Rate Unit							
Income Category	*Affordability Gap*	*Single Family*	*Town-home*	*Low Density Condo*	*Higher Density Condo*	*Garden Apartments*	*Stacked Flat Apartments*
Under 65% AMI	$193,000	$51,000	$32,600	$36,900	$47,000	$23,900	$29,900
65% to 100% AMI	$122,000	$13,800	$8,900	$9,900	$12,700	$6,500	$8,100
Total Nexus Costs		**$64,800**	**$41,500**	**$46,800**	**$59,700**	**$30,400**	**$38,000**

For ownership or for-sale units, the Residential Nexus Analysis supports maximum fee levels of at least $41,500 per market rate unit. The per unit costs indicated in the table above result in a predictable higher cost per unit associated with the bigger or more expensive housing unit and the higher income (and expenditures) of the more affluent households.

For rental units, the maximum supported nexus fee level ranges from $30,400 to $38,000 per market rate unit.

The Total Nexus Costs indicated above may also be expressed on a per square foot level. The square foot areas of the prototype units used throughout the analysis become the basis for the calculation. Again, see Appendix II for more discussion of the prototypes. The results per square foot are as follows:

Total Nexus Cost Per Sq. Ft.							
Income Category	*Affordability Gap*	*Single Family*	*Town-home*	*Low Density Condo*	*Higher Density Condo*	*Garden Apartments*	*Stacked Flat Apartments*
Prototype Size (SF)		*2,750 SF*	*1,400 SF*	*1,050 SF*	*950 SF*	*950 SF*	*850 SF*
Under 65% AMI	$193,000	$18.55	$23.29	$35.14	$49.47	$25.16	$35.18
65% to 100% AMI	$122,000	$5.02	$6.36	$9.43	$13.37	$6.84	$9.53
Total Nexus Costs		**$23.56**	**$29.64**	**$44.57**	**$62.84**	**$32.00**	**$44.71**

The maximum supportable fee levels are significantly higher than the City's current fee, which is equal to $4.98 per square foot for projects with 10 or more units.

The calculated fee levels indicated above, per unit or per square foot, are maximum fees supported by the nexus analysis. Establishing the appropriate fee level for the City is a policy matter that will be determined by the City Council.

This analysis has been prepared solely to demonstrate support for inclusionary measures and fees from the nexus perspective.

APPENDIX I: RESIDENTIAL NEXUS ANALYSIS

INTRODUCTION AND OVERVIEW

Keyser Marston Associates (KMA) has prepared this residential nexus analysis for the San Diego Housing Commission (SDHC) per a contractual agreement. This residential nexus analysis addresses market rate residential projects and the various types of units that are subject to the Inclusionary Housing Ordinance, and quantifies the linkages between new market rate units and the demand for affordable housing generated by the residents of new units.

The San Diego Context and Purpose of Report

The City of San Diego's existing Inclusionary Housing Ordinance requires all new residential construction projects of two or more units to provide units at affordable prices or rent levels, or pay an in-lieu fee. For ownership units, the developer must set aside at least 10% of units at prices affordable to households earning up to 100% of AMI. For rental units, the developer must set aside at least 10% of units at prices affordable to households earning up to 65% of AMI. The current in-lieu fee for projects with fewer than 10 units is $2.49 per square foot; for projects with 10 or more units, the in-lieu fee is $4.98 per square foot. The in-lieu fee is recalculated annually.

The Nexus Concept

At its most simplified level, the underlying nexus concept is that the newly constructed units represent new households in San Diego. These households represent new income in San Diego that will consume goods and services, either through purchases of goods and services or "consumption" of governmental services. New consumption translates to jobs; a portion of the jobs are at lower compensation levels, low compensation jobs relate to lower income households that cannot afford market rate units in San Diego and therefore need affordable housing.

Use of This Study

An impact analysis of this nature has been prepared for the limited purpose of determining nexus support to the City of San Diego's Inclusionary Housing Ordinance affecting residential development. It has not been prepared as a document to guide policy design in the broader context.

Methodology and Models Used

The methodology or analysis procedure for this nexus analysis starts with the sales price (or rental rate) of a new market rate residential unit, and moves through a series of linkages to the gross income of the household that purchased or rented the unit, the disposable income of the new household, the annual expenditures on goods and services, the jobs associated with the purchases and delivery of services, the income of the workers doing those jobs, the household income of the workers and, ultimately, the affordability level of the housing needed by the

worker households. The steps of the analysis from household income to jobs generated were performed using the IMPLAN model, a model widely used for over 30 years to quantify the impacts of changes in a local economy, including employment impacts from changes in personal income. From job generation by industry, KMA used its own jobs housing nexus model to quantify the income of worker households by affordability level.

To illustrate the linkages by looking at a simplified example, we can take an average household that buys a house at a certain price. From that price, we estimate the gross income of the household (from mortgage rates and lending practices) and the disposable income of the household. The disposable income, on average, will be used to "purchase" or consume a range of goods and services, such as purchases at the supermarket or services at the bank. Purchases in the local economy in turn generate employment. The jobs generated are at different compensation levels. Some of the jobs are low paying and as a result, even when there is more than one worker in the household, there are some lower and middle-income households who cannot afford market rate housing in San Diego.

The IMPLAN model quantifies jobs generated at establishments that serve new residents directly (e.g., supermarkets, banks or schools), jobs generated by increased demand at firms which service or supply these establishments, and jobs generated when the new employees spend their wages in the local economy and generate additional jobs. The IMPLAN model estimates the total impact combined.

Net New Underlying Assumption

An underlying assumption of the analysis is that households that purchase or rent new units represent net new households in San Diego. If purchasers or renters have relocated from elsewhere in the city, vacancies have been created that will be filled. An adjustment to new construction of units would be warranted if San Diego were experiencing a significant level of demolitions or loss of existing housing inventory. However, the rate of housing unit removal is so low as to not warrant an adjustment or offset.

Since the analysis addresses net new households in San Diego and the impacts generated by their consumption expenditures, it quantifies net new demands for affordable units to accommodate new worker households. As such, the impact results do not address nor in any way include existing deficiencies in the supply of affordable housing.

Geographic Area of Impact

The analysis quantifies impacts occurring within San Diego County. While the majority of impacts will occur within the City of San Diego since it is a large city with a broad range of retail and service outlets, hospitals and other institutions, some impacts will be experienced elsewhere in the County and beyond. The IMPLAN model computes the jobs generated within

the County and sorts out those that occur beyond the county boundaries. The results therefore slightly underestimate the total impact of new housing on the total need for affordable housing.

Job impacts, like most types of impacts, occur irrespective of political boundaries. And like other types of impact analyses, such as traffic, impacts beyond city boundaries are experienced, are relevant, and are important. See Addendum for further discussion.

Disclaimer

This report has been prepared using the best and most recent data available at the time of the analysis. Local data and sources were used wherever possible. Major sources include the U.S. Census Bureau: 2006-2008 American Community Survey, California Employment Development Department and the IMPLAN model. While we believe all sources utilized are sufficiently sound and accurate for the purposes of this analysis, we cannot guarantee their accuracy. Keyser Marston Associates, Inc. assumes no liability for information from these and other third party sources.

A. MARKET RATE UNITS AND GROSS HOUSEHOLD INCOME

This section describes the prototypical market rate units that are subject to affordable housing requirements under the City of San Diego's Inclusionary Housing Ordinance and the income of the purchaser and renter households. Household income is the input to the IMPLAN model described in Section B of this report. These are the starting points of the chain of linkages that connect new market rate units to incremental demand for affordable residential units.

This section provides a summary of the prototypes and household income. More description and supporting tables are provided in Appendix II.

Recent Housing Market Activity and Prototypical Units

In identifying residential prototypes, KMA undertook a survey of residential units currently being marketed throughout the City. KMA accessed readily available data on real estate sales values and apartment rents, which included new for-sale projects as well as resales of newer units. Four for-sale prototypes and two rental prototypes were identified. These prototypes represent both projects currently being proposed and developed and projects that have potential for development in the foreseeable future.

For-Sale Project Prototypes

The for-sale prototypes are as follows:

- A single family detached unit, at an average of 5 units to the acre, a mix of three and four bedrooms, 2,750 square feet, selling for $633,000, or $230 per square foot on average.

- A townhome unit, built at an average of 20 units to the acre, a mix of two and three bedrooms, 1,400 square feet selling for $375,000, an average of $268 per square foot.

- A stacked flat condominium unit, built at an average of 50 units per acre, a mix of one, two and three bedrooms, 1,050 square feet, selling for approximately $420,000, or at $400 per square foot.

- A mid- to high-rise condominium unit, built at an average of 200 units per acre, a mix of one, two and three bedrooms, 950 square feet, selling for approximately $546,000, or at $575 per square foot.

The nexus analysis for the for-sale prototypes will illustrate how the analysis results are affected as the price of the unit increases.

Rental Project Prototypes

Like much of San Diego County, San Diego has experienced little development of rental apartments in recent years. In 2008 and 2009, San Diego experienced a slight decline in rent levels and a slight increase in vacancy rates. As of this writing in late 2010, conditions have already changed and rents are beginning to move in an upward direction while vacancies decline slightly (Marcus and Millchap survey). Vacancy levels never did exceed 5% even in the worst months in the San Diego region. In short, the rental market is poised for strengthening to the extent that new construction is anticipated within the next two years. In fact, some developers are preparing to enter the market with minimum initial returns but with an anticipation of better returns in the future.

For the purposes of the nexus analysis, the prototypes are as follows:

- A garden apartment unit in a project with an average density of 25 units per acre. Unit size averages 950 square feet, a mix of one, two and three bedroom units, renting for $1,708 per month.

- A stacked flat apartment unit in a project with an average density of 60 units per acre. Average unit size is 850 square feet, a mix of one, two and three bedroom units, renting for $2,090 per month.

Reference is made to the market survey material in Appendix II.

Summary

In summary, the prototypes tested in the nexus analysis are as follows:

Nexus Prototypes

	Single Family	*Townhome*	*Low Density Condo*	*Higher Density Condo*	*Garden Apt.*	*Stacked Flat Apt.*
Avg. Unit Size	2,750 sf	1,400 sf	1,050 sf	950 sf	950 sf	850 sf
Avg. No. of Bedrooms	3.5	2.5	1.8	1.8	1.8	1.8
Avg. Rent/Sales Price	$633,000	$375,000	$420,000	$546,000	$1,708/mo.	$2,090/mo.
Avg. Rent/Sales Price per sf	$230	$268	$400	$575	$1.80	$2.46

Income of Housing Unit Purchasers or Renter

The next step in the analysis is to determine the income of the purchasing or renting households in the prototypical units. The gross household income of the purchasers or renters is the input to the IMPLAN model.

For Sale Units

To make the determination for ownership units, terms for the purchase of residential units used in the analysis are slightly less favorable than what can be achieved at the current time since current terms are not likely to endure. The selected terms for the analysis are: 10% down payment, 30 year fixed rate mortgage, 6.0% interest rate. The tables at the end of this section provide the details.

The single family detached unit includes as an expense an allowance for maintenance and insurance. The attached unit prototypes, townhomes and condominiums, include as expenses monthly homeowners' association (HOA) dues, per industry practice. All ownership product types include an estimate of property taxes as well. A key assumption is that housing costs run, on average, at about 35% of gross income. During the housing boom, lending institutions were willing to accept higher than 35% for all debt as a share of income, but most households have other forms of debt, such as auto loans, student loans, and credit card debt. We have seen a return to more conservative lending practices in the past few years.

Apartment Units

The standard for relating annual rent to household income is 30%, excluding utilities. While leasing agents and landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average. This is based on the fact that renters are also likely to have other debt, and that many do not choose to spend more than 30% of their income on rent, since, unlike an ownership situation, the unit is not viewed as an investment with value enhancement potential. The resulting relationship is that annual household income is 3.3 times annual rent.

The estimated gross household incomes of the purchasers or renters of the prototype units are calculated in tables A-1 through A-6, and summarized below.

Household Income

	Single Family	*Townhome*	*Low Density Condominium*	*Higher Density Condominium*	*Garden Apartments*	*Stacked Flat Apartments*
Gross Household Income	$155,000	$91,000	$105,000	$134,000	$68,300	$83,600

The nexus analysis is conducted on 100-unit building modules for ease of presentation, and to avoid awkward fractions. Tables A-7 and A-8 summarize the conclusions of this section and calculate the total gross household income for the 100-unit building modules. This is the input into the IMPLAN model.

TABLE A-1
PROTOTYPE 1: SFD
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

			Prototype 1 Single Family Detached
Sales Price	$230 /SF	2,750 SF	$633,000
Mortgage Payment			
Downpayment @ 10%		10%	$63,300
Loan Amount			$569,700
Interest Rate			6.00%
Term of Mortgage			30 years
Annual Mortgage Payment			$40,988
Other Costs			
HOA Dues	$150	per month	$1,800
Maintenance & Insurance	$300	per month	$3,600
Property Taxes	1.25%	of sales price	$7,900
Total Annual Housing Cost			$54,288
% of Income Spent on Hsg			35%
Annual Income Required			$155,000
Sales Price to Income Ratio			4.1

TABLE A-2
PROTOTYPE 2: TOWNHOME
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

			Prototype 2 Townhome
Sales Price	$268 /SF	1,400 SF	$375,000
Mortgage Payment			
Downpayment @ 10%		10%	$37,500
Loan Amount			$337,500
Interest Rate			6.00%
Term of Mortgage			30 years
Annual Mortgage Payment			$24,282
Other Costs			
HOA Dues	$175	per month	$2,100
Maintenance & Insurance	$75	per month	$900
Property Taxes	1.25%	of sales price	$4,700
Total Annual Housing Cost			$31,982
% of Income Spent on Hsg			35%
Annual Income Required			$91,000
Sales Price to Income Ratio			4.1

TABLE A-3
PROTOTYPE 3: STACKED FLAT CONDOMINIUM
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

			Prototype 3 Stacked Flat Condominium
Sales Price	$400 /SF	1,050 SF	$420,000
Mortgage Payment			
Downpayment @ 10%		10%	$42,000
Loan Amount			$378,000
Interest Rate			6.00%
Term of Mortgage			30 years
Annual Mortgage Payment			$27,196
Other Costs			
HOA Dues	$300	per month	$3,600
Maintenance / Insurance	$50	per month	$600
Property Taxes	1.25%	of sales price	$5,300
Total Annual Housing Cost			$36,696
% of Income Spent on Hsg			35%
Annual Income Required			$105,000
Sales Price to Income Ratio			4.0

TABLE A-4
PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

			Prototype 4 Mid-Rise to High-Rise Condomimium
Sales Price	$575 /SF	950 SF	$546,000
Mortgage Payment			
Downpayment @ 10%		10%	$54,600
Loan Amount			$491,400
Interest Rate			6.00%
Term of Mortgage			30 years
Annual Mortgage Payment			$35,354
Other Costs			
HOA Dues	$400	per month	$4,800
Maintenance / Insurance	$50	per month	$600
Property Taxes	1.25%	of sales price	$6,800
Total Annual Housing Cost			$46,954
% of Income Spent on Hsg			35%
Annual Income Required			$134,000
Sales Price to Income Ratio			4.1

TABLE A-5
PROTOTYPE 5: GARDEN APARTMENTS
ANNUAL RENT TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

			Prototype 5 Garden - Style Apartment Units
Market Rent			
Monthly	$1.80 /SF	950 SF	$1,708
Annual			$20,496
% of Income Spent on Rent (excludes utilities)			30%
Annual Household Income Required			$68,300
Annual Rent to Income Ratio			3.3

TABLE A-6
PROTOTYPE 6: STACKED FLAT APARTMENTS
ANNUAL RENT TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

			Prototype 6 Stacked Flats Apartment Units
Market Rent			
Monthly	$2.46 /SF	850 SF	$2,090
Annual			$25,080
% of Income Spent on Rent (excludes utilities)			30%
Annual Household Income Required			$83,600
Annual Rent to Income Ratio			3.3

TABLE A-7
FOR SALE PROTOTYPES SUMMARY
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO 0

	Per Unit	Per Sq.Ft.	100 Unit Building Module
PROTOTYPE 1: SFD			
Units			***100 Units***
Building Sq.Ft. (net salable area)	2,750		275,000
Sales Price	$633,000	$230	$63,300,000
Sales Price to Income Ratio	4.1		4.1
Gross Household Income	$155,000	$56.36	$15,500,000
PROTOTYPE 2: TOWNHOME			
Units			***100 Units***
Building Sq.Ft. (net salable area)	1,400		140,000
Sales Price	$375,000	$268	$37,500,000
Sales Price to Income Ratio	4.1		4.1
Gross Household Income	$91,000	$33.09	$9,100,000
PROTOTYPE 3: STACKED FLAT CONDOMINIUM			
Units			***100 Units***
Building Sq.Ft. (net salable area)	1,050		105,000
Sales Price	$420,000	$400	$42,000,000
Sales Price to Income Ratio	4.0		4.0
Gross Household Income	$105,000	$38.18	$10,500,000
PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM			
Units			***100 Units***
Building Sq.Ft. (net salable area)	950		95,000
Sales Price	$546,000	$575	$54,600,000
Sales Price to Income Ratio	4.1		4.1
Gross Household Income	$134,000	$48.73	$13,400,000

TABLE A-8
RESIDENTIAL HOUSEHOLD SUMMARY - RENTAL
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

	Per Unit	Per Sq.Ft.	100 Unit Building Module
PROTOTYPE 5: GARDEN APARTMENTS			
Units			***100 Units***
Building Sq.Ft. (net rentable area)	950		95,000
Rent			
Monthly	$1,708	$1.80 /SF	$170,800
Annual	$20,496	$21.57 /SF	$2,049,600
Rent to Income Ratio	3.3		3.3
Gross Household Income	$68,300	$71.89	$6,830,000
PROTOTYPE 6: STACKED FLAT APARTMENTS			
Units			***100 Units***
Building Sq.Ft. (net rentable area)	850		85,000
Rent			
Monthly	$2,090	$2.46 /SF	$209,000
Annual	$25,080	$29.51 /SF	$2,508,000
Rent to Income Ratio	3.3		3.3
Gross Household Income	$83,600	$98.35	$8,360,000

B. THE IMPLAN MODEL

Consumer spending by residents of new housing units will create jobs, particularly in sectors such as restaurants, health care, and retail, which are closely connected to the expenditures of residents. The widely used economic analysis tool, IMPLAN (IMpact Analysis for PLANning), was used to quantify these new jobs by industry sector.

IMPLAN Model Description

The IMPLAN model is an economic analysis software package now commercially available through the Minnesota IMPLAN Group. IMPLAN was originally developed by the U.S. Forest Service, the Federal Emergency Management Agency, and the U.S. Department of the Interior Bureau of Land Management and has been in use since the 1970s and refined over time. It has become a widely used tool for analyzing economic impacts from a broad range of applications from major construction projects to natural resource programs.

IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply chain relationships between industries and also between households and the producers of household goods and services. Assumptions about the portion of inputs or supplies for a given industry likely to be met by local suppliers, and the portion supplied from outside the region or study area are derived internally within the model using data on the industrial structure of the region.

The output or result of the model is generated by tracking changes in purchases for final use (final demand) as they filter through the supply chain. Industries that produce goods and services for final demand or consumption must purchase inputs from other producers, which in turn, purchase goods and services. The model tracks these relationships through the economy to the point where leakages from the region stop the cycle. This allows the user to identify how a change in demand for one industry will affect a list of over 400 other industry sectors. The projected response of an economy to a change in final demand can be viewed in terms of economic output, employment, or income.

Data sets are available for each county and state, so the model can be tailored to the specific economic conditions of the region being analyzed. This analysis utilizes the data set for San Diego County. As will be discussed, much of the employment impact is in local-serving sectors, such as retail, eating and drinking establishments, and medical services. The vast majority of these jobs will be located in San Diego. In addition, the employment impacts will extend throughout the County and beyond based on where jobs are located that serve San Diego residents.

Application of the IMPLAN Model to Estimate Job Growth

The IMPLAN model was applied to link gross household income to household expenditures to job growth occurring in San Diego County. Employment generated by the household income of residents is analyzed in modules of 100 residential units to facilitate communication of the results and avoid awkward fractions. The IMPLAN model first converts household income to disposable income by accounting for State and Federal income taxes, Social Security and Medicare (FICA) taxes, and personal savings. The model then distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study, to estimate employment generated.

Job creation, driven by increased demand for products and services, was projected for each of the industries that will serve the new households. The employment generated by this new household spending is summarized below.

Jobs Generated per 100 Units

	Single Family	*Townhome*	*Low Density Condo*	*Higher Density Condo*	*Garden Apts*	*Stacked Flat Apartments*
Gross Household Income	$155,000	$91,000	$105,000	$134,000	$68,300	$83,600
Total Jobs Generated, 100 units	89.7	57.9	64.9	82.9	42.6	53.2

Table B-1 provides a detailed summary of employment generated by industry. The table shows industries sorted by projected employment. Expenditure patterns vary by income level, and the IMPLAN results are calculated according to the income bracket. In the case of the San Diego prototypes, garden apartment households are in one income category, townhome and stacked flat apartment households are in a second, condominium owner households (low and higher density) are in a third, and single family households are in a fourth. Estimated employment is shown for each IMPLAN industry sector representing 1% or more of total employment. The jobs that are generated within the County are heavily in the retail industries, in restaurants and other eating establishments, and in industries that are provide local services such as health care and real estate.

The jobs counted in the IMPLAN model cover all jobs, full and part time, similar to the U.S. Census and all reporting agencies (unless otherwise indicated).

TABLE B-1
IMPLAN MODEL OUTPUT
EMPLOYMENT GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

Per 100 Market Rate Units

Page 1 of 2

	PROTOTYPE 1: SFD	% of Jobs	PROTOTYPE 2: TOWNHOME	% of Jobs	PROTOTYPE 3: STACKED FLAT CONDOMINIUM	PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM	% of Jobs	PROTOTYPE 5: GARDEN APARTMENTS	% of Jobs	PROTOTYPE 6: STACKED FLAT APARTMENTS	% of Jobs
Gross Income of New Residents (in 100 Market Rate Units) [1]	$15,500,000		$9,100,000		$10,500,000	$13,400,000		$6,830,000		$8,360,000	
Employment Generated by Income Differential by Industry[2]											
Food services and drinking places	9.6	11%	7.0	12%	7.5	9.5	12%	5.0	12%	6.4	12%
Real estate establishments	4.2	5%	3.8	7%	3.5	4.5	5%	3.0	7%	3.5	7%
Offices of physicians, dentists, and other health practitioners	4.7	5%	3.6	6%	3.6	4.6	6%	2.6	6%	3.3	6%
Wholesale trade businesses	2.1	2%	2.2	4%	2.3	2.9	3%	1.6	4%	2.0	4%
Retail Stores - Food and beverage	3.2	4%	2.2	4%	2.5	3.2	4%	1.3	3%	2.0	4%
Retail Stores - General merchandise	3.1	3%	2.1	4%	2.5	3.1	4%	1.3	3%	1.9	4%
Retail Stores - Motor vehicle and parts	2.3	3%	1.6	3%	1.8	2.3	3%	1.0	2%	1.4	3%
Private hospitals	2.6	3%	1.6	3%	1.7	2.2	3%	1.5	4%	1.4	3%
Private household operations	3.7	4%	1.5	3%	2.5	3.1	4%	1.0	2%	1.4	3%
Retail Nonstores - Direct and electronic sales	2.2	2%	1.5	3%	1.7	2.2	3%	0.9	2%	1.4	3%
Securities, commodity contracts, investments	1.9	2%	1.4	2%	1.5	1.9	2%	1.0	2%	1.3	2%
Retail Stores - Clothing and clothing accessories	1.9	2%	1.3	2%	1.5	1.9	2%	0.8	2%	1.2	2%
Retail Stores - Miscellaneous	1.7	2%	1.1	2%	1.3	1.7	2%	0.7	2%	1.0	2%
Nursing and residential care facilities	2.4	3%	1.1	2%	1.5	2.0	2%	1.2	3%	1.0	2%
Employment services	1.5	2%	1.0	2%	1.1	1.4	2%	0.8	2%	0.9	2%
Retail Stores - Building material and garden supply	1.2	1%	0.8	1%	1.0	1.2	2%	0.5	1%	0.8	1%
Retail Stores - Health and personal care	1.2	1%	0.8	1%	1.0	1.2	1%	0.5	1%	0.8	1%
Insurance carriers	1.3	1%	0.8	1%	0.9	1.2	1%	0.6	1%	0.7	1%
Automotive repair and maintenance, except car washes	1.3	1%	0.8	1%	0.9	1.1	1%	0.6	1%	0.7	1%
Services to buildings and dwellings	1.3	1%	0.8	1%	0.9	1.1	1%	0.6	1%	0.7	1%
Individual and family services	1.8	2%	0.8	1%	0.9	1.1	1%	0.7	2%	0.7	1%

TABLE B-1
IMPLAN MODEL OUTPUT
EMPLOYMENT GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

Per 100 Market Rate Units	PROTOTYPE 1: SFD	% of Jobs	PROTOTYPE 2: TOWNHOME	% of Jobs	PROTOTYPE 3: STACKED FLAT CONDOMINIUM	PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM	% of Jobs	PROTOTYPE 5: GARDEN APARTMENTS	% of Jobs	PROTOTYPE 6: STACKED FLAT APARTMENTS	% of Jobs
Page 2 of 2											
Banking and depository credit	1.0	1%	0.8	1%	0.8	1.0	1%	0.5	1%	0.7	1%
Civic, social, professional, and similar organizations	1.3	1%	0.7	1%	0.8	1.1	1%	0.6	1%	0.7	1%
Medical & diagnostic labs, outpatient & other ambulatory care	1.0	1%	0.7	1%	0.7	0.9	1%	0.5	1%	0.7	1%
Legal services	1.0	1%	0.7	1%	0.8	1.0	1%	0.5	1%	0.6	1%
Personal care services	1.1	1%	0.7	1%	0.8	1.0	1%	0.6	1%	0.6	1%
Private elementary and secondary schools	2.1	2%	0.6	1%	1.0	1.2	2%	0.5	1%	0.6	1%
Amusement parks, arcades, other entertainment	1.2	1%	0.6	1%	0.7	0.9	1%	0.5	1%	0.5	1%
Retail Stores - Sporting goods, hobby, book and music	0.9	1%	0.6	1%	0.7	0.9	1%	0.4	1%	0.5	1%
Other private educational services	1.1	1%	0.6	1%	0.7	0.9	1%	0.7	2%	0.5	1%
Private colleges, universities, and professional schools	1.4	2%	0.6	1%	0.8	1.0	1%	0.5	1%	0.5	1%
Child day care services	1.1	1%	0.4	1%	0.5	0.7	1%	0.4	1%	0.4	1%
All Other	21.5	24%	13.2	23%	14.7	18.7	23%	9.9	23%	12.1	23%
Total Employment Generated	89.7	100%	57.9	100%	64.9	82.9	100%	42.6	100%	53.2	100%

[1] The IMPLAN model tracks how increases in consumer spending creates jobs in the local economy. See Tables A-7 and A-8 for estimates of the gross income of residents of the prototypical 100 unit buildings. The model produces results by income category. For this analysis, there are four household income categories: $50,000 - $75,000 (Prototype 5) $75,000 - $100,000 (Prototypes 2 and 6), $100,000 - $150,000 (Prototypes 3 and 4) and greater than $150,000 (Prototype 1). Expenditures patterns, and therefore, occupation distribution, varies by income category.

[2] For industries representing more than 1% of total employment for any of the four IMPLAN income categories (see note 1).

C. THE KMA JOBS HOUSING NEXUS MODEL

This section presents a summary of the analysis linking the employment growth associated with residential development, or the output of the IMPLAN model (see Section B), to the estimated number of lower income housing units required in each of two income categories, for each of the six residential prototype units.

Analysis Approach and Framework

The analysis approach is to examine the employment growth for industries related to consumer spending by residents in the 100-unit modules. Then, through a series of linkage steps, the number of employees is converted to households and housing units by affordability level. The findings are expressed in terms of numbers of affordable households per 100 market rate units.

The analysis addresses the affordable unit demand associated with new market rate residential units in San Diego County. The table below shows the 2010 San Diego County Area Median Income and 65% of AMI level. The income categories are consistent with those included in the City's Inclusionary Housing Ordinance.

2010 Income Limits for San Diego County						
	Household Size (Persons)					
	1	*2*	*3*	*4*	*5*	*6 +*
65% of Median	$35,750	$40,850	$45,955	$51,050	$55,150	$59,200
100% of Median	$52,850	$60,400	$67,950	$75,500	$81,550	$87,600

The analysis is conducted using a model that KMA developed and has applied to similar evaluations in many other jurisdictions. This model was also used to conduct the City of San Diego's Jobs Housing Nexus Study. The model inputs are all local data to the extent possible, and are fully documented in the following description.

Analysis Steps

Tables C-1 and C-2 at the end of this section present a summary of the nexus analysis steps for the prototype units. Following is a description of each step of the analysis.

Step 1 – Estimate of Total New Employees

Table C-1 commences with the total number of employees associated with the new market rate units. The employees were estimated based on household expenditures of new residents using the IMPLAN model (see Section B).

Step 2 – Adjustment from Employees to Employee Households

This step (Table C-1) converts the number of employees to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers is reduced. The workers-per-worker-household ratio eliminates from the equation all non-working households, such as retired persons, students, and those on public assistance. The County average of 1.73 workers per worker household (from the U. S. Census Bureau: 2006-2008 American Community Survey) is used for this step in the analysis. The number of jobs is divided by 1.73 to determine the number of worker households. (Average workers related to all households is a lower ratio because all households are counted in the denominator, not just worker households; using average workers per total households would produce greater demand for housing units.) The 1.73 ratio covers all workers, full and part time.

Step 3 – Occupational Distribution of Employees

The occupational breakdown of employees is the first step to arrive at income level. The output from the IMPLAN model provides the number of employees by industry sector. The IMPLAN output is paired with data from the Department of Labor, Bureau of Labor Statistics May 2009 Occupational Employment Survey (OES) to estimate the occupational composition of employees for each industry sector. (Industry refers to the economic activity in which workers are primarily engaged, such as retail or manufacturing, while occupation describes the jobs of the workers in the industry, such as sales clerks or managers in retail stores and machine operators and managers in manufacturing. Each industry has its own distinct cross section of occupations or occupational mix.)

Pairing of OES and IMPLAN data was accomplished by matching IMPLAN industry sector codes with the four-digit North American Industry Classification System Code (NAICS) used in the OES. Each IMPLAN industry sector is associated with one or more NAICS codes, with matching NAICS codes ranging from two to five digits. Employment for IMPLAN sectors with multiple matching NAICS codes was distributed among the matching codes based on the distribution of employment among those industries at the national level. Employment for IMPLAN sectors where matching NAICS codes were only at the two- or three-digit level of detail was distributed using a similar approach, among all of the corresponding four-digit NAICS codes falling under the broader two- or three-digit categories.

National-level employment totals for each industry within the OES were pro-rated to match the employment distribution projected using the IMPLAN model, which varies by income category. Occupational composition within each industry was held constant. The result is the estimated occupational mix of employees. Table C-3 presents a summary of the results for garden apartment rental households. Table C-4 presents a summary for townhome and stacked flat

apartment households, Table C-5 for condominium owner households, and Table C-6 for single family households.

As shown on Table C-1, new jobs will be distributed across a variety of occupational categories. The three largest occupational categories are office and administrative support positions (17-18%), sales positions (15-17%), and food preparation and serving jobs (12-13%). Step 3 of Table C-1 indicates both the percentage of total employee households and the number of net new employee households by occupation associated with 100 new market rate units.

Step 4 – Estimates of Employee Households Meeting the Lower Income Definitions

In this step, occupation is translated to income based on recent San Diego County wage and salary information from the California Employment Development Department. The wage and salary information summarized in Tables C-7 (garden apartment renter households), C-8 (for townhome and stacked flat apartment households), C-9 (condominium owner households) and C-10 (single family households) provided the income inputs to the model. This step in the analysis calculates the number of employee households that fall into each income category for each household size.

Individual *employee* income data was used to calculate the number of *households* that fall into the income categories by assuming that multiple earner households are, on average, formed of individuals with similar incomes. Employee households not falling into one of the major occupation categories per Tables C-3 through C-6 are assumed to have the same income distribution as the major occupation categories.

Step 5 – Estimate of Household Size Distribution

In this step, household size distribution was input into the model in order to estimate the income and household size combinations that meet the income definitions for San Diego County. The household size distribution utilized in the analysis is that of worker households in San Diego County derived using American Community Survey (ACS) data. The model employs a distribution of the number of workers per household by household size. For example, four-person worker households can have one, two, three, or four workers in the household. The model uses ACS data to develop a distribution of the number of the workers per worker household, by household size.

Step 6 – Estimate of Households that Meet Size and Income Criteria

For this step KMA built a cross-matrix of household size and income to establish probability factors for the two criteria in combination. For each occupational group a probability factor was calculated for each income level and household size/number of workers combination, and multiplied by the number of households. Table C-2 shows the result after completing Steps 4, 5,

and 6. The calculated number of households that meet size and income criteria shown are for the under 65% of AMI category generated by 100 market rate prototype units. The methodology was repeated for the higher income tier, resulting in a total count of worker households per 100 units.

Summary Findings

Table C-11 indicates the results of the analysis for the residential prototype units. The table presents the number of households generated in each affordability category and the total number over 100% of Area Median Income.

According to Table C-11, approximately 70% of new worker households generated by the expenditures of new residents have incomes below 100% of AMI, with most of these households earning less than 65% of AMI. The finding that the jobs associated with consumer spending tend to be low-paying jobs where the workers will require housing affordable at the lower income levels is not surprising. As noted above, direct consumer spending results in employment that is concentrated in lower paid occupations including food preparation, administrative, and retail sales.

The findings in Table C-11 are presented below. The table shows the total demand for affordable housing units associated with 100 market rate units.

New Worker Households by Income Level per 100 Market Rate Units

	Single Family	*Townhome*	*Low Density Condominium*	*Higher Density Condominium*	*Garden Apartments*	*Stacked Flat Apartments*
Under 65% AMI	26.4	16.9	19.1	24.4	12.4	15.5
65% to 100% AMI	11.3	7.3	8.1	10.4	5.3	6.7
Total, Less than 100% AMI	**37.7**	**24.2**	**27.2**	**34.8**	**17.7**	**22.2**
Greater than 100% AMI	14.1	9.3	10.3	13.2	6.9	8.6
Total, New Households	**51.9**	**33.5**	**37.5**	**47.9**	**24.6**	**30.7**

Comparison of Analysis Results to Inclusionary Program

The analysis findings identify how many lower income households are generated for every 100 market rate units. These findings are adjusted to percentages for purposes of comparison to inclusionary requirements. The percentages are calculated including both market rate and affordable units (for example, 25 affordable units per 100 market rate units translates to a project of 125 units; 25 affordable units out of 125 units equals 20%).

The inset table below presents the results of the analysis, drawn from Table C-12, which contains greater detail. Each tier is cumulative, or inclusive of the tiers above.

Cumulative Inclusionary Percentage Supported by Nexus Analysis						
	Single Family	*Townhome*	*Low Density Condominium*	*Higher Density Condominium*	*Garden Apartments*	*Stacked Flat Apartments*
Under 65% AMI	20.9%	14.4%	16.0%	19.6%	11.0%	13.4%
65% to 100% AMI	27.4%	19.5%	21.4%	25.8%	15.0%	18.2%

The findings of the analysis are presented for each of the prototypes. The single family detached unit results in Total Impacts of 27.4% up through Median Income (100% AMI). The townhome unit supports an inclusionary program up to 19.5%. The nexus analysis supports an inclusionary program for low density condominium units of up to 21.4% and higher density condominiums up to 25.8%. For ownership units, the conclusion is therefore that the current Inclusionary Housing Ordinance (10% up through Median Income) is supported by the analysis.

The rental units support an inclusionary program of up to 11% to 13.4% for units up to 65% AMI. The current program requires 10% of units at 65% AMI.

Conclusion

The analysis has demonstrated that the percentage requirements embodied in the current City of San Diego Inclusionary Housing Ordinance are supported by the residential nexus analysis. The new households that buy new units in San Diego generate impacts, through their expenditures on goods and services, which result in demand for additional affordable units in amounts higher than the current Inclusionary Housing Ordinance requires.

TABLE C-1
NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

	PROTOTYPE 1: SFD	PROTOTYPE 2: TOWNHOME	PROTOTYPE 3: STACKED FLAT CONDOMINIUM	PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM	PROTOTYPE 5: GARDEN APARTMENTS	PROTOTYPE 6: STACKED FLAT APARTMENTS
Step 1 - Employees [1]	89.7	57.9	64.9	82.9	42.6	53.2
Step 2 - Adjustment for Number of Households (1.73)	51.9	33.5	37.5	47.9	24.6	30.7
Step 3 - Occupation Distribution [2]						
Management Occupations	4.1%	4.2%	4.1%	4.1%	4.4%	4.2%
Business and Financial Operations	4.2%	4.3%	4.2%	4.2%	4.4%	4.3%
Computer and Mathematical	1.1%	1.2%	1.2%	1.2%	1.2%	1.2%
Architecture and Engineering	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%
Life, Physical, and Social Science	0.4%	0.4%	0.4%	0.4%	0.5%	0.4%
Community and Social Services	1.9%	1.4%	1.5%	1.5%	1.7%	1.4%
Legal	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%
Education, Training, and Library	4.1%	2.5%	3.0%	3.0%	3.1%	2.5%
Arts, Design, Entertainment, Sports, and Media	1.6%	1.4%	1.5%	1.5%	1.6%	1.4%
Healthcare Practitioners and Technical	5.9%	6.1%	5.8%	5.8%	6.5%	6.1%
Healthcare Support	3.6%	3.4%	3.4%	3.4%	3.9%	3.4%
Protective Service	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Food Preparation and Serving Related	11.8%	12.7%	12.4%	12.4%	12.7%	12.7%
Building and Grounds Cleaning and Maint.	6.4%	5.1%	6.0%	6.0%	5.0%	5.1%
Personal Care and Service	4.4%	3.6%	3.7%	3.7%	4.2%	3.6%
Sales and Related	15.4%	16.6%	16.7%	16.7%	14.7%	16.6%
Office and Administrative Support	17.4%	18.3%	17.8%	17.8%	18.1%	18.3%
Farming, Fishing, and Forestry	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Construction and Extraction	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Installation, Maintenance, and Repair	3.9%	4.3%	4.1%	4.1%	4.3%	4.3%
Production	1.8%	1.8%	1.8%	1.8%	1.7%	1.8%
Transportation and Material Moving	4.9%	5.1%	5.1%	5.1%	4.9%	5.1%
Other / Not Identified	3.9%	4.2%	4.2%	4.2%	4.0%	4.2%
Totals	100%	100%	100%	100%	100%	100%
Management Occupations	2.1	1.4	1.5	2.0	1.1	1.3
Business and Financial Operations	2.2	1.4	1.6	2.0	1.1	1.3
Computer and Mathematical	0.6	0.4	0.4	0.6	0.3	0.4
Architecture and Engineering	0.2	0.1	0.1	0.2	0.1	0.1
Life, Physical, and Social Science	0.2	0.1	0.2	0.2	0.1	0.1
Community and Social Services	1.0	0.5	0.5	0.7	0.4	0.4
Legal	0.4	0.3	0.3	0.4	0.2	0.2
Education, Training, and Library	2.1	0.8	1.1	1.4	0.8	0.8
Arts, Design, Entertainment, Sports, and Media	0.8	0.5	0.5	0.7	0.4	0.4
Healthcare Practitioners and Technical	3.0	2.0	2.2	2.8	1.6	1.9
Healthcare Support	1.9	1.1	1.3	1.6	0.9	1.0
Protective Service	0.6	0.4	0.4	0.5	0.3	0.3
Food Preparation and Serving Related	6.1	4.3	4.6	5.9	3.1	3.9
Building and Grounds Cleaning and Maint.	3.3	1.7	2.2	2.9	1.2	1.6
Personal Care and Service	2.3	1.2	1.4	1.8	1.0	1.1
Sales and Related	8.0	5.6	6.3	8.0	3.6	5.1
Office and Administrative Support	9.0	6.1	6.7	8.6	4.4	5.6
Farming, Fishing, and Forestry	0.0	0.0	0.0	0.0	0.0	0.0
Construction and Extraction	0.5	0.3	0.3	0.4	0.2	0.3
Installation, Maintenance, and Repair	2.0	1.5	1.5	2.0	1.0	1.3
Production	0.9	0.6	0.7	0.9	0.4	0.5
Transportation and Material Moving	2.6	1.7	1.9	2.4	1.2	1.6
Other / Not Identified	2.0	1.4	1.6	2.0	1.0	1.3
Totals	51.9	33.5	37.5	47.9	24.6	30.7

Notes:

[1] Estimated employment generated by household expenditures within 100 prototypical market rate units. Employment estimates are based on the IMPLAN Group's economic model, IMPLAN, for San Diego County. Estimates vary by household income level. For this analysis, there are four household income categories: $50,000 - $75,000 (Prototype 5) $75,000 - $100,000 (Prototypes 2 and 6), $100,000 - $150,000 (Prototypes 3 and 4) and greater than $150,000 (Prototype 1). Expenditures patterns, and therefore, occupation distribution, varies by income category.

[2] See Appendix Tables for additional information from which the percentage distributions were derived.

TABLE C-2

LOW INCOME EMPLOYEE HOUSEHOLDS[1] GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

Per 100 Market Rate Units

	PROTOTYPE 1: SFD	PROTOTYPE 2: TOWNHOME	PROTOTYPE 3: STACKED FLAT CONDOMINIUM	PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM	PROTOTYPE 5: GARDEN APARTMENTS	PROTOTYPE 6: STACKED FLAT APARTMENTS
Step 4, 5, & 6 - Low Income Households (under 65% AMI) within Major Occupation Categories [2]						
Management	0.05	0.05	0.04	0.06	0.03	0.04
Business and Financial Operations	0.10	0.06	0.07	0.09	0.05	0.06
Computer and Mathematical	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Education Training and Library	0.54	0.24	0.29	0.37	0.20	0.22
Arts, Design, Entertainment, Sports, & Media	-	-	-	-	-	-
Healthcare Practitioners and Technical	0.11	0.07	0.08	0.11	0.06	0.07
Healthcare Support	1.16	0.67	0.78	0.99	0.58	0.61
Protective Service	-	-	-	-	-	-
Food Preparation and Serving Related	4.97	3.46	3.77	4.81	2.54	3.18
Building Grounds and Maintenance	2.29	1.17	1.55	1.97	0.85	1.07
Personal Care and Service	1.59	0.85	0.98	1.25	0.72	0.78
Sales and Related	5.77	3.81	4.32	5.51	2.61	3.50
Office and Admin	3.96	2.70	2.96	3.78	1.95	2.48
Farm, Fishing, and Forestry	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-
Installation Maintenance and Repair	0.60	0.43	0.45	0.58	0.31	0.40
Production	-	-	-	-	-	-
Transportation and Material Moving	1.59	1.07	1.20	1.53	0.75	0.98
Low Income Households - Major Occupations	22.74	14.58	16.49	21.04	10.65	13.40
Low Income Households[1] - all other occupations	3.66	2.31	2.61	3.33	1.73	2.12
Total Low Income Households[1]	**26.40**	**16.89**	**19.10**	**24.37**	**12.38**	**15.52**

[1] Includes households earning from zero through 65% of San Diego County Area Median Income.

[2] See Tables C-3 through C-10 for additional information on Major Occupation Categories.

TABLE C-3
2009 OCCUPATION DISTRIBUTION FOR JOBS GENERATED BY HOUSEHOLDS EARNING $50-$75,000
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Major Occupations (2% or more)	Occupation Distribution [1]
Management occupations	*4.4%*
Business and financial operations occupations	*4.4%*
Education, training, and library occupations	*3.1%*
Healthcare practitioner and technical occupations	*6.5%*
Healthcare support occupations	*3.9%*
Food preparation and serving related occupations	*12.7%*
Building and grounds cleaning and maintenance occupations	*5.0%*
Personal care and service occupations	*4.2%*
Sales and related occupations	*14.7%*
Office and administrative support occupations	*18.1%*
Installation, maintenance, and repair occupations	*4.3%*
Transportation and material moving occupations	*4.9%*
All Other	*14.0%*
INDUSTRY TOTAL	100.0%

[1] Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

Source: Bureau of Labor Statistics, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: 50-75K .xls; C3 Major Occupations Matrix; 12/17/2010; dd

TABLE C-4
2009 OCCUPATION DISTRIBUTION FOR JOBS GENERATED BY HOUSEHOLDS EARNING $75-$100,000
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Major Occupations (2% or more)	Occupation Distribution [1]
Management occupations	*4.2%*
Business and financial operations occupations	*4.3%*
Education, training, and library occupations	*2.5%*
Healthcare practitioner and technical occupations	*6.1%*
Healthcare support occupations	*3.4%*
Food preparation and serving related occupations	*12.7%*
Building and grounds cleaning and maintenance occupations	*5.1%*
Personal care and service occupations	*3.6%*
Sales and related occupations	*16.6%*
Office and administrative support occupations	*18.3%*
Installation, maintenance, and repair occupations	*4.3%*
Transportation and material moving occupations	*5.1%*
All Other	*13.7%*
INDUSTRY TOTAL	100.0%

[1] Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

Source: Bureau of Labor Statistics, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\75-100K .xls; C4 Major Occupations Matrix; 12/17/2010; hgr

TABLE C-5
2009 OCCUPATION DISTRIBUTION FOR JOBS GENERATED BY HOUSEHOLDS EARNING $100-$150,000
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Major Occupations (2% or more)	Occupation Distribution [1]
Management occupations	*4.1%*
Business and financial operations occupations	*4.2%*
Education, training, and library occupations	*3.0%*
Healthcare practitioner and technical occupations	*5.8%*
Healthcare support occupations	*3.4%*
Food preparation and serving related occupations	*12.4%*
Building and grounds cleaning and maintenance occupations	*6.0%*
Personal care and service occupations	*3.7%*
Sales and related occupations	*16.7%*
Office and administrative support occupations	*17.8%*
Installation, maintenance, and repair occupations	*4.1%*
Transportation and material moving occupations	*5.1%*
All Other	*13.7%*
INDUSTRY TOTAL	100.0%

[1] Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

Source: Bureau of Labor Statistics, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: 100-150K.xls; C-5 Major Occupations Matrix; 12/17/2010; dd

TABLE C-6
2009 OCCUPATION DISTRIBUTION FOR JOBS GENERATED BY HOUSEHOLDS EARNING $150,000+
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Major Occupations (2% or more)	Occupation Distribution [1]
Management occupations	*4.1%*
Business and financial operations occupations	*4.2%*
Education, training, and library occupations	*4.1%*
Healthcare practitioner and technical occupations	*5.9%*
Healthcare support occupations	*3.6%*
Food preparation and serving related occupations	*11.8%*
Building and grounds cleaning and maintenance occupations	*6.4%*
Personal care and service occupations	*4.4%*
Sales and related occupations	*15.4%*
Office and administrative support occupations	*17.4%*
Installation, maintenance, and repair occupations	*3.9%*
Transportation and material moving occupations	*4.9%*
All Other	*13.9%*
INDUSTRY TOTAL	100.0%

[1] Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

Source: Bureau of Labor Statistics, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: 150K+.xls; C-6 Major Occupations Matrix; 12/17/2010; dd

TABLE C-7
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $50-$75,000
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	JOBS GENERATED BY HOUSEHOLDS EARNING $50-$75,000 % of Total Occupation Group [2]	% of Total Jobs Generated
Page 1 of 3			
Management occupations			
Chief executives	$200,600	4.3%	0.2%
General and operations managers	$125,400	29.3%	1.3%
Sales managers	$112,400	5.3%	0.2%
Financial managers	$126,600	9.3%	0.4%
Food service managers	$52,000	4.7%	0.2%
Medical and health services managers	$104,000	5.0%	0.2%
Property, real estate, and community association managers	$62,600	13.0%	0.6%
Managers, all other	$112,500	4.0%	0.2%
All other Management Occupations (Avg. All Categories)	$111,300	25.2%	1.1%
Weighted Mean Annual Wage	***$111,300***	**100.0%**	**4.4%**
Business and financial operations occupations			
Claims adjusters, examiners, and investigators	$58,000	5.5%	0.2%
Management analysts	$94,900	6.4%	0.3%
Business operations specialists, all other	$66,900	13.7%	0.6%
Accountants and auditors	$71,200	17.8%	0.8%
Financial analysts	$91,900	7.6%	0.3%
Personal financial advisors	$72,300	7.8%	0.3%
Loan officers	$69,300	6.5%	0.3%
All Other Business and financial operations occupations (Avg. All Categories)	$73,800	34.6%	1.5%
Weighted Mean Annual Wage	***$73,800***	**100.0%**	**4.4%**
Education, training, and library occupations			
Vocational education teachers, postsecondary	$64,600	5.3%	0.2%
Preschool teachers, except special education	$29,300	13.4%	0.4%
Elementary school teachers, except special education	$69,600	7.7%	0.2%
Secondary school teachers, except special and vocational education	$67,500	5.3%	0.2%
Self-enrichment education teachers	$38,900	10.5%	0.3%
Teachers and instructors, all other	$52,200	10.2%	0.3%
Teacher assistants	$28,800	14.8%	0.5%
All Other Education, training, and library occupations (Avg. All Categories)	$44,600	32.8%	1.0%
Weighted Mean Annual Wage	***$44,600***	**100.0%**	**3.1%**
Healthcare practitioner and technical occupations			
Pharmacists	$117,200	4.3%	0.3%
Physicians and surgeons, all other	$218,700	4.9%	0.3%
Registered nurses	$82,100	29.8%	1.9%
Dental hygienists	$91,600	4.4%	0.3%
Pharmacy technicians	$37,600	5.5%	0.4%
Licensed practical and licensed vocational nurses	$47,900	9.7%	0.6%
All Other Healthcare practitioner and technical occupations (Avg. All Categories)	$86,900	41.4%	2.7%
Weighted Mean Annual Wage	***$86,900***	**100.0%**	**6.5%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\50-75K .xls; C7 Compensation; 12/21/2010; hrg

TABLE C-7
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $50-$75,000
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	JOBS GENERATED BY HOUSEHOLDS EARNING $50-$75,000 % of Total Occupation Group [2]	% of Total Jobs Generated
Page 2 of 3			
Healthcare support occupations			
Home health aides	$22,700	21.8%	0.8%
Nursing aides, orderlies, and attendants	$25,200	30.0%	1.2%
Dental assistants	$36,400	12.3%	0.5%
Medical assistants	$31,200	18.3%	0.7%
All Other Healthcare support occupations (Avg. All Categories)	$27,600	17.6%	0.7%
Weighted Mean Annual Wage	***$27,600***	**100.0%**	**3.9%**
Food preparation and serving related occupations			
First-line supervisors/managers of food preparation and serving workers	$31,800	6.9%	0.9%
Cooks, fast food	$19,600	5.3%	0.7%
Cooks, restaurant	$25,800	8.1%	1.0%
Food preparation workers	$21,600	6.9%	0.9%
Bartenders	$21,700	4.7%	0.6%
Combined food preparation and serving workers, including fast food	$20,500	24.6%	3.1%
Counter attendants, cafeteria, food concession, and coffee shop	$20,900	4.0%	0.5%
Waiters and waitresses	$21,200	21.1%	2.7%
Dishwashers	$19,700	4.5%	0.6%
All Other Food preparation and serving related occupations (Avg. All Categories)	$22,200	13.9%	1.8%
Weighted Mean Annual Wage	***$22,200***	**100.0%**	**12.7%**
Building and grounds cleaning and maintenance occupations			
Janitors and cleaners, except maids and housekeeping cleaners	$25,700	49.4%	2.5%
Maids and housekeeping cleaners	$21,200	12.4%	0.6%
Landscaping and groundskeeping workers	$27,200	25.9%	1.3%
All Other Building and grounds cleaning and maintenance occupations (Avg. All Categories)	$25,500	12.4%	0.6%
Weighted Mean Annual Wage	***$25,500***	**100.0%**	**5.0%**
Personal care and service occupations			
Nonfarm animal caretakers	$27,800	5.3%	0.2%
Amusement and recreation attendants	$20,900	7.9%	0.3%
Hairdressers, hairstylists, and cosmetologists	$25,100	17.0%	0.7%
Child care workers	$24,500	13.7%	0.6%
Personal and home care aides	$21,600	17.6%	0.7%
Fitness trainers and aerobics instructors	$37,400	6.8%	0.3%
Recreation workers	$24,000	6.0%	0.2%
All Other Personal care and service occupations (Avg. All Categories)	$24,900	25.7%	1.1%
Weighted Mean Annual Wage	***$24,900***	**100.0%**	**4.2%**
Sales and related occupations			
First-line supervisors/managers of retail sales workers	$41,000	8.3%	1.2%
Cashiers	$21,700	25.1%	3.7%
Counter and rental clerks	$26,700	4.9%	0.7%
Retail salespersons	$26,100	33.5%	4.9%
Sales representatives, wholesale and manufacturing, except technical and scientific products	$65,300	5.3%	0.8%
All Other Sales and related occupations (Avg. All Categories)	$29,000	23.0%	3.4%
Weighted Mean Annual Wage	***$29,000***	**100.0%**	**14.7%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\50-75K .xls; C7 Compensation; 12/21/2010; hrg

TABLE C-7
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $50-$75,000
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	JOBS GENERATED BY HOUSEHOLDS EARNING $50-$75,000 % of Total Occupation Group [2]	% of Total Jobs Generated
Page 3 of 3			
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$54,500	6.4%	1.2%
Bookkeeping, accounting, and auditing clerks	$38,200	8.1%	1.5%
Customer service representatives	$37,500	10.0%	1.8%
Receptionists and information clerks	$28,500	7.2%	1.3%
Stock clerks and order fillers	$25,000	9.4%	1.7%
Executive secretaries and administrative assistants	$45,400	6.4%	1.2%
Secretaries, except legal, medical, and executive	$35,400	8.3%	1.5%
Office clerks, general	$30,400	13.3%	2.4%
All Other Office and administrative support occupations (Avg. All Categories)	$35,600	31.0%	5.6%
Weighted Mean Annual Wage	***$35,600***	**100.0%**	**18.1%**
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	$65,000	7.8%	0.3%
Automotive body and related repairers	$42,800	5.2%	0.2%
Automotive service technicians and mechanics	$43,200	18.9%	0.8%
Maintenance and repair workers, general	$37,700	37.6%	1.6%
All Other Installation, maintenance, and repair occupations (Avg. All Categories)	$42,600	30.5%	1.3%
Weighted Mean Annual Wage	***$42,600***	**100.0%**	**4.3%**
Transportation and material moving occupations			
Bus drivers, school	$36,800	5.2%	0.3%
Driver/sales workers	$25,700	8.6%	0.4%
Truck drivers, heavy and tractor-trailer	$42,600	10.2%	0.5%
Truck drivers, light or delivery services	$33,300	12.0%	0.6%
Parking lot attendants	$21,500	4.4%	0.2%
Cleaners of vehicles and equipment	$21,700	7.6%	0.4%
Laborers and freight, stock, and material movers, hand	$25,800	23.7%	1.2%
Packers and packagers, hand	$20,600	8.2%	0.4%
All Other Transportation and material moving occupations (Avg. All Categories)	$28,600	20.1%	1.0%
Weighted Mean Annual Wage	***$28,600***	**100.0%**	**4.9%**
			86.0%

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

[2] Occupation percentages are based on the 2009 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2009 Occupational Employment Survey data for San Diego County updated by the California Employment Development Department to 2010 wage levels.

[3] Including occupations representing 4% or more of the major occupation group

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\50-75K .xls; C7 Compensation; 12/21/2010; hrg

TABLE C-8
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $75-$100,000
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	JOBS GENERATED BY HOUSEHOLDS EARNING $75-$100,000 % of Total Occupation Group [2]	% of Total Jobs Generated
Page 1 of 3			
Management occupations			
Chief executives	$200,600	4.3%	0.2%
General and operations managers	$125,400	30.6%	1.3%
Sales managers	$112,400	6.0%	0.3%
Financial managers	$126,600	9.8%	0.4%
Food service managers	$52,000	4.9%	0.2%
Medical and health services managers	$104,000	4.7%	0.2%
Property, real estate, and community association managers	$62,600	12.5%	0.5%
All other Management Occupations (Avg. All Categories)	$111,800	27.3%	1.2%
Weighted Mean Annual Wage	***$111,800***	**100.0%**	**4.2%**
Business and financial operations occupations			
Claims adjusters, examiners, and investigators	$58,000	5.8%	0.3%
Management analysts	$94,900	6.3%	0.3%
Business operations specialists, all other	$66,900	12.9%	0.6%
Accountants and auditors	$71,200	17.6%	0.8%
Financial analysts	$91,900	8.1%	0.4%
Personal financial advisors	$72,300	8.6%	0.4%
Loan officers	$69,300	6.6%	0.3%
All Other Business and financial operations occupations (Avg. All Categories)	$73,900	34.1%	1.5%
Weighted Mean Annual Wage	***$73,900***	**100.0%**	**4.3%**
Education, training, and library occupations			
Vocational education teachers, postsecondary	$64,600	4.3%	0.1%
Preschool teachers, except special education	$29,300	13.7%	0.3%
Elementary school teachers, except special education	$69,600	8.5%	0.2%
Secondary school teachers, except special and vocational education	$67,500	5.9%	0.1%
Self-enrichment education teachers	$38,900	9.3%	0.2%
Teachers and instructors, all other	$52,200	9.2%	0.2%
Teacher assistants	$28,800	15.0%	0.4%
All Other Education, training, and library occupations (Avg. All Categories)	$44,700	34.1%	0.8%
Weighted Mean Annual Wage	***$44,700***	**100.0%**	**2.5%**
Healthcare practitioner and technical occupations			
Pharmacists	$117,200	5.2%	0.3%
Physicians and surgeons, all other	$218,700	5.1%	0.3%
Registered nurses	$82,100	27.2%	1.6%
Dental hygienists	$91,600	4.9%	0.3%
Pharmacy technicians	$37,600	6.8%	0.4%
Licensed practical and licensed vocational nurses	$47,900	8.7%	0.5%
All Other Healthcare practitioner and technical occupations (Avg. All Categories)	$87,700	42.1%	2.6%
Weighted Mean Annual Wage	***$87,700***	**100.0%**	**6.1%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\75-100K .xls; C8 Compensation; 12/17/2010; hgr

TABLE C-8
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $75-$100,000
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

JOBS GENERATED BY HOUSEHOLDS EARNING $75-$100,000

Occupation [3]	2010 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Jobs Generated
Page 2 of 3			
Healthcare support occupations			
Home health aides	$22,700	20.6%	0.7%
Nursing aides, orderlies, and attendants	$25,200	25.1%	0.9%
Dental assistants	$36,400	14.4%	0.5%
Medical assistants	$31,200	21.1%	0.7%
Healthcare support workers, all other	$35,800	4.2%	0.1%
All Other Healthcare support occupations (Avg. All Categories)	$28,500	14.7%	0.5%
Weighted Mean Annual Wage	***$28,500***	**100.0%**	**3.4%**
Food preparation and serving related occupations			
First-line supervisors/managers of food preparation and serving workers	$31,800	7.0%	0.9%
Cooks, fast food	$19,600	5.3%	0.7%
Cooks, restaurant	$25,800	8.2%	1.0%
Food preparation workers	$21,600	7.0%	0.9%
Bartenders	$21,700	4.7%	0.6%
Combined food preparation and serving workers, including fast food	$20,500	25.0%	3.2%
Waiters and waitresses	$21,200	21.2%	2.7%
Dishwashers	$19,700	4.5%	0.6%
All Other Food preparation and serving related occupations (Avg. All Categories)	$22,200	17.2%	2.2%
Weighted Mean Annual Wage	***$22,200***	**100.0%**	**12.7%**
Building and grounds cleaning and maintenance occupations			
Janitors and cleaners, except maids and housekeeping cleaners	$25,700	49.9%	2.5%
Maids and housekeeping cleaners	$21,200	11.1%	0.6%
Landscaping and groundskeeping workers	$27,200	26.2%	1.3%
All Other Building and grounds cleaning and maintenance occupations (Avg. All Categories)	$25,600	12.7%	0.6%
Weighted Mean Annual Wage	***$25,600***	**100.0%**	**5.1%**
Personal care and service occupations			
Nonfarm animal caretakers	$27,800	6.0%	0.2%
Amusement and recreation attendants	$20,900	8.3%	0.3%
Hairdressers, hairstylists, and cosmetologists	$25,100	18.1%	0.7%
Child care workers	$24,500	12.8%	0.5%
Personal and home care aides	$21,600	17.4%	0.6%
Fitness trainers and aerobics instructors	$37,400	6.9%	0.3%
Recreation workers	$24,000	5.6%	0.2%
All Other Personal care and service occupations (Avg. All Categories)	$25,000	24.9%	0.9%
Weighted Mean Annual Wage	***$25,000***	**100.0%**	**3.6%**
Sales and related occupations			
First-line supervisors/managers of retail sales workers	$41,000	8.7%	1.4%
Cashiers	$21,700	25.9%	4.3%
Counter and rental clerks	$26,700	4.3%	0.7%
Retail salespersons	$26,100	35.6%	5.9%
Sales representatives, wholesale and manufacturing, except technical and scientific products	$65,300	4.7%	0.8%
All Other Sales and related occupations (Avg. All Categories)	$28,700	20.7%	3.4%
Weighted Mean Annual Wage	***$28,700***	**100.0%**	**16.6%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\75-100K .xls; C8 Compensation; 12/17/2010; hgr

TABLE C-8
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $75-$100,000
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Jobs Generated
		JOBS GENERATED BY HOUSEHOLDS EARNING $75-$100,000	
Page 3 of 3			
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$54,500	6.4%	1.2%
Bookkeeping, accounting, and auditing clerks	$38,200	7.9%	1.5%
Customer service representatives	$37,500	10.3%	1.9%
Receptionists and information clerks	$28,500	6.9%	1.3%
Stock clerks and order fillers	$25,000	10.9%	2.0%
Executive secretaries and administrative assistants	$45,400	6.0%	1.1%
Secretaries, except legal, medical, and executive	$35,400	7.8%	1.4%
Office clerks, general	$30,400	12.8%	2.3%
All Other Office and administrative support occupations (Avg. All Categories)	$35,400	31.0%	5.7%
Weighted Mean Annual Wage	***$35,400***	**100.0%**	**18.3%**
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	$65,000	7.8%	0.3%
Automotive body and related repairers	$42,800	5.2%	0.2%
Automotive service technicians and mechanics	$43,200	20.0%	0.9%
Maintenance and repair workers, general	$37,700	34.2%	1.5%
All Other Installation, maintenance, and repair occupations (Avg. All Categories)	$42,900	32.8%	1.4%
Weighted Mean Annual Wage	***$42,900***	**100.0%**	**4.3%**
Transportation and material moving occupations			
Bus drivers, school	$36,800	4.2%	0.2%
Driver/sales workers	$25,700	8.9%	0.5%
Truck drivers, heavy and tractor-trailer	$42,600	10.4%	0.5%
Truck drivers, light or delivery services	$33,300	12.6%	0.6%
Parking lot attendants	$21,500	4.0%	0.2%
Cleaners of vehicles and equipment	$21,700	7.7%	0.4%
Laborers and freight, stock, and material movers, hand	$25,800	24.3%	1.2%
Packers and packagers, hand	$20,600	8.9%	0.5%
All Other Transportation and material moving occupations (Avg. All Categories)	$28,500	18.9%	1.0%
Weighted Mean Annual Wage	***$28,500***	**100.0%**	**5.1%**
			86.3%

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

[2] Occupation percentages are based on the 2009 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2009 Occupational Employment Survey data for San Diego County updated by the California Employment Development Department to 2010 wage levels.

[3] Including occupations representing 4% or more of the major occupation group

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\75-100K .xls; C8 Compensation; 12/17/2010; hgr

TABLE C-9
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $100-$150,000
EMPLOYMENT IMPACTS WITHIN SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	JOBS GENERATED BY HOUSEHOLDS EARNING $100-$150,000 % of Total Occupation Group [2]	% of Total Jobs Generated
Page 1 of 3			
Management occupations			
Chief executives	$200,600	4.3%	0.2%
General and operations managers	$125,400	31.4%	1.3%
Sales managers	$112,400	6.1%	0.2%
Financial managers	$126,600	9.6%	0.4%
Food service managers	$52,000	4.9%	0.2%
Medical and health services managers	$104,000	4.7%	0.2%
Property, real estate, and community association managers	$62,600	10.7%	0.4%
All other Management Occupations (Avg. All Categories)	$113,200	28.3%	1.2%
Weighted Mean Annual Wage	***$113,200***	**100.0%**	**4.1%**
Business and financial operations occupations			
Claims adjusters, examiners, and investigators	$58,000	6.2%	0.3%
Management analysts	$94,900	6.3%	0.3%
Business operations specialists, all other	$66,900	13.1%	0.5%
Accountants and auditors	$71,200	17.3%	0.7%
Financial analysts	$91,900	7.9%	0.3%
Personal financial advisors	$72,300	8.2%	0.3%
Loan officers	$69,300	6.5%	0.3%
All Other Business and financial operations occupations (Avg. All Categories)	$73,800	34.4%	1.4%
Weighted Mean Annual Wage	***$73,800***	**100.0%**	**4.2%**
Education, training, and library occupations			
Vocational education teachers, postsecondary	$64,600	4.2%	0.1%
Preschool teachers, except special education	$29,300	12.2%	0.4%
Elementary school teachers, except special education	$69,600	9.7%	0.3%
Middle school teachers, except special and vocational education	$68,600	4.1%	0.1%
Secondary school teachers, except special and vocational education	$67,500	6.7%	0.2%
Self-enrichment education teachers	$38,900	8.5%	0.3%
Teachers and instructors, all other	$52,200	9.1%	0.3%
Teacher assistants	$28,800	14.9%	0.4%
All Other Education, training, and library occupations (Avg. All Categories)	$47,100	30.6%	0.9%
Weighted Mean Annual Wage	***$47,100***	**100.0%**	**3.0%**
Healthcare practitioner and technical occupations			
Pharmacists	$117,200	5.6%	0.3%
Physicians and surgeons, all other	$218,700	4.8%	0.3%
Registered nurses	$82,100	27.6%	1.6%
Dental hygienists	$91,600	4.5%	0.3%
Pharmacy technicians	$37,600	7.3%	0.4%
Licensed practical and licensed vocational nurses	$47,900	9.4%	0.5%
All Other Healthcare practitioner and technical occupations (Avg. All Categories)	$86,200	40.8%	2.4%
Weighted Mean Annual Wage	***$86,200***	**100.0%**	**5.8%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: 100-150K.xls; C-9 Compensation; 12/17/2010; dd

TABLE C-9
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $100-$150,000
EMPLOYMENT IMPACTS WITHIN SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Jobs Generated
	JOBS GENERATED BY HOUSEHOLDS EARNING $100-$150,000		
Page 2 of 3			
Healthcare support occupations			
Home health aides	$22,700	21.9%	0.7%
Nursing aides, orderlies, and attendants	$25,200	28.8%	1.0%
Dental assistants	$36,400	12.6%	0.4%
Medical assistants	$31,200	18.7%	0.6%
All Other Healthcare support occupations (Avg. All Categories)	$27,600	18.1%	0.6%
Weighted Mean Annual Wage	***$27,600***	**100.0%**	**3.4%**
Food preparation and serving related occupations			
First-line supervisors/managers of food preparation and serving workers	$31,800	7.0%	0.9%
Cooks, fast food	$19,600	5.3%	0.7%
Cooks, restaurant	$25,800	8.1%	1.0%
Food preparation workers	$21,600	7.1%	0.9%
Bartenders	$21,700	4.7%	0.6%
Combined food preparation and serving workers, including fast food	$20,500	24.9%	3.1%
Waiters and waitresses	$21,200	21.0%	2.6%
Dishwashers	$19,700	4.5%	0.6%
All Other Food preparation and serving related occupations (Avg. All Categories)	$22,200	17.5%	2.2%
Weighted Mean Annual Wage	***$22,200***	**100.0%**	**12.4%**
Building and grounds cleaning and maintenance occupations			
Janitors and cleaners, except maids and housekeeping cleaners	$25,700	49.8%	3.0%
Maids and housekeeping cleaners	$21,200	10.3%	0.6%
Landscaping and groundskeeping workers	$27,200	26.7%	1.6%
All Other Building and grounds cleaning and maintenance occupations (Avg. All Cate	$25,600	13.1%	0.8%
Weighted Mean Annual Wage	***$25,600***	**100.0%**	**6.0%**
Personal care and service occupations			
Nonfarm animal caretakers	$27,800	5.9%	0.2%
Amusement and recreation attendants	$20,900	8.3%	0.3%
Hairdressers, hairstylists, and cosmetologists	$25,100	18.1%	0.7%
Child care workers	$24,500	13.5%	0.5%
Personal and home care aides	$21,600	16.9%	0.6%
Fitness trainers and aerobics instructors	$37,400	7.0%	0.3%
Recreation workers	$24,000	5.8%	0.2%
All Other Personal care and service occupations (Avg. All Categories)	$25,000	24.4%	0.9%
Weighted Mean Annual Wage	***$25,000***	**100.0%**	**3.7%**
Sales and related occupations			
First-line supervisors/managers of retail sales workers	$41,000	8.9%	1.5%
Cashiers	$21,700	26.5%	4.4%
Counter and rental clerks	$26,700	4.0%	0.7%
Retail salespersons	$26,100	36.7%	6.1%
Sales representatives, wholesale and manufacturing, except technical and scientific	$65,300	4.4%	0.7%
All Other Sales and related occupations (Avg. All Categories)	$28,500	19.5%	3.3%
Weighted Mean Annual Wage	***$28,500***	**100.0%**	**16.7%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: 100-150K.xls; C-9 Compensation; 12/17/2010; dd

TABLE C-9
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $100-$150,000
EMPLOYMENT IMPACTS WITHIN SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Jobs Generated
	JOBS GENERATED BY HOUSEHOLDS EARNING $100-$150,000		
Page 3 of 3			
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$54,500	6.4%	1.1%
Bookkeeping, accounting, and auditing clerks	$38,200	7.9%	1.4%
Customer service representatives	$37,500	10.4%	1.9%
Receptionists and information clerks	$28,500	6.6%	1.2%
Stock clerks and order fillers	$25,000	11.5%	2.1%
Executive secretaries and administrative assistants	$45,400	5.9%	1.0%
Secretaries, except legal, medical, and executive	$35,400	7.7%	1.4%
Office clerks, general	$30,400	12.8%	2.3%
All Other Office and administrative support occupations (Avg. All Categories)	$35,300	30.8%	5.5%
Weighted Mean Annual Wage	***$35,300***	**100.0%**	**17.8%**
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	$65,000	7.8%	0.3%
Automotive body and related repairers	$42,800	5.4%	0.2%
Automotive service technicians and mechanics	$43,200	21.1%	0.9%
Maintenance and repair workers, general	$37,700	32.0%	1.3%
All Other Installation, maintenance, and repair occupations (Avg. All Categories)	$43,100	33.7%	1.4%
Weighted Mean Annual Wage	***$43,100***	**100.0%**	**4.1%**
Transportation and material moving occupations			
Bus drivers, school	$36,800	4.2%	0.2%
Driver/sales workers	$25,700	8.9%	0.5%
Truck drivers, heavy and tractor-trailer	$42,600	10.3%	0.5%
Truck drivers, light or delivery services	$33,300	12.7%	0.6%
Parking lot attendants	$21,500	4.1%	0.2%
Cleaners of vehicles and equipment	$21,700	7.7%	0.4%
Laborers and freight, stock, and material movers, hand	$25,800	24.3%	1.2%
Packers and packagers, hand	$20,600	9.1%	0.5%
All Other Transportation and material moving occupations (Avg. All Categories)	$28,500	18.7%	1.0%
Weighted Mean Annual Wage	***$28,500***	**100.0%**	**5.1%**
			86.3%

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

[2] Occupation percentages are based on the 2009 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2009 Occupational Employment Survey data for San Diego-Carlsbad-San Marcos MSA, California (San Diego County) updated by the California Employment Development Department to 2010 wage levels.

[3] Including occupations representing 4% or more of the major occupation group

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: 100-150K.xls; C-9 Compensation; 12/17/2010; dd

TABLE C-10
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $150,000+
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Jobs Generated
	JOBS GENERATED BY HOUSEHOLDS EARNING $150,000+		
Page 1 of 3			
Management occupations			
Chief executives	$200,600	4.4%	0.2%
General and operations managers	$125,400	31.1%	1.3%
Sales managers	$112,400	5.5%	0.2%
Financial managers	$126,600	9.3%	0.4%
Food service managers	$52,000	4.6%	0.2%
Medical and health services managers	$104,000	4.9%	0.2%
Property, real estate, and community association managers	$62,600	9.3%	0.4%
Managers, all other	$112,500	4.1%	0.2%
All other Management Occupations (Avg. All Categories)	$114,400	26.6%	1.1%
Weighted Mean Annual Wage	***$114,400***	**100.0%**	**4.1%**
Business and financial operations occupations			
Claims adjusters, examiners, and investigators	$58,000	6.6%	0.3%
Management analysts	$94,900	6.3%	0.3%
Business operations specialists, all other	$66,900	13.8%	0.6%
Accountants and auditors	$71,200	17.0%	0.7%
Financial analysts	$91,900	7.7%	0.3%
Personal financial advisors	$72,300	7.7%	0.3%
Loan officers	$69,300	6.3%	0.3%
All Other Business and financial operations occupations (Avg. All Categories)	$73,600	34.6%	1.4%
Weighted Mean Annual Wage	***$73,600***	**100.0%**	**4.2%**
Education, training, and library occupations			
Preschool teachers, except special education	$29,300	12.9%	0.5%
Elementary school teachers, except special education	$69,600	10.9%	0.4%
Middle school teachers, except special and vocational education	$68,600	4.6%	0.2%
Secondary school teachers, except special and vocational education	$67,500	7.5%	0.3%
Self-enrichment education teachers	$38,900	7.3%	0.3%
Teachers and instructors, all other	$52,200	8.5%	0.3%
Teacher assistants	$28,800	15.6%	0.6%
All Other Education, training, and library occupations (Avg. All Categories)	$46,600	32.7%	1.3%
Weighted Mean Annual Wage	***$46,600***	**100.0%**	**4.1%**
Healthcare practitioner and technical occupations			
Pharmacists	$117,200	5.2%	0.3%
Physicians and surgeons, all other	$218,700	4.6%	0.3%
Registered nurses	$82,100	28.7%	1.7%
Dental hygienists	$91,600	4.2%	0.2%
Pharmacy technicians	$37,600	6.7%	0.4%
Licensed practical and licensed vocational nurses	$47,900	9.9%	0.6%
All Other Healthcare practitioner and technical occupations (Avg. All Categories)	$85,700	40.7%	2.4%
Weighted Mean Annual Wage	***$85,700***	**100.0%**	**5.9%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\150K+.xls; C-10 Compensation; 12/17/2010; hrg

TABLE C-10
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $150,000+
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	JOBS GENERATED BY HOUSEHOLDS EARNING $150,000+ % of Total Occupation Group [2]	% of Total Jobs Generated
Page 2 of 3			
Healthcare support occupations			
Home health aides	$22,700	24.4%	0.9%
Nursing aides, orderlies, and attendants	$25,200	30.1%	1.1%
Dental assistants	$36,400	11.3%	0.4%
Medical assistants	$31,200	16.9%	0.6%
All Other Healthcare support occupations (Avg. All Categories)	$27,200	17.3%	0.6%
Weighted Mean Annual Wage	***$27,200***	**100.0%**	**3.6%**
Food preparation and serving related occupations			
First-line supervisors/managers of food preparation and serving workers	$31,800	6.9%	0.8%
Cooks, fast food	$19,600	5.1%	0.6%
Cooks, restaurant	$25,800	7.9%	0.9%
Food preparation workers	$21,600	7.2%	0.8%
Bartenders	$21,700	4.8%	0.6%
Combined food preparation and serving workers, including fast food	$20,500	24.5%	2.9%
Counter attendants, cafeteria, food concession, and coffee shop	$20,900	4.1%	0.5%
Waiters and waitresses	$21,200	20.6%	2.4%
Dishwashers	$19,700	4.5%	0.5%
All Other Food preparation and serving related occupations (Avg. All Categories)	$22,200	14.3%	1.7%
Weighted Mean Annual Wage	***$22,200***	**100.0%**	**11.8%**
Building and grounds cleaning and maintenance occupations			
Janitors and cleaners, except maids and housekeeping cleaners	$25,700	49.8%	3.2%
Maids and housekeeping cleaners	$21,200	10.2%	0.7%
Landscaping and groundskeeping workers	$27,200	26.7%	1.7%
All Other Building and grounds cleaning and maintenance occupations (Avg. All Cate	$25,600	13.3%	0.9%
Weighted Mean Annual Wage	***$25,600***	**100.0%**	**6.4%**
Personal care and service occupations			
Nonfarm animal caretakers	$27,800	5.9%	0.3%
Amusement and recreation attendants	$20,900	8.3%	0.4%
Hairdressers, hairstylists, and cosmetologists	$25,100	14.9%	0.7%
Child care workers	$24,500	15.5%	0.7%
Personal and home care aides	$21,600	19.0%	0.8%
Fitness trainers and aerobics instructors	$37,400	6.8%	0.3%
Recreation workers	$24,000	5.9%	0.3%
All Other Personal care and service occupations (Avg. All Categories)	$24,900	23.8%	1.0%
Weighted Mean Annual Wage	***$24,900***	**100.0%**	**4.4%**
Sales and related occupations			
First-line supervisors/managers of retail sales workers	$41,000	9.0%	1.4%
Cashiers	$21,700	26.9%	4.1%
Counter and rental clerks	$26,700	4.3%	0.7%
Retail salespersons	$26,100	36.6%	5.6%
All Other Sales and related occupations (Avg. All Categories)	$26,300	23.3%	3.6%
Weighted Mean Annual Wage	***$26,300***	**100.0%**	**15.4%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\150K+.xls; C-10 Compensation; 12/17/2010; hrg

TABLE C-10
AVERAGE ANNUAL COMPENSATION, 2010
HOUSEHOLDS EARNING $150,000+
SAN DIEGO COUNTY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Occupation [3]	2010 Avg. Compensation [1]	JOBS GENERATED BY HOUSEHOLDS EARNING $150,000+ % of Total Occupation Group [2]	% of Total Jobs Generated
Page 3 of 3			
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$54,500	6.3%	1.1%
Bookkeeping, accounting, and auditing clerks	$38,200	7.9%	1.4%
Customer service representatives	$37,500	10.3%	1.8%
Receptionists and information clerks	$28,500	6.7%	1.2%
Stock clerks and order fillers	$25,000	10.7%	1.9%
Executive secretaries and administrative assistants	$45,400	6.1%	1.1%
Secretaries, except legal, medical, and executive	$35,400	8.1%	1.4%
Office clerks, general	$30,400	13.1%	2.3%
All Other Office and administrative support occupations (Avg. All Categories)	$35,400	30.6%	5.3%
Weighted Mean Annual Wage	***$35,400***	**100.0%**	**17.4%**
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	$65,000	7.9%	0.3%
Automotive body and related repairers	$42,800	6.0%	0.2%
Automotive service technicians and mechanics	$43,200	22.1%	0.9%
Maintenance and repair workers, general	$37,700	31.2%	1.2%
All Other Installation, maintenance, and repair occupations (Avg. All Categories)	$43,200	32.9%	1.3%
Weighted Mean Annual Wage	***$43,200***	**100.0%**	**3.9%**
Transportation and material moving occupations			
Bus drivers, school	$36,800	5.4%	0.3%
Driver/sales workers	$25,700	8.3%	0.4%
Truck drivers, heavy and tractor-trailer	$42,600	10.2%	0.5%
Truck drivers, light or delivery services	$33,300	12.0%	0.6%
Parking lot attendants	$21,500	5.1%	0.3%
Cleaners of vehicles and equipment	$21,700	8.3%	0.4%
Laborers and freight, stock, and material movers, hand	$25,800	22.9%	1.1%
Packers and packagers, hand	$20,600	8.6%	0.4%
All Other Transportation and material moving occupations (Avg. All Categories)	$28,500	19.1%	0.9%
Weighted Mean Annual Wage	***$28,500***	**100.0%**	**4.9%**
			86.1%

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

[2] Occupation percentages are based on the 2009 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2009 Occupational Employment Survey data for San Diego-Carlsbad-San Marcos MSA, California (San Diego County) updated by the California Employment Development Department to 2010 wage levels.

[3] Including occupations representing 4% or more of the major occupation group

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\150K+.xls; C-10 Compensation; 12/17/2010; hrg

TABLE C-11
IMPACT ANALYSIS SUMMARY
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

RESIDENTIAL UNIT DEMAND IMPACTS
PER 100 MARKET RATE UNITS

Number of New Households	PROTOTYPE 1: SFD	PROTOTYPE 2: TOWNHOME	PROTOTYPE 3: STACKED FLAT CONDOMINIUM	PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM	PROTOTYPE 5: GARDEN APARTMENTS	PROTOTYPE 6: STACKED FLAT APARTMENTS
Under 65% Area Median Income	26.4	16.9	19.1	24.4	12.4	15.5
65% to 100% Area Median Income	11.3	7.3	8.1	10.4	5.3	6.7
Subtotal through 100% of Median	37.7	24.2	27.2	34.8	17.7	22.2
100% to 120% Area Median Income	3.7	2.4	2.7	3.5	1.8	2.2
Over 120% of Area Median Income	10.4	6.9	7.6	9.7	5.1	6.3
Total Employee Households	51.9	33.5	37.5	47.9	24.6	30.7

TABLE C-12
INCLUSIONARY REQUIREMENT SUPPORTED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO

SUPPORTED INCLUSIONARY REQUIREMENT

	PROTOTYPE 1: SFD	PROTOTYPE 2: TOWNHOME	PROTOTYPE 3: STACKED FLAT CONDOMINIUM	PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM	PROTOTYPE 5: GARDEN APARTMENTS	PROTOTYPE 6: STACKED FLAT APARTMENTS
Supported Inclusionary Requirement						
Per 100 Market Rate Units - Cumulative Through [1]						
65% OF MEDIAN INCOME	26.4 Units	16.9 Units	19.1 Units	24.4 Units	12.4 Units	15.5 Units
100% OF MEDIAN INCOME	37.7 Units	24.2 Units	27.2 Units	34.8 Units	17.7 Units	22.2 Units
Supported Inclusionary Percentage - Cumulative Through [2]						
65% OF MEDIAN INCOME	20.9%	14.4%	16.0%	19.6%	11.0%	13.4%
100% OF MEDIAN INCOME	27.4%	19.5%	21.4%	25.8%	15.0%	18.2%

Notes:

[1] See Table C-11

[2] Calculated by dividing the supported number of affordable units by the total number of units (supported affordable units + 100 market rate units).

D. MITIGATION COSTS

This section takes the conclusions of the previous section on the number of households in the lower income categories associated with the market rate units and identifies the total cost of assistance required to make housing affordable. This section puts a cost on the units for each income level to produce the "total nexus cost." This is done for each of the six prototype units.

A key component of the analysis is the size of the gap between what households can afford and the cost of producing new housing in San Diego, known as the 'affordability gap.' Affordability gaps are calculated for each of the categories of area median income: under 65% of median, and between 65% and 100% of median. A detailed description of calculation of affordability gaps is contained in Appendix II. A brief summary is included below.

Project Descriptions

In order to determine the affordability gap, there is a need to match a household at each income level with a unit type and size according to government regulations and policies. The prototypical projects for both rental and ownership units are designed to represent what the Housing Commission is most likely to assist in the future.

The Housing Commission has typically assisted two types of rental development: garden-style apartments and higher density stacked-flats over podium apartments. Similarly, with ownership units, the Housing Commission has assisted both lower density townhomes and higher density stacked-flat condominiums. "Greenfield," or undeveloped, sites available for multi-family development are increasingly rare within the City of San Diego, and land values have risen significantly over the past decade as vacant sites have been absorbed. As a result, an increasing proportion of the affordable housing developments assisted by the Housing Commission will involve higher densities as well as structured parking. Therefore, the analysis has assumed that 40% of the affordable units will be developed as garden or townhome units, and 60% will be developed as stacked flat rentals or condominiums over podium parking. All units are assumed to have two bedrooms. The average three person household is assumed to be accommodated in a two bedroom unit, per local policy. Since higher density projects cost more to develop, while the affordable price is unaffected, the affordability gap for higher density units is higher. The mix of densities used here results in a blended affordability gap.

Detailed descriptions of the development prototypes, including development costs, affordable values, and the affordability gap calculations, can be found in the tables at the end of this section. A brief overview is presented here.

Project descriptions for the development prototypes can be summarized as follows:

- Garden-style apartments are assumed to be wood-frame construction, built at a density of 25 units to the acre, with two-bedroom 950-SF units. Parking is provided at two spaces per unit.

- Stacked-flat apartment units are built at a density of 50 units to the acre, with two-bedroom 800-SF units. The buildings are assumed to have four stories of wood-frame construction over a podium. Structured parking is provided at 1.75 spaces per unit.

- Townhome units are assumed to be 1,200-SF two-bedroom units, with two parking spaces in an attached garage. The units are built at a density of 20 units to the acre.

- The higher density condominium units are estimated at 1,000 square feet, with 1.75 spaces per unit of structured parking. The building is built at a density of 45 units to the acre, with wood-frame construction over a parking podium.

Maximum housing costs are determined based on the top end of the income categories. This is a conservative assumption, which produces a lower affordability gap average than reality since not all households have income at the top end of the range. For lower income households, rents are set to be affordable at 65% of median income. For median income households, maximum sales prices are calculated based on 100% of median income, with 35% of income set aside for housing (as opposed to 30% for rental units). These are standards widely used in affordable housing analysis and specified by SDHC in the Inclusionary Housing Procedures Manual.

Development Costs

The cost of developing new residential units in San Diego was assembled from a number of sources. Land costs were gathered from recent land sale data collected by KMA. KMA is also actively working on a number of rental and condominium projects at various locations in the San Diego area and has recent developer pro forma financial analyses from which to draw cost information.

From the above sources, KMA prepared a summary of total development costs, broken down into the major cost components: acquisition, direct or construction costs, indirect costs, and financing costs. Housing development costs are intended as averages and generally reflect the reductions in construction costs experienced since the peak of the real estate market in the 2005-2007 timeframe.

This is a difficult time in the economic cycle to select averages for rents, sales prices, and development costs. At the time of this writing, developers are achieving lower construction costs when compared to the exacerbated construction cost escalation at the peak of the market several years ago. However, current market rents and sales prices are generally not sufficient to support new market-rate residential development. As a result, only a very limited amount of new development activity is proceeding. The KMA estimates of development costs used in the

affordability gap analyses reflect the favorable construction costs generally available in the current market.

Affordability Gap

The KMA financial pro formas estimating the affordability gap for the above prototypes are presented in Appendix II Tables C-1 through C-16. Each pro forma contains:

i. A project description;

ii. Estimates of development costs;

iii. Stabilized net operating income for the rental prototypes based on providing units affordable to households at 65% AMI;

iv. Maximum affordable sales price for the ownership prototypes based on all units affordable to households at 100% AMI (median income);

v. Estimates of maximum warranted investment for the rental prototypes; and

vi. The resulting financing gap generated by the development prototype reflective of the difference between warranted investment and development costs for rental units, and the difference between net sales proceeds and development costs for ownership units.

The inputs and assumptions used in the KMA pro formas are based on KMA's experience with comparable developments throughout San Diego, the city and the region. In particular, KMA notes the following:

- The cost estimates do not assume a prevailing wage requirement.

- The City of San Diego is diverse in terms of real estate market factors. Therefore, the KMA pro formas assumed land costs ranging from a low of $25 per square foot to a high of $50 per square foot of land, reflecting project location and achievable density.

- As specific sites have not been defined for this study, KMA assumed an allowance for off-site improvements ranging between $3 and $5 per square foot of site area, and an allowance for on-site improvements ranging from $10 to $15 per square foot of site area.

- Units are assumed to be financed using conventional debt and equity financing sources.

Following is a summary of the blended affordability gaps used in the analysis.

Affordability Gaps by Prototype			
Rental	*Garden Apartments*	*Stacked Flats Over Podium Parking*	*Average Rental* (1)
Low Income (65% AMI)	($146,000)	($225,000)	($193,000)

Ownership	*Townhomes*	*Stacked Flats Over Podium Parking*	*Average Ownership* (1)
Median Income (100% AMI)	($73,000)	($155,000)	($122,000)

(1) Assumes 40% of affordable units delivered in lower density developments (garden apartments/townhomes) and 60% of affordable units delivered in higher density developments (stacked flats over podium parking).

Total Nexus Costs

The last step in the nexus analysis marries the findings on the numbers of households in each of the lower income ranges associated with the six prototypes to the affordability gaps, or the costs of delivering housing to them in San Diego.

Table D-1 summarizes the analysis. The Affordability Gaps are drawn from the prior discussion. The "Nexus Cost per Market Rate Unit" shows the results of the following calculation: the affordability gap times the number of affordable units demanded per market rate unit. (Demand for affordable units for each of the income ranges is drawn from Table C-11 in the previous section and is adjusted to a per-unit basis from the 100 unit building module.)

The total nexus costs for the six prototypes are as follows:

Nexus Per Market Rate Unit							
Income Category	*Affordability Gap*	*Single Family*	*Town-home*	*Low Density Condo*	*Higher Density Condo*	*Garden Apartments*	*Stacked Flat Apartments*
Under 65% AMI	$193,000	$51,000	$32,600	$36,900	$47,000	$23,900	$29,900
65% to 100% AMI	$122,000	$13,800	$8,900	$9,900	$12,700	$6,500	$8,100
Total Nexus Costs		**$64,800**	**$41,500**	**$46,800**	**$59,700**	**$30,400**	**$38,000**

The Total Nexus Costs indicated above may also be expressed on a per square foot level. The square foot area of the prototype unit used throughout the analysis becomes the basis for the calculation. Again, see Appendix II for more discussion of the prototypes. The results per square foot are as follows:

Total Nexus Cost Per Sq. Ft.							
Income Category *Prototype Size (SF)*	*Affordability Gap*	*Single Family* *2,750 SF*	*Town-home* *1,400 SF*	*Low Density Condo* *1,050 SF*	*Higher Density Condo* *950 SF*	*Garden Apartments* *950 SF*	*Stacked Flat Apartments* *850 SF*
Under 65% AMI	$193,000	$18.55	$23.29	$35.14	$49.47	$25.16	$35.18
65% to 100% AMI	$122,000	$5.02	$6.36	$9.43	$13.37	$6.84	$9.53
Total Nexus Costs		**$23.56**	**$29.64**	**$44.57**	**$62.84**	**$32.00**	**$44.71**

These costs express the total nexus costs for the six prototype developments in the City of San Diego. These total nexus costs represent the ceiling for any requirement placed on market rate development. The totals are not recommended levels for fees; they represent only the maximums established by this analysis, below which fees may be set.

Non-Duplication of Housing Impact Fee for Non-Residential Development

San Diego established its Housing Impact Fee Ordinance in 1990 to help mitigate the impacts of new jobs associated with the development of new commercial buildings on the demand for affordable housing in San Diego.

To briefly summarize the nexus analysis that supports the Housing Impact Fee, called the Jobs Housing Nexus Study, the logic begins with jobs located in new workplace buildings such as office buildings, retail spaces and hotels. The nexus analysis then identifies the compensation structure of the new jobs depending on the building type, the income of the new worker households, and the housing affordability level of the new worker households, concluding with the number of new worker households in the lower income affordability levels.

Some of the jobs that are counted in the Jobs Housing Nexus Study are also counted in the Residential Nexus Analysis. The overlap potential exists in jobs generated by the expenditures of San Diego residents, such as expenditures for food, personal services, restaurant meals and entertainment. Many jobs counted in the residential nexus are not addressed in the jobs housing analysis at all. For example, school and government employees are counted in the residential nexus analysis but are not counted in the jobs housing analysis which is limited to private sector office buildings, retail, hotel and certain medical projects.

Theoretically, there is a set of conditions in which 100% of the jobs counted for purposes of the commercial linkage fee are also counted for purposes of the residential nexus analysis. For example, a small retail store or restaurant might be located on the ground floor of a new condominium building and entirely dependant upon customers from the condominiums in the floors above. The commercial space on the ground floor pays the Housing Impact Fee and the condominiums are subject to the Inclusionary Program. In this special case, the two programs mitigate the affordable housing demand of the very same workers. The combined requirements of the two programs to provide inclusionary units and/or fund construction of affordable units

must not exceed 100% of the demand for affordable units generated by employees in the new commercial space.

Complete overlap between jobs counted in Jobs Housing Nexus Study and jobs counted in the Residential Nexus Analysis could occur only in a very narrow set of circumstances. The following analysis demonstrates that the combined mitigation requirements do not exceed the nexus even if every job counted in the Residential Nexus Analysis is also counted in the Jobs Housing Nexus Study.

Housing Impact Fee Requirement as a Percent of Nexus Supported

The most recent Jobs Housing Nexus Study report was completed by KMA in October 2010.[1] The total updated nexus costs per square foot are shown below. The total nexus cost is the maximum mitigation amount, or maximum fee that could be charged, supported by the analysis. At the time of this writing, the City has not implemented any revisions to the Housing Impact Fee Ordinance based on the findings of the recent study. For the purposes of this analysis, we conservatively assume that the City adopts the highest recommended fee level, as estimated by Keyser Marston Associates.

	Office	Hotel	Retail	Medical	Manuf.	Warehouse	Education
Total Nexus Cost Supported (Per Sq.Ft.)	$78.08	$81.16	$115.55	$72.01	$41.94	$13.32	$40.91
Highest Recommended Fee (Per Sq.Ft.)	$3.80	$3.20	$3.40	$3.80	$2.40	$1.50	$2.40
Percent of Nexus Cost	4.9%	3.9%	2.9%	5.3%	5.7%	11.3%	5.9%

The conclusion is that the highest recommended fee levels represent 2.9% to 11.3% of the nexus cost. So, the Housing Impact Fee mitigates approximately 3% to 11% of the demand for affordable units generated by the new commercial space.

Current In-Lieu Fee as a Percent of Nexus

The City of San Diego's Inclusionary Housing Ordinance requires all projects of two or more units to provide 10% units at affordable prices or pay an in-lieu fee. The in-lieu fee is currently $4.98 per square foot.

[1] "Jobs Housing Nexus Study" prepared by Keyser Marston Associates for the City of San Diego, October 2010.

Total Nexus Cost Per Sq. Ft.						
	Single Family	*Town-home*	*Low Density Condo*	*Higher Density Condo*	*Garden Apartments*	*Stacked Flat Apartments*
Supported Maximum Nexus Cost	$23.56	$29.64	$44.57	$62.84	$32.00	$44.71
Current Requirement	$4.98	$4.98	$4.98	$4.98	$4.98	$4.98
Percent of Nexus	21.1%	16.8%	11.2%	7.9%	15.6%	11.1%

The conclusion is that the Inclusionary Program is requiring 8% to 21% of the maximum supported by the analysis.

Combined Requirements within Nexus

The highest Housing Impact Fee level recommended in the KMA report ranges from 3% to 11% of the supported nexus amount and the current Inclusionary Housing Program requirement is at 8% to 21% of the supported nexus amount; therefore, the combined affordable housing mitigations would not exceed the nexus even if there were 100% overlap in the jobs counted in the two nexus analyses.

To return to the example of a restaurant on the ground floor of a new condominium building, say there are a total of 30 new restaurant employees of which 20 are in lower income households. The 20 employees in lower income households are counted (or double counted) in both the Housing Impact Fee and Residential Nexus analyses. If the Housing Impact Fee mitigates the affordable housing demand of one of the employees (3% x 20) and the Inclusionary Program mitigates the housing demand for another two employees (11.2% x 20), then together the two programs mitigate the housing demand of 3 out of 20 lower income employees. The combined requirements of the two programs satisfy the nexus test by not mitigating more than 100% of the housing demand. Extending this logic, the affordable housing demand mitigated by the Inclusionary Program and the Housing Impact Fee as a percent of their respective nexus analyses can be added together to test whether the combined requirements would exceed 100% of nexus even if the two analyses counted (or double counted) all the same demand for affordable housing.

TABLE D-1
SUPPORTED FEE / NEXUS SUMMARY PER UNI
RESIDENTIAL NEXUS ANALYSI
CITY OF SAN DIEGC

TOTAL NEXUS COST PER MARKET RATE UNI

		Nexus Cost Per Market Rate Unit					
	Affordability Gap[1]	PROTOTYPE 1: SFD	PROTOTYPE 2: TOWNHOME	PROTOTYPE 3: STACKED FLAT CONDOMINIUM	PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM	PROTOTYPE 5: GARDEN APARTMENTS	PROTOTYPE 6: STACKED FLAT APARTMENTS
Household Income Level							
Under 65% Area Median Income	$193,000	$51,000	$32,600	$36,900	$47,000	$23,900	$29,900
65% to 100% Area Median Income	$122,000	$13,800	$8,900	$9,900	$12,700	$6,500	$8,100
Total Supported Fee / Nexus		**$64,800**	**$41,500**	**$46,800**	**$59,700**	**$30,400**	**$38,000**

TOTAL NEXUS COST PER SQUARE FOO

		Nexus Cost Per Square Foot					
	Affordability Gap[1]	PROTOTYPE 1: SFD	PROTOTYPE 2: TOWNHOME	PROTOTYPE 3: STACKED FLAT CONDOMINIUM	PROTOTYPE 4: MID- / HIGH-RISE CONDOMINIUM	PROTOTYPE 5: GARDEN APARTMENTS	PROTOTYPE 6: STACKED FLAT APARTMENTS
	Unit Size (SF)	2,750 SF	1,400 SF	1,050 SF	950 SF	950 SF	850 SF
Household Income Level							
Under 65% Area Median Income	$193,000	$18.55	$23.29	$35.14	$49.47	$25.16	$35.18
65% to 100% Area Median Income	$122,000	$5.02	$6.36	$9.43	$13.37	$6.84	$9.53
Total Supported Fee / Nexus		**$23.56**	**$29.64**	**$44.57**	**$62.84**	**$32.00**	**$44.71**

[1] Household earning less than 65% AMI are presumed to receive assistance for rental housing; households earning between 65% and 100% AMI are presumed to receive assistance for ownership housing.

Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\new cxn nexus model 11-23-10; D-1 nexus cost per Unit; 4/6/2011; hgr

NOTES ON SPECIFIC ASSUMPTIONS

Prefatory Note

The City's inclusionary affordable housing program is not subject to the provisions of the Mitigation Fee Act (Government Code Sections 66000 et seq.).

The Mitigation Fee Act (MFA) places certain requirements on local government "fees," which are defined as "*monetary*" exactions charged "for the purpose of defraying all or a portion of the cost of *public facilities* related to a development project." Public facilities include "public improvements, public services, or community amenities."

The City's affordable housing fees do not fund *public* facilities. The fees are placed in the San Diego Affordable Housing Fund and may be expended only to build, acquire, rehabilitate, or preserve affordable housing, which is privately owned and occupied and not open or available as a public facility. In addition, the fee is one of several options that an owner can select to satisfy the City's affordable housing requirement. Where private developers *elect* to pay the fee rather than construct affordable housing, the City's ordinance does not impose a monetary exaction. For these reasons, the City's affordable housing requirements are not "fees" as defined in the Mitigation Fee Act, and so are not subject to the provisions of that Act.

The City's purpose in completing this nexus study was to determine if the City's affordable housing requirements could be supported by a nexus-type analysis. The study:

- Identifies the purpose of the City's inclusionary affordable housing program, which is to meet the City's affordable housing needs;
- States that affordable housing fees will be used to increase the City's affordable housing supply; and
- Establishes that there is a reasonable relationship between the need for affordable housing created by market-rate residential development, the amount of affordable housing required to be built, the amount of the City's affordable housing fees, and the use of the fees to create affordable housing.

The study also shows that the City's current inclusionary affordable housing requirements are below those required to entirely mitigate the impact of *new* residential development on the need for affordable housing, let alone remedy existing deficiencies. The City's affordable housing requirements do not duplicate other City requirements and fees, and other sources of funding are not adequate to meet the City's need for affordable housing, all as described previously in the study.

Geographic Area of Impact

The analysis quantifies impacts occurring within San Diego County. While the majority of impacts will occur within the city since San Diego is a major city with a broad range of retail and service outlets, hospitals and other institutions, some impacts will be experienced elsewhere in San Diego County and beyond. The IMPLAN model computes the jobs generated within the County and sorts out those that occur beyond the county boundaries.

Job impacts, like most types of impacts, occur irrespective of political boundaries. And like other types of impact analyses, such as traffic, impacts beyond city boundaries are experienced, are relevant, and are important. Without an area-wide program to mitigate affordable housing impacts of all development, San Diego can ensure that those affordable housing impacts created by development within its jurisdiction are at least partially mitigated.

Economic impact analyses are often conducted to demonstrate the jobs and dollar costs and benefits of major projects, such as, say, a sports stadium or the closing of a military base. It is standard practice in economic impact analyses to identify the geographic area or areas for which the impacts are being computed. In this case, the job impacts within San Diego County are quantified and where the job holders (or worker households) live is not identified but would be within commuting distance to San Diego County. Whether a jurisdiction chooses to mitigate none, all or a share of the impacts of its actions or activities is a matter of policy.

For clarification, counting all impacts associated with new housing units, does not result in double counting, even if all jurisdictions were to adopt similar programs and charge affordable housing fees. The impact of a new housing unit is only counted once, in the jurisdiction in which it occurs. Obviously, within a metropolitan region, there is much commuting among jurisdictions, and cities house each others' workers in a very complex web of relationships. The important point is that impacts of residential development are only counted once. For jurisdictions that have housing programs on both residential and non residential development, such as San Diego, KMA provides an analysis to demonstrate that double counting has not occurred (see "Non-Duplication of Housing Impact Fee for Non-Residential Development" in Section D).

Affordability Gaps

The use of the affordability gap for establishing a maximum fee supported from the nexus analysis is grounded in the concept that affordable units will be built to mitigate impacts. The nexus analysis has established that units will be needed at one or more different affordability levels and, per local policy, the type of unit to be delivered depends on the income/affordability level. Most commonly, very low and low income households are assumed accommodated in rental units and moderate income households in a multi-family for-sale unit.

The units assisted by the public sector for affordable households are usually small in square foot area (for the number of bedrooms) and modest in finishes and amenities. As a result, in

some communities these units are similar in physical configuration to what the market is delivering at market rate; in other communities (particularly very high income communities), they may be smaller and more modest than what the market is delivering. Parking, for example, is usually the minimum permitted by the code. In some communities where there is a wide range in land cost per acre or per unit, it may be assumed that affordable units are built on land parcels in the lower portion of the cost range. KMA tries to develop a total development cost summary that represents the lower half of the average range, but not so low as to be unrealistic.

If the affordability gap is the difference between total development cost and the affordable sales price, the question sometimes arises as to how total development cost is defined. KMA defines total development costs as including land costs, construction costs, site improvements, architectural and engineering, financing and all other indirect costs, and an allowance for an industry profit (non-profit developers receive a development fee instead).

In a healthy and stable economy, when projects are feasible, the sales price is therefore the same as the total development cost inclusive of profit. In some economic cycles sales prices might enable larger than standard profits, as was the case in the 2002 to 2004 period, for example, when sales prices escalated ahead of construction and land costs, and sales prices were achieved that enabled higher than standard profit margins. In other market cycles, sales prices are so depressed that they are not high enough to cover total development costs and there is no profit. Projects are not feasible during these periods.

Non profit developers usually experience the same land and construction costs but do have differences in their financing costs, other indirect expenses and fee structures. The end result, on average, is a total cost that is comparable to that experienced by for profit developers. No prevailing wage requirement is assumed for either case. It is sometimes thought that the cost structure for non-profits is higher than for for-profit developers; for purposes of an affordability gap average, we take the position that costs are essentially the same.

Development of market rate rental units has been constrained for a number of years now in many California cities. Current market rent levels are not strong enough to cover the costs of new development and until recently, most multi-family land has been developed into condominiums where profits have been possible. As a result, total development cost summaries for rental units are drawn from current construction costs and the full complement of indirect costs that would be necessary to build an apartment structure. Affordability gaps are the difference between the value of the unit at restricted or affordable rent levels and the development costs.

With rental projects there is an additional issue of whether additional sources of assistance should be assumed in the analysis. Most rental projects built for lower income households have in recent years been developed using federal tax credits, state low interest financing from bond funds, and other resources. There is a difficulty in assuming that all projects for the lower income households will be developed using these outside sources, because these sources are

not reliably available. Accessing these sources is also highly competitive due to the limited supply. Finally, the value of tax credits to the project can fluctuate widely. To address this situation, determining the affordability gap while assuming no outside sources is a sound and legitimate approach.

Excess Capacity of Labor Force

At the time this analysis has been conducted, the nation, regional and local economy are all experiencing a severe recession. Unemployment in California averages over 10%. In this context, the question has been raised as to whether there is excess capacity in the labor force to the extent that consumption impacts generated by new households will be in part, absorbed by existing jobs and workers, thus resulting in fewer net new jobs.

In response, an impact analysis of this nature is a one time impact requirement to address impacts generated over the life of the project. The current recession is a temporary condition; a healthy economy will return and the impacts will be experienced. In addition, because the nexus analysis is based on reduced housing prices, the impacts analyzed are less than would have been shown had the analysis been prepared when housing prices were at their peak, and the economy was healthier.

Finally, the economic cycle self adjusts. Development of new residential units is not likely to occur until conditions improve or there is confidence that improved conditions are imminent. When this occurs, the improved economic condition of the households in the local area will absorb the current underutilized capacity of existing workers, employed and unemployed. By the time new units become occupied, current conditions will have likely improved.

Excess capacity of the labor force is a short term phenomenon resulting from the economic cycle. Longer term structural changes to the local economy, such as has occurred in San Diego over the past two decades with the decline in the defense and aerospace sectors, are recognized in the jobs-housing analysis used to establish the Commercial Housing Linkage fee.

The Burden of Paying for Affordable Housing

San Diego's inclusionary program does not place all burdens for the creation of affordable housing on new residential construction. The burden of affordable housing is borne by many sectors of the economy and society. A most important source in recent years of funding for affordable housing development comes from the federal government in the form of tax credits (which result in reduced income tax payment by tax credit investors in exchange for equity funding). Additionally there are other federal grant and loan programs administered by the Department of Housing and Urban Development and other federal agencies. The State of California also plays a major role with a number of special financing and funding programs. Much of the state money is funded by voter approved bond measures paid for by all Californians.

Local governments have increasingly played a greater role in affordable housing. Local redevelopment agencies in particular provide the single largest source in all of California. In addition, private sector lenders play an important role. Then there is the non-profit sector, both sponsors and developers that build much of the affordable housing.

The City's inclusionary affordable housing requirements are only one part of the City's overall strategy for providing affordable housing. The San Diego Housing Commission committed over $17.6 million in capital funds to affordable housing development in 2010, which funded approximately 437 affordable units. Eighty-three units and $7.3 million of those monies came from contributions from private developers through the City's inclusionary affordable housing program. In addition, $36.4 million in tax-exempt bonds are being issued through the Housing Authority to assist these developments. Last, the Housing Commission, committed $74.7 million to acquire directly or through development partnerships eight properties containing 721 affordable units.

In summary, all levels of government and many private parties, for profit and non-profit contribute to supplying affordable housing. Residential developers are not being asked to bear the burden alone any more than they are assumed to be the only source of demand or cause for needing affordable housing in our communities. The City's adopted Housing Element projected new construction of affordable housing to meet the City's Regional Housing Needs Allocation. Of the City's need for over 18,000 very low and low income units, only 2,525 were projected to be developed through the inclusionary affordable housing program. The inclusionary program will fund only a small percentage of the affordable housing needed in the City of San Diego.

APPENDIX II: RESIDENTIAL VALUES – MARKET AND AFFORDABLE

INTRODUCTION AND OVERVIEW

This appendix section provides the building blocks for the values used in other sections of this report, by establishing both market values and affordable values for various types of residential units or projects potentially developed in the City of San Diego.

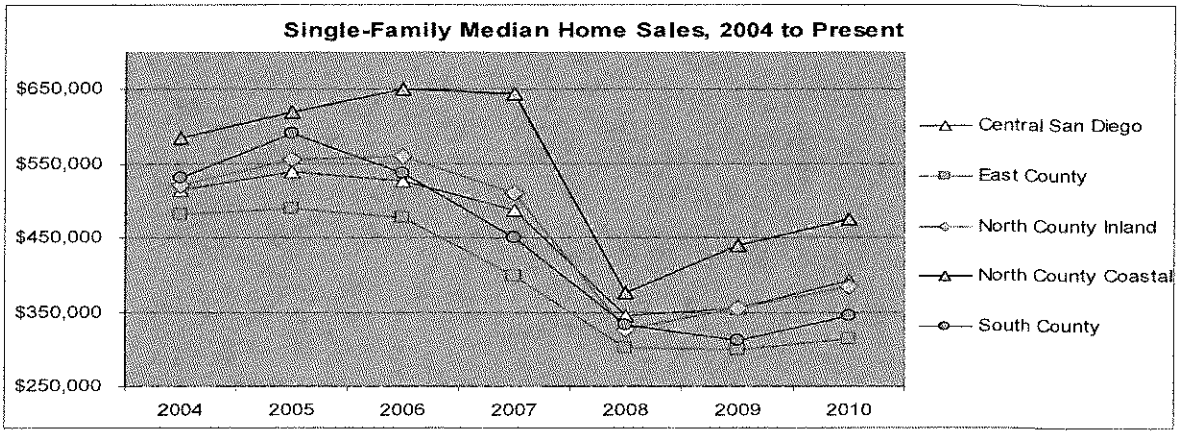
Market values are based on surveys of residential units or developments in the City of San Diego covering a range of residential types: single-family detached, attached townhomes, garden apartments, stacked flat condominiums, mid/high-rise condominiums, garden apartments, and stacked flat apartments. Affordable values are formula-based, starting from the San Diego County Area Median Income and amounts "affordable" for housing per State and local policies. The difference between market and affordable values for any given residential unit type, assuming a fixed unit size and occupying household, is referred to as the affordability gap. The affordability gaps play a major role in the calculation of the maximum supportable fee based on this nexus study.

A. MARKET VALUES

Market Surveys and Timing Issues

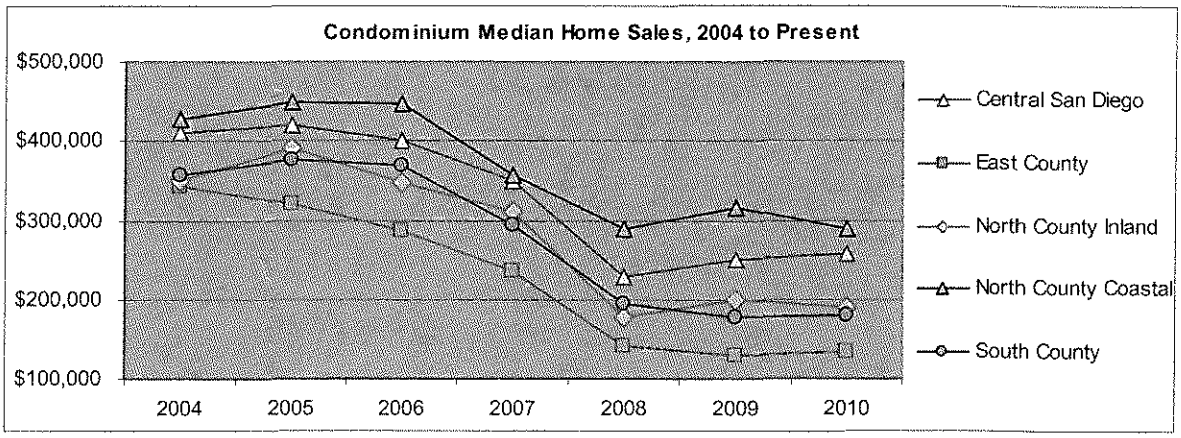
The surveys summarized in Appendix II Tables A-1 and A-2 were conducted in Fall 2010. As of the time of this writing, there remains uncertainty about how fast the housing recovery will occur, although it is likely that a return to the peak values of a few years ago will take many years.

The chart below profiles median prices for the re-sales of single-family homes between 2004 and October 2010. As shown below, the median home prices for single-family homes resold in the County of San Diego peaked in 2007, decreased substantially in 2008, and have increased only slightly over the past two years. San Diego County's North Coastal areas experience the highest single-family home values in the region while the East County has the lowest values.



Source: DataQuick

During the same period, median home prices for condominiums resold in the County of San Diego generally peaked in 2006, declined in 2007 and 2008, and have subsequently flattened. Similar to single-family homes, condominiums in San Diego County's North Coastal areas experience the highest values while the lowest condominium values can be found in the East County.



Source: DataQuick

KMA also reviewed asking prices for new residential developments currently on the market using data from MarketPoint Realty Advisors. Market data reviewed included various communities throughout the City but excluded the North City Future Urbanizing Area, which is subject to inclusionary zoning requirements contained in the North City Future Urbanizing Area Framework Plan.

A summary of the median sales prices found for each product type are as follows:

	Number of Active Projects	Median Price	
		Per Unit	Per SF
Single-Family Detached	7	$866,000	$320/SF
Townhomes	3	$576,000	$360/SF
Stacked Flat Condominiums			
Up to 4 Stories	2	$639,000	$380/SF
5 to 10 Stories	5	$499,000	$475/SF
Greater than 10 Stories	9	$599,000	$470/SF

For purposes of this analysis, the objective is to not use the very bottom but the values that might reasonably be expected over the next several years.

It is important to note that the values determined from the surveys may not be sufficiently high to support the costs of development today. Many units have transacted at values that have not resulted in adequate profits for developers and developers likely would not undertake new

construction at these lower values. As a result, the financial gap analysis may be understated relative to cost and value factors when the market improves. By the same reasoning, the nexus analysis in Appendix I could be understated.

Market Value Conclusions

The market value conclusions, based on all the surveys and indices, for analysis and program design purposes are presented in Appendix II - Table A-3 and are as follows:

For-Sale Project Prototypes

- A single-family detached unit, at an average density of 5 units to the acre, a mix of three and four bedrooms, 2,750 square feet, selling for $633,000, or $230 per square foot on average.

- A townhome unit, built at an average of 20 units to the acre, a mix of two and three bedrooms, 1,400 square feet, selling for $375,000, an average of $268 per square foot.

- A stacked flat condominium unit, built at an average of 50 units per acre, a mix of one, two, and three bedrooms, 1,050 square feet, selling for approximately $420,000, or $400 per square foot.

- A mid- to high-rise condominium unit, built at an average of 200 units per acre, a mix of one, two, and three bedrooms, 950 square feet, selling for approximately $546,000, or $575 per square foot.

Rental Project Prototypes

Like much of San Diego County, San Diego has experienced little development of rental apartments in recent years. In 2008 and 2009, San Diego experienced a slight decline in rent levels and a slight increase in vacancy rates. As of this writing in late 2010, conditions have already changed and rents are beginning to move in an upward direction while vacancies decline slightly (Marcus and Millchap survey). Vacancy levels never did exceed 5% even in the worst months in the San Diego region. In short, the rental market is poised for strengthening to the extent that new construction is anticipated within the next two years. In fact, some developers are preparing to enter the market with minimum initial returns but with an anticipation of better returns in the future.

- A garden apartment unit in a project with an average density of 25 units per acre. Unit size averages 950 square feet, a mix of one, two and three bedroom units, renting for an average $1,708 per month.

- A stacked flat apartment unit in a project with an average density of 60 units per acre. Average unit size is 850 square feet, a mix of one, two, and three bedroom units, renting for an average $2,090 per month.

The assumed market values of the for-sale prototypes represent the lower end of new units recently developed in the City of San Diego. In addition, the rent required for the rental projects represents the upper end of current rent levels in the City of San Diego (see Appendix II Table A-4). Based on our analysis, rents will have to approximate the level used in this analysis for new construction (without government assistance) to be feasible.

At these values, either there will be extremely limited new construction until the market recovers, or the recession is prolonged to the point that land prices and construction costs will decline sufficiently to make projects feasible at these levels. These prototypes have been selected for use as a conservative starting point for the residential nexus analysis.

B. AFFORDABLE VALUES

Affordable sales prices and rent levels are a function of the income level for which the unit is aimed to be affordable; the calculations are formula-based according to a combination of statute and policy, both local and statewide.

The Area Median Income is the starting point for the affordable sales price/rent calculation. The U.S. Department of Housing and Urban Development (HUD) publishes the Area Median Income (AMI) for each county annually. Appendix II – Table B-1 presents the income limits for households at 65% AMI and 100% AMI, the income category requirements included in the City's Inclusionary Housing Ordinance for rental and ownership development, respectively.

Affordable Rent Levels

The calculation of affordable rents at 65% AMI is presented in Appendix II – Table B-2. The calculation of affordable rents incorporates the following key assumptions:

1. Assignment of family size (number of persons) vs. unit size (number of bedrooms) based on the number of persons exceeding the number of bedrooms by one.

2. Calculation of affordable rents based on the formulas shown below.

65% of Median	30% of 65% AMI

3. 65% AMI income figures extrapolated from the figures shown in the Income Limits for 2010, published by the U.S. Department of Housing and Urban Development, and issued by the San Diego Housing Commission as of June 28, 2010.

4. Utility allowances as determined by the San Diego Housing Commission, assuming a common utility profile for newer units.

Based on the above assumptions, affordable rent levels at 65% AMI are estimated as follows:

Number of Bedrooms	65% of AMI
Studio	$876
One	$998
Two	$1,121
Three	$1,242
Four	$1,436

The rent levels so defined (by unit size and income category) govern the maximum rent that a building owner may charge for a particular unit.

Affordable Sales Prices

Calculation of the maximum affordable sales price is detailed in Appendix II – Table B-3. The sales price estimates incorporate the following key assumptions:

1. Assignment of family size (number of persons) vs. unit size (number of bedrooms) based on the number of persons exceeding the number of bedrooms by one, as follows:

Unit Size	Household Size
One Bedroom	2.0 Persons
Two Bedroom	3.0 Persons
Three Bedroom	4.0 Persons
Four Bedroom	5.0 Persons

2. Calculation of affordable sales prices based on the formulas shown below.

100% of Median	35% of 100% AMI

3. Income figures published by the U.S. Department of Housing and Urban Development, and issued by the San Diego Housing Commission as of June 28, 2010.

4. Other housing costs consisting of annual estimates of homeowners association dues and insurance.

5. Property taxes assuming a 1.25% tax rate.

6. Supportable mortgage assuming a 30-year loan; 6.5% interest; and a 5.0% down payment.

Based on the above assumptions, affordable sales prices are estimated as follows:

Number of Bedrooms	100% of AMI
One	$211,000
Two	$235,000
Three	$263,000
Four	$284,000

C. AFFORDABILITY GAPS

The calculation of affordability gaps for each prototype are presented in Appendix II – Tables C-1 through C-16. The affordability gaps are the differences between market values, which in normal market conditions closely approximate total development costs inclusive of profit, and affordable values. In the nexus study, the affordability gap is the amount of subsidy dollars required to bridge the difference between the two values.

Estimates of development costs are taken from the prototype analysis described previously. For the rental units it is necessary to convert the net annual income to the value of the unit, which when development is feasible, is at least as much or more than the cost to develop the unit. Rental unit value relative to net annual income is determined by the annual income net of operating expenses and vacancy allowance, converted to value at a target Return on Investment (ROI) of 7.5%.

KMA calculated the affordability gaps at 65% AMI as follows:

Estimate of Affordability Gap - Rental	Garden Apartments	Stacked Flats Over Podium Parking	Average (1)
65% AMI	($146,000)	($225,000)	($193,000)

(1) Assumes 40% of affordable units delivered in lower density development and 60% of affordable units delivered in higher density developments.

For the for-sale units, based on today's housing market, values are on the low-end since profit levels are in many cases below what would be needed for feasibility. However, we believe that the estimates as shown below are appropriately conservative figures for use in the analysis.

Estimate of Affordability Gap – For-Sale	Townhomes	Stacked Flats Over Podium Parking	Average (1)
100% AMI	($73,000)	($155,000)	($122,000)

(1) Assumes 40% of affordable units delivered in lower density development and 60% of affordable units delivered in higher density developments.

APPENDIX II - TABLE A-1

MEDIAN HOME SALES - COUNTY OF SAN DIEGO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

I. Single-Family	2004	2005	2006	2007	2008	2009	2010 (1)
Central San Diego	$515,000	$540,000	$527,450	$488,000	$345,000	$355,000	$392,000
East County	$482,000	$490,000	$478,000	$399,000	$301,500	$300,000	$313,000
North County Inland	$520,000	$554,500	$559,000	$510,000	$326,000	$355,000	$385,000
North County Coastal	$585,000	$620,000	$650,000	$645,000	$375,000	$440,000	$475,000
South County	$530,000	$590,000	$537,000	$450,000	$333,000	$312,500	$344,500

II. Condominiums	2004	2005	2006	2007	2008	2009	2010 (1)
Central San Diego	$410,000	$420,500	$399,500	$350,000	$228,000	$250,000	$257,500
East County	$342,000	$320,000	$286,000	$236,500	$140,500	$130,000	$135,000
North County Inland	$350,000	$392,000	$347,500	$310,000	$178,000	$200,000	$190,000
North County Coastal	$427,500	$450,000	$447,500	$357,500	$289,000	$315,000	$290,000
South County	$357,000	$377,000	$370,000	$295,000	$195,500	$178,000	$179,000

(1) Reflects resales of single-family homes and condominiums through October 2010.

Source: DataQuick
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\SDHC_Inclusionary_Appendix II_v2_12-10-10;4/6/2011;lag

APPENDIX II TABLE A-2

ASKING PRICES, NEW CONSTRUCTION
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

		Beds	Baths	Unit SF	Base Price	$/SF
I. Single-Family Detached						
Project Name:	Montoro Estates @ Stonebridge	3+	2.5	3,655	$828,900	$227
Community:	Scripps Ranch	4+	3.5	4,285	$849,900	$198
Number of Units:	14 units; 3 unsold	5+	3.5	5,015	$914,900	$182
Monthly Dues:	$154					
Project Name:	Serenity at the Estates @ Stonebridge	5	4.5	4,040	$895,000	$222
Community:	Scripps Ranch	5	4.5	4,346	$929,000	$214
Number of Units:	47 units; 5 unsold	5	4.5	4,759	$1,021,900	$215
Monthly Dues:	$303					
Project Name:	Tiburon Estates @ Stonebridge	4	3.5	4,950	$1,395,000	$282
Community:	Scripps Ranch	4	4	5,150	$1,098,990	$213
Number of Units:	53 units; 3 unsold	4	4.5	5,535	$1,050,990	$190
Monthly Dues:	$142					
Project Name:	Bridle Ridge @ Carmel Country Highlands	3	3	2,353	$811,000	$345
Community:	Carmel Valley	3	3	2,691	$861,000	$320
Number of Units:	69 units; 7 unsold	3+	3	2,734	$866,000	$317
Monthly Dues:	$31					
Project Name:	Carriage Run @ Carmel Country Highlands	3	3	1,985	$729,500	$368
Community:	Carmel Valley	3	2.5	2,197	$764,300	$348
Number of Units:	118 units; sold-out	4	2.5	2,402	$781,100	$325
Monthly Dues:	$155					
Project Name:	Carriage Run II @ Carmel Country Highlands	4	3	2,151	$763,100	$355
Community:	Carmel Valley	4	2.5	2,197	$745,000	$339
Number of Units:	46 units; 5 unsold	4	2.5	2,402	$781,500	$325
Monthly Dues:	$155					
Project Name:	Emerald Cove La Jolla	2+	3	2,434	$1,365,000	$561
Community:	La Jolla	3	2.5	2,465	$1,250,000	$507
Number of Units:	104 units; 1 unsold	4	3.5	2,575	$799,000	$310
Monthly Dues:	$135	2+	3.5	2,588	$1,595,000	$616
		3	2.5	2,611	$1,350,000	$517
		3+	2.5	2,659	$805,000	$303
		4	3.5	2,988	$876,000	$293
Minimum		3	3	1,985	$729,500	$182
Maximum		5	5	5,535	$1,595,000	$616
Median		4	3	2,659	$866,000	$317
Average		4	3	3,247	$965,083	$324

Source: MarketPointe Realty Advisors, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\SDHC_Inclusionary_Appendix II_v2_12-10-10; 4/6/2011; ema

APPENDIX II - TABLE A-2

ASKING PRICES, NEW CONSTRUCTION
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

		Unit Type	Beds	Baths	Unit SF	Base Price	$/SF
II. Townhomes							
Project Name:	Bridgeview Lofts	Townhome	3	3	1,349	$435,000	$322
Community:	Barrio Logan	Townhome	3	3.5	1,850	$475,000	$257
Number of Units:	13 units; 8 unsold						
Monthly Dues:	$300						
Number of Stories:	4 stories						
Project Name:	Highland Village @ Carmel Valley Highlands	Townhome	2	2.5	1,274	$479,900	$377
Community:	Carmel Valley	Townhome	2	2.5	1,627	$528,900	$325
Number of Units:	59 units; 7 unsold	Townhome	3	2.5	1,643	$556,900	$339
Monthly Dues:	$250	Townhome	4	2.5	2,068	$595,900	$288
Number of Stories:	2 stories						
Project Name:	Devon & Dover	Townhome	2	2.5	1,320	$1,052,500	$797
Community:	Mission Beach	Townhome	3	3.5	2,030	$1,230,000	$606
Number of Units:	12 units; 11 unsold						
Monthly Dues:	$300						
Number of Stories:	N/A						
		Minimum	2	2.5	1,274	$479,900	$288
		Maximum	4	3.5	2,068	$1,230,000	$797
		Median	2.5	2.5	1,635	$576,400	$358
		Average	3	3	1,660	$741,000	$455
III. Stacked-Flat Condominiums - Up to 4 Stories							
Project Name:	5 x 5 Lofts	Flat	1	2	1,317	$499,000	$379
Community:	Hillcrest	Flat	1	2	1,427	$450,000	$315
Number of Units:	5 units; 2 unsold	Flat	2	2.5	1,503	$450,000	$299
Monthly Dues:	$412	Flat	2	2	1,860	$639,000	$344
Number of Stories:	3 stories	Flat	2	1.5	1,836	$650,000	$354
Project Name:	Blue Water Villas	2 stories	3	3	1,497	$599,000	$400
Community:	Pacific Beach	2 stories	3	3	1,524	$795,000	$522
Number of Units:	18 units; 12 unsold	2 stories	3	3	1,647	$745,000	$452
Monthly Dues:	$193	2 stories	3	3	2,105	$975,000	$463
Number of Stories:	3 stories						
		Minimum	1	1.5	1,317	$450,000	$299
		Maximum	3	3	2,105	$975,000	$522
		Median	2	2.5	1,524	$639,000	$379
		Average	2	2	1,635	$645,000	$392

Source: MarketPointe Realty Advisors, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\SDHC_Inclusionary_Appendix II_v2_12-10-10; 4/6/2011; ema

APPENDIX II - TABLE A-2

ASKING PRICES, NEW CONSTRUCTION
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

IV. Stacked-Flat Condominiums - 5 to 10 Stories

			Unit Type	Beds	Baths	Unit SF	Base Price	$/SF
Project Name:	1 Mission		Flat	1	1	1,057	$400,000	$378
Community:	Hillcrest		Flat	1	1	1,380	$530,000	$384
Number of Units:	61 units; 42 unsold		Flat	2	2	1,251	$499,000	$399
Monthly Dues:	$420	*	Townhome	2	2	2,050	$849,000	$414
Number of Stories:	5 stories							
Project Name:	Aloft @ Cortez Hill		Loft	0	1	650	$299,990	$462
Community:	Downtown		Loft	1	1	620	$331,990	$535
Number of Units:	168 units; 99 unsold		Loft	2	2	867	$488,990	$564
Monthly Dues:	$267		Loft	1+	2	1,073	$456,990	$426
Number of Stories:	5 stories		Loft (2 stories)	1	2	847	$415,990	$491
Project Name:	Atlas at Hillcrest		Flat	1	1	719	$295,000	$410
Community:	Hillcrest		Flat	2	2	1,022	$407,000	$398
Number of Units:	140 units		Flat	2	2	1,067	$479,000	$449
Monthly Dues:	$421		Flat	2	2	1,485	$559,000	$376
Number of Stories:	6 stories							
Project Name:	Solara Lofts		Loft	0	1	523	$309,900	$593
Community:	Downtown		Loft	0	1	645	$379,900	$589
Number of Units:	77 units; 19 unsold		Loft	0	1	725	$349,900	$483
Monthly Dues:	$453		Loft	0	1	758	$389,900	$514
Number of Stories:	8 stories		Flat	1	1	780	$390,900	$501
			Loft	0	2	881	$469,900	$533
			Flat	1	1	978	$469,900	$480
			Loft	0	2	1,041	$475,000	$456
			Flat	2	2	1,134	$499,900	$441
			Flat	1	1.5	1,168	$489,900	$419
			Loft	0	2	1,168	$549,900	$471
			Loft	0	2	1,641	$779,900	$475
			Flat	2	2	1,356	$789,900	$583
			Flat	2	2.5	1,616	$849,900	$526
Project Name:	Breeza		Flat	1	1	679	$315,000	$464
Community:	Downtown		Flat	2	2	1,216	$450,000	$370
Number of Units:	158 units; 84 unsold		Flat	2	2	1,185	$626,000	$528
Monthly Dues:	$450		Flat	2	2.5	1,492	$824,000	$552
Number of Stories:	9 stories		2 stories	2	2	1,271	$764,000	$601
			2 stories	2	1.5	1,299	$948,000	$730
			Flat	2	2	1,875	$799,000	$426
			2 stories	2	2.5	1,256	$549,000	$437
			2 stories	2	2.5	1,430	$675,000	$472
			2 stories	2	2.5	1,632	$1,223,000	$749
			Flat	3	2	1,468	$758,000	$516
			Flat	3	3	1,840	$899,000	$489
			2 stories	3	2.5	1,939	$1,709,000	$881
			2 stories	TBD	TBD	2,114	$795,000	$376
			Minimum	0	1	523	$295,000	$370
			Maximum	3	3	2,114	$1,709,000	$881
			Median	2	2	1,168	$499,000	$475
			Average	1	2	1,200	$599,000	$496

Source: MarketPointe Realty Advisors, Inc.
Prepared by: Keyser Marston Associates, Inc.
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APPENDIX II - TABLE A-2

ASKING PRICES, NEW CONSTRUCTION
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

		Unit Type	Beds	Baths	Unit SF	Base Price	$/SF
V. Stacked-Flat Condominiums - Greater than 10 Stories							
Project Name:	Mi Arbolito	Flat	2	2.5	2,115	$1,080,000	$511
Community:	Hillcrest						
Number of Units:	14 units						
Monthly Dues:	$765						
Number of Stories:	14 stories						
Project Name:	Park Terrace II	Flat	0	1	441	$187,000	$424
Community:	Downtown	Flat	1	1	651	$294,000	$452
Number of Units:	76 units; 7 unsold	Flat	1	1	621	$290,030	$467
Monthly Dues:	N/A	Flat	1	1	692	$317,500	$459
Number of Stories:	14 stories	Flat	1	1	776	$308,000	$397
		Flat	1	1	830	$308,000	$371
		Flat	2	1	907	$430,000	$474
		Flat	2	2	1,015	$398,400	$393
		Flat	2	2	998	$435,000	$436
		Flat	2	2	1,053	$365,000	$347
		Flat	2	2	1,053	$390,000	$370
		Flat	2	2	1,004	$474,330	$472
Project Name:	Smart Corner	Flat	0	1	464	$147,000	$317
Community:	Downtown	Flat	1+	1	866	$210,000	$242
Number of Units:	176 units; 55 unsold	Flat	2	2	1,298	$501,000	$386
Monthly Dues:	$400	Flat	1+	1	722	$242,000	$335
Number of Stories:	19 stories	Flat	2	2	1,032	$320,000	$310
		Flat	1	1	601	$257,750	$429
		Flat	2	2	1,412	$424,900	$301
		Flat	2	2	1,339	$440,000	$329
		Flat	1	1	803	$331,250	$413
		Flat	2	2	1,192	$540,000	$453
		Flat	1	1	618	$207,000	$335
Project Name:	The Legend	Flat	2+	2	1,426	$1,105,200	$775
Community:	Downtown	Flat	1+	1	807	$496,000	$615
Number of Units:	178 units; 9 unsold	Flat	2	2	1,115	$631,400	$566
Monthly Dues:	$754	Flat	2	2	1,208	$932,900	$772
Number of Stories:	23 stories	Flat	2	2	1,062	$589,000	$555
		Flat	1	1	849	$375,000	$442
		Flat	2	2	1,144	$615,000	$538
		Flat	2	2	1,172	$599,000	$511
		Flat	2	2	953	$499,000	$524
		Flat	2+	2	1,517	$1,022,000	$674
		Flat	3+	2.5	1,820	$995,400	$547

Source: MarketPointe Realty Advisors, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\SDHC_Inclusionary_Appendix II_v2_12-10-10; 4/6/2011; ema

APPENDIX II - TABLE A-2

ASKING PRICES, NEW CONSTRUCTION
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

		Unit Type	Beds	Baths	Unit SF	Base Price	$/SF
Project Name:	Aria	Flat	1	1	860	$335,000	$390
Community:	Downtown	Flat	1+	1.5	990	$362,000	$366
Number of Units:	137 units; 7 unsold	Flat	2	2	1,200	$519,000	$433
Monthly Dues:	$538	Flat	3	2	1,300	$509,000	$392
Number of Stories:	24 stories	Flat	3	3	1,616	$799,000	$494
Project Name:	The Mark	Flat	1	1	749	$337,000	$450
Community:	Downtown	Flat	1	1	829	$275,000	$332
Number of Units:	244 units; 32 unsold	Flat	1	1	890	$447,000	$502
Monthly Dues:	$645	Flat	1	1	932	$253,000	$271
Number of Stories:	32 stories	Flat	1	1	984	$455,000	$462
		Flat	1	1.5	1,064	$625,000	$587
		Flat	2	2	1,135	$816,000	$719
		Flat	2	2	1,229	$766,000	$623
		Flat	2	2	1,333	$753,000	$565
		Flat	2	2	1,472	$603,000	$410
		Flat	2	2	1,547	$613,000	$396
		Flat	2	2.5	2,008	$1,441,000	$718
		Flat	3	2.5	2,441	$2,723,000	$1,116
		Flat	3	3.5	3,742	$8,750,000	$2,338
Project Name:	Sapphire Tower	Flat	1	1	505	$324,990	$644
Community:	Downtown	Flat	1	1	682	$445,000	$652
Number of Units:	97 units; 34 unsold	Flat	1	1	904	$663,000	$733
Monthly Dues:	$600	Flat	1	1	1,100	$380,000	$345
Number of Stories:	32 stories	Flat	2	2	1,283	$674,000	$525
		Flat	2	2	1,535	$605,000	$394
		Flat	2	2	1,707	$1,187,000	$695
		Flat	2	2	1,949	$1,489,000	$764
		Flat	2	2	2,823	$2,349,990	$832
		Flat	2+	2.5	2,981	$2,850,000	$956
		Flat	4	3	2,944	$3,250,000	$1,104
		Flat	TBD	TBD	5,186	$5,950,000	$1,147
Project Name:	Bayside at the Embarcadero	Flat	1	1.5	1,031	$594,900	$577
Community:	Downtown	Flat	1	1.5	1,106	$469,000	$424
Number of Units:	232 units; 90 unsold	Flat	2	2	1,115	$549,000	$492
Monthly Dues:	$718	Flat	2	2	1,387	$621,000	$448
Number of Stories:	36 stories	Flat	2	2	1,450	$599,000	$413
		Flat	2	2	1,445	$641,000	$444
		Flat	2	2	1,606	$771,000	$480
		Flat	2	2	1,886	$1,750,000	$928
		Flat	2	2.5	1,810	$858,500	$474
		3 stories	2	2.5	2,042	$799,000	$391
		Flat	2	2.5	2,384	$2,375,000	$996
		3 stories	2	2.5	2,501	$990,000	$396
		Flat	2	2	3,151	$3,224,000	$1,023

Source: MarketPointe Realty Advisors, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\SDHC_Inclusionary_Appendix II_v2_12-10-10; 4/6/2011; ema

APPENDIX II - TABLE A-2

ASKING PRICES, NEW CONSTRUCTION
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Project Name:	Electra
Community:	Downtown
Number of Units:	248 units; 6 unsold
Monthly Dues:	$609
Number of Stories:	43 stories

Unit Type	Beds	Baths	Unit SF	Base Price	$/SF
Flat	2	2	1,465	$865,000	$590
Flat	2	2	1,215	$699,000	$575
Flat	2	2	1,370	$795,000	$580
Flat	2	2	1,488	$839,000	$564
Flat	2	2	1,161	$549,000	$473
Flat	2	2	1,548	$525,000	$339
Flat	2	2	933	$679,000	$728
Flat	2	2	1,275	$835,000	$655
Flat	2	2	1,487	$1,149,000	$773
Flat	2	2	1,389	$1,095,000	$788
Flat	2	2	1,563	$1,625,000	$1,040
Flat	2	2	1,756	$1,450,000	$826
* Townhome	1	1	1,060	$329,000	$310
* Townhome	2	1.5	1,429	$599,000	$419
Minimum	0	1	441	$147,000	$242
Maximum	4	3.5	5,186	$8,750,000	$2,338
Median	2	2	1,200	$599,000	$474
Average	2	2	1,371	$909,000	$564

Source: MarketPointe Realty Advisors, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\19\19035\013\SDHC_Inclusionary_Appendix II_v2_12-10-10; 4/6/2011; ema

APPENDIX II - TABLE A-3

RESIDENTIAL PROTOTYPES
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

	For-Sale Prototypes				Rental	
	Single-Family Detached	Townhome	Stacked Flat Condominium	Mid/High-Rise Condominiums	Garden Apartments	Stacked Flat Apartments
Example Projects						
Density	5 dua	20 dua	50 dua	200 dua	25 dua	50 dua
Building Type	2 stories	2 to 3 stories	3 to 4 stories	10 stories	3 stories	4 stories
Unit Mix	50% 3BR 50% 4BR	50% 2BR 50% 3BR	30% 1BR 60% 2BR 10% 3BR	30% 1BR 60% 2BR 10% 3BR	30% 1BR 60% 2BR 10% 3BR	30% 1BR 60% 2BR 10% 3BR
Unit Size	2,750 sf	1,400 sf	1,050 sf	950 sf	950 sf	800 sf
Average No. of Bedrooms	3.5 BR	2.5 BR	1.8 BR	1.8 BR	1.8 BR	1.8 BR
Construction Type Parking Type	Type V with Attached garage	Type V with Attached garage	Type V over Podium parking	Type I with Subterranean parking	Type V with Surface parking	Type V with Podium parking
Average Parking Spaces	2-car garage	2-car garage	2 spaces per unit	1.75 spaces per unit	2.0 spaces per unit	1.75 spaces per unit
Market Sales Price/Rent per square foot	$633,000 $230	$375,000 $268	$420,000 $400	$546,000 $575	$1,708 $1.80	$2,090 $2.61

APPENDIX II - TABLE B-1

INCOME DEFINITIONS, 2010
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Family Size	65% AMI	100% AMI
1 Person	$35,750	$52,850
2 Persons	$40,850	$60,400
3 Persons	$45,955	$67,950
4 Persons	$51,050	$75,500
5 Persons	$55,150	$81,550

Source: San Diego Housing Commission. Income at 65% AMI reflects HUD adjusted income limits.
Prepared by: Keyser Marston Associates, Inc.
Filename: SDHC_Inclusionary_Appendix II_v2_12-10-10/4/6/2011; ema

APPENDIX II - TABLE B-2

AFFORDABLE RENT LEVELS - 65% AREA MEDIAN INCOME
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Number of Bedrooms	0	1	2	3	4
Percent of AMI	65%	65%	65%	65%	65%
Assumed Family Size (1)	1	2	3	4	5
Household Income (Rounded) (2)	$35,750	$40,850	$45,950	$51,050	$59,200
Income Allocation to Housing	30%	30%	30%	30%	30%
Monthly Housing Cost	$894	$1,021	$1,149	$1,276	$1,480
(Less) Utility Allowance	($18)	($23)	($28)	($34)	($44)
Maximum Monthly Rent (3)	$876	$998	$1,121	$1,242	$1,436

(1) Source: U.S. Department of Housing and Urban Development (HUD) 2010 income limits for San Diego County.
(2) As calculated by the San Diego Housing Commission. Includes electric heat, gas cooking, other electric, and gas water heater.

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Inclusionary_Appendix II_v2_12-10-10;4/6/2011;lag

APPENDIX II - TABLE B-3

ESTIMATE OF AFFORDABLE SALES PRICE - 100% AMI
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

Number of Bedrooms:	1	2	3	4
Assumed Family Size	2	3	4	5
Household Income (Rounded) (1)	$60,400	$67,950	$75,500	$81,550
Income Allocation to Housing	35.00%	35.00%	35.00%	35.00%
Amount Available for Housing	$21,140	$23,783	$26,425	$28,543
Other Housing Costs (2)	$3,300	$3,900	$4,200	$4,500
Tax Rate	1.25%	1.25%	1.25%	1.25%
Annual Taxes (3)	$2,638	$2,938	$3,288	$3,550
Available for Mortgage	$15,203	$16,945	$18,938	$20,493
Interest Rate	6.50%	6.50%	6.50%	6.50%
Down Payment	5.00%	5.00%	5.00%	5.00%
Supportable Mortgage	$200,433	$223,407	$249,676	$270,178
Add: Down Payment	$10,550	$11,750	$13,150	$14,200
Maximum Unit Price (Rounded) - 100% AMI	$211,000	$235,000	$263,000	$284,000

(1) Source: U.S. Department of Housing and Urban Development (HUD), 2010 income limits.
(2) Includes allowance for annual homeowners association, insurance, and utilities.
(3) Based on affordable unit price. Property tax assessment may be based on market value of actual home.

Note: Totals may not sum due to rounding.

Prepared by: Keyser Marston Associates, Inc.
Filename:Solana Beach\SDHC_Inclusionary_Appendix II_v2_12-10-10\4/6/2011;lag

Garden Apartments

Affordability Gap Analysis
Residential Nexus Analysis

RENTAL

GARDEN APARTMENTS

APPENDIX II - TABLE C-1

DEVELOPMENT PROFILE
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

I.	**Product Type**	Garden Apartments		
	Construction Type	Type V		
	Tenure	Rental		
II.	**Site Area**	174,240	SF	
		4.0	Acres	
III.	**Number of Stories**	2 - 3	Stories	
IV.	**Unit Mix**			
		# of Units	Unit Size	
	Two Bedroom	100 Units	950 SF	
V.	**Density**	25.0	Units/Acre	
VI.	**Gross Building Area**			
	Residential Net Building Area	95,000	SF	95%
	Building Efficiency	5,000	SF	5%
	Total Gross Building Area (GBA)	100,000	SF	100%
VII.	**Floor Area Ratio (FAR)**	0.57		
VIII.	**Parking**			
	Type	Surface		
	Number of Parking Spaces	200	Spaces	
	Parking Ratio (Space/Unit)	2.00	Spaces/Unit	

RENTAL

GARDEN APARTMENTS

APPENDIX II - TABLE C-2

DEVELOPMENT COSTS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

	65% AMI		
	Totals	**Per Unit**	**Comments**
I. Acquisition Costs	$4,356,000	$43,560	$25 Per SF of Site Area
II. Direct Costs [1]			
Off-Site Improvements	$523,000	$5,230	$3 Per SF of Site Area
On-Sites/Landscaping	$1,742,000	$17,420	$10 Per SF of Site Area
Shell Construction	$10,000,000	$100,000	$100 Per SF GBA
Parking	$0	$0	Included above
Amenities/FF&E	$250,000	$2,500	Allowance
Contingency	$626,000	$6,260	5.0% of Above Directs
Subtotal Direct Costs	$13,141,000	$131,410	$131 Per SF GBA
III. Indirect Costs			
Architecture & Engineering	$788,000	$7,880	6.0% of Directs
Permits & Fees [2]	$2,000,000	$20,000	$20 Per SF GBA
Legal & Accounting	$263,000	$2,630	2.0% of Directs
Taxes & Insurance	$263,000	$2,630	2.0% of Directs
Developer Fee	$526,000	$5,260	4.0% of Directs
Marketing/Lease-Up	$150,000	$1,500	$2 Per SF GBA
Contingency	$200,000	$2,000	5.0% of Above Indirects
Subtotal Indirect Costs	$4,190,000	$41,900	31.9% of Directs
IV. Financing Costs			
Loan Fees	$233,000	$2,330	1.8% of Directs
Interest During Construction	$1,048,000	$10,480	8.0% of Directs
Interest During Lease-Up	$582,000	$5,820	4.4% of Directs
TCAC/Syndication Fees	$0	$0	0.0% of Directs
Operating Lease-Up/Reserves	$213,000	$2,130	1.6% of Directs
Subtotal Financing Costs	$2,076,000	$20,760	15.8% of Directs
V. Total Development Costs	**$23,763,000**	**$237,630**	**$238 Per SF GBA**

[1] Excludes the payment of prevailing wages.

[2] Estimate. Not verified by KMA or the City.

RENTAL

GARDEN APARTMENTS

APPENDIX II - TABLE C-3

AFFORDABLE RENTS AND UNIT VALUES AND NET OPERATING INCOME
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

	65% of AMI
I. Affordable Rent - Per Unit	
Family Size	3.0
Number of Bedrooms	2
Household Income	$45,955
Income Allocation to Housing	30%
Monthly Housing Cost	$1,149
(Less) Utility Allowance [1]	($28)
Maximum Monthly Rent	**$1,121**

		Total	Per Unit
II. Net Operating Income (NOI)			
Units		100	1
Gross Scheduled Income (GSI)			
Monthly		$112,088	$1,121
Annual		$1,345,000	$13,450
Other Income	$15	$18,000	$180
(Less) Vacancy	5.0%	($67,000)	($670)
Effective Gross Income (EGI)		$1,296,000	$12,960
(Less) Operating Expenses [2]		($486,000)	($4,860)
(Less) Property Taxes		($120,000)	($1,200) [3]
Net Operating Income (NOI)		**$690,000**	**$6,900**

Source: Rents from San Diego Housing Commission Income and Rent Calculations

[1] Assumes San Diego Housing Commission (SDHC) 2010 utility allowances at $28/month

[2] Includes replacement reserves, monitoring fee, assessments, etc.

[3] Based on capitalized income approach: assumes a 1.25% tax rate and a 7.5% cap rate.

Prepared by: Keyser Marston Associates, Inc.
Filename: SDHC_Inclusionary_Appendix II_v2_12-10-10; 4/6/2011;lag

RENTAL

GARDEN APARTMENTS

APPENDIX II - TABLE C-4

AFFORDABILITY GAP FOR RENTAL UNITS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

	65% AMI	
	Total	**Per Unit**
I. Net Operating Income (NOI)	$690,000	$6,900
II. Target Return on Investment (Low)	7.5%	7.5%
III. Sources of Funds (Very Low)		
Supportable Debt	N/A	N/A
Market Value of Tax Credits	N/A	N/A
Deferred Developer Fee	N/A	N/A
IV. Warranted Investment	$9,200,000	$92,000
V. (Less) Total Development Costs	($23,763,000)	($238,000)
VI. Affordability Gap	**($14,563,000)**	**($146,000)**

Prepared by: Keyser Marston Associates, Inc.
Filename i:\SDHC_Inclusionary_Appendix II_v2_12-10-10; 4/6/2011;lag

Stacked Flats Over Podium Parking

Affordability Gap Analysis
Residential Nexus Analysis

RENTAL

STACKED FLATS OVER
PODIUM PARKING

APPENDIX II - TABLE C-5

DEVELOPMENT PROFILE
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

I.	**Product Type**		Stacked Flats	
	Construction Type		Type V	
	Tenure		Rental	
II.	**Site Area**		87,120 SF	
			2.0 Acres	
III.	**Number of Stories**		4 Stories	
IV.	**Unit Mix**			
		# of Units	Unit Size	
	Two Bedroom	100 Units	800 SF	
V.	**Density**		50.0 Units/Acre	
VI.	**Gross Building Area**			
	Residential Net Building Area		80,000 SF	85%
	Building Efficiency		14,100 SF	15%
	Total Gross Building Area (GBA)		94,100 SF	100%
VII.	**Floor Area Ratio (FAR)**		1.08	
VIII.	**Parking**			
	Type		Podium/Subterranean	
	Number of Parking Spaces		175 Spaces	
	Parking Ratio (Space/Unit)		1.75 Spaces/Unit	

RENTAL

STACKED FLATS OVER
PODIUM PARKING

APPENDIX II - TABLE C-6

DEVELOPMENT COSTS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

	65% AMI		
	Totals	**Per Unit**	**Comments**
I. Acquisition Costs	$4,356,000	$43,560	$50 Per SF of Site Area
II. Direct Costs [1]			
Off-Site Improvements	$436,000	$4,360	$5 Per SF of Site Area
On-Sites/Landscaping	$1,307,000	$13,070	$15 Per SF of Site Area
Shell Construction	$11,763,000	$117,630	$125 Per SF GBA
Parking	$4,375,000	$43,750	$25,000 Per Space
Amenities/FF&E	$250,000	$2,500	Allowance
Contingency	$907,000	$9,070	5.0% of Above Directs
Subtotal Direct Costs	$19,038,000	$190,380	$202 Per SF GBA
III. Indirect Costs			
Architecture & Engineering	$1,142,000	$11,420	6.0% of Directs
Permits & Fees [2]	$1,882,000	$18,820	$20 Per SF GBA
Legal & Accounting	$381,000	$3,810	2.0% of Directs
Taxes & Insurance	$381,000	$3,810	2.0% of Directs
Developer Fee	$762,000	$7,620	4.0% of Directs
Marketing/Lease-Up	$150,000	$1,500	$2 Per SF GBA
Contingency	$235,000	$2,350	5.0% of Above Indirects
Subtotal Indirect Costs	$4,933,000	$49,330	25.9% of Directs
IV. Financing Costs			
Loan Fees	$328,000	$3,280	1.7% of Directs
Interest During Construction	$1,965,000	$19,650	10.3% of Directs
Interest During Lease-Up	$819,000	$8,190	4.3% of Directs
TCAC/Syndication Fees	$0	$0	0.0% of Directs
Operating Lease-Up/Reserves	$213,000	$2,130	1.1% of Directs
Subtotal Financing Costs	$3,325,000	$33,250	17.5% of Directs
V. Total Development Costs	**$31,652,000**	**$316,520**	**$336 Per SF GBA**

[1] Excludes the payment of prevailing wages.
[2] Estimate. Not verified by KMA or the City.

RENTAL

STACKED FLATS OVER
PODIUM PARKING

APPENDIX II - TABLE C-7

AFFORDABLE RENTS AND UNIT VALUES AND NET OPERATING INCOME
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

	65% of AMI
I. Affordable Rent - Per Unit	
Family Size	3.0
Number of Bedrooms	2
Household Income	$45,955
Income Allocation to Housing	30%
Monthly Housing Cost	$1,149
(Less) Utility Allowance [1]	($28)
Maximum Monthly Rent	**$1,121**

II. Net Operating Income (NOI)		Total	Per Unit
Units		100	1
Gross Scheduled Income (GSI)			
Monthly		$112,088	$1,121
Annual		$1,345,000	$13,450
Other Income	$15	$18,000	$180
(Less) Vacancy	5.0%	($67,000)	($670)
Effective Gross Income (EGI)		$1,296,000	$12,960
(Less) Operating Expenses [2]		($486,000)	($4,860)
(Less) Property Taxes		($120,000)	($1,200) [3]
Net Operating Income (NOI)		**$690,000**	**$6,900**

Source: Rents from San Diego Housing Commission Income and Rent Calculations

[1] Assumes San Diego Housing Commission (SDHC) 2010 utility allowances at $28/month

[2] Includes replacement reserves, monitoring fee, assessments, etc.

[3] Based on capitalized income approach: assumes a 1.25% tax rate and a 7.5% cap rate.

[4] Assumes development is tax-exempt based on partnership with non-profit developer.

RENTAL

STACKED FLATS OVER
PODIUM PARKING

APPENDIX II - TABLE C-8

AFFORDABILITY GAP FOR RENTAL UNITS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

	65% AMI	
	Total	**Per Unit**
I. Net Operating Income (NOI)	$690,000	$6,900
II. Target Return on Investment (Low)	7.5%	7.5%
III. Sources of Funds (Very Low)		
Supportable Debt	N/A	N/A
Market Value of Tax Credits	N/A	N/A
Deferred Developer Fee	N/A	N/A
IV. Warranted Investment	$9,200,000	$92,000
V. (Less) Total Development Costs	($31,652,000)	($317,000)
VI. Affordability Gap	**($22,452,000)**	**($225,000)**

Prepared by: Keyser Marston Associates, Inc.
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Townhomes with Attached Garages

Affordability Gap Analysis
Residential Nexus Analysis

OWNERSHIP

TOWNHOMES
WITH ATTACHED GARAGES

APPENDIX II - TABLE C-9

DEVELOPMENT PROFILE
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

I.	**Product Type**		Townhome
	Construction Type		Type V - Wood-frame with attached garages
	Tenure		For-Sale
II.	**Site Area**		43,560 SF
			1.0 Acres
III.	**Number of Stories**		2 Stories
IV.	**Unit Mix**	# of Units	Unit Size
	Two Bedroom	20 Units	1,200 SF
V.	**Density**		20.0 Units/Acre
VI.	**Gross Building Area (GBA)**		
	Residential		24,000 SF 100%
	Common Areas @		0 SF 0%
	Total Gross Building Area		24,000 SF 100%
VII.	**FAR**		0.55
VIII.	**Parking**		
	Type		Attached Garage
	Parking Ratio - Residential		2.00 Spaces/Unit
	Total Number of Spaces		40 Spaces

OWNERSHIP

TOWNHOMES
WITH ATTACHED GARAGES

APPENDIX II - TABLE C-10

DEVELOPMENT COSTS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

		100% of AMI		
		Totals	**Per Unit**	**Comments**
I.	**Acquisition Costs**	$1,089,000	$54,450	$25 Per SF of Site Area
II.	**Direct Costs** [1]			
	Off-Site Improvements	$131,000	$6,550	$3 Per SF of Site Area
	On-Sites/Landscaping	$436,000	$21,800	$10 Per SF of Site Area
	Shell Construction	$2,400,000	$120,000	$100 Per SF GBA
	Parking	$0	$0	Included above
	Amenities/FF&E	$20,000	$1,000	Allowance
	Contingency	$149,000	$7,450	5.0% of Directs
	Subtotal Direct Costs	$3,136,000	$156,800	$131 Per SF GBA
III.	**Indirect Costs**			
	Architecture & Engineering	$188,000	$9,400	6.0% of Directs
	Permits & Fees [2]	$480,000	$24,000	$20 Per SF GBA
	Legal & Accounting	$63,000	$3,150	2.0% of Directs
	Taxes & Insurance	$63,000	$3,150	2.0% of Directs
	Developer Fee	$125,000	$6,250	4.0% of Directs
	Marketing/Sales	$40,000	$2,000	Allowance
	Contingency	$48,000	$2,400	5.0% of Above Indirects
	Subtotal Indirect Costs	$1,007,000	$50,350	32.1% of Directs
IV.	**Financing Costs**			
	Loan Fees	$56,000	$2,800	1.8% of Directs
	Interest During Construction	$125,000	$6,250	4.0% of Directs
	Interest During Sales	$37,000	$1,850	1.2% of Directs
	HOA Dues on Unsold Units	$10,000	$500	0.3% of Directs
	Subtotal Financing Costs	$228,000	$11,400	7.3% of Directs
V.	**Total Development Costs**	**$5,460,000**	**$273,000**	**$228 Per SF GBA**

[1] Excludes the payment of prevailing wages.
[2] Estimate. Not verified by KMA or the City.

OWNERSHIP

TOWNHOMES
WITH ATTACHED GARAGES

APPENDIX II - TABLE C-11

MAXIMUM AFFORDABLE PURCHASE PRICE
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

		100% of AMI
I.	Family Size	3
	Number of Bedrooms	2
II.	Household Income (Rounded)	$67,950
	Income Allocation to Housing	35.0%
	Amount Available for Housing	$23,783
III.	Other Housing Costs [1]	$3,900
	Taxes & Assessment	1.25%
	Annual Taxes [2]	$2,938
IV.	Available for Mortgage	$16,945
V.	Interest Rate	6.5%
	Down Payment	5.0%
VI.	Supportable Mortgage	$223,407
	Add: Down Payment	$11,750
VII.	**Maximum Affordable Unit Price (Rounded)**	**$235,000**

[1] Estimate.

[2] Based on affordable sales price.

Prepared by: Keyser Marston Associates, Inc.
Filename: SDHC_Inclusionary_Appendix II_v2_12-10-10/4/6/2011; lag

OWNERSHIP

TOWNHOMES
WITH ATTACHED GARAGES

APPENDIX II - TABLE C-12

ESTIMATE OF AFFORDABILITY GAP
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

			100% of AMI
I.	Maximum Unit Price Per Unit		$235,000
II.	Gross Sales Proceeds	20 Units	$4,700,000
	(Less) Cost of Sale	3.0% of Value [1]	($141,000)
	(Less) Developer Profit	12.0% of Value [1]	($564,000)
	Net Sales Proceeds		$3,995,000
III.	(Less) Development Costs		($5,460,000)
IV.	**Affordability Gap**		**($1,465,000)**
	Per Unit		**($73,000)**

[1] Based on affordable sales price.

Prepared by: Keyser Marston Associates, Inc.
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Stacked Flats Over Podium Parking

Affordability Gap Analysis
Residential Nexus Analysis

OWNERSHIP

STACKED FLATS OVER
PODIUM PARKING

APPENDIX II - TABLE C-13

DEVELOPMENT PROFILE
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

I.	**Product Type**		Stacked Flat
	Construction Type		Type V - Wood-frame over parking podium
	Tenure		For-Sale
II.	**Site Area**		43,560 SF
			1.0 Acres
III.	**Number of Stories**		3 Stories over parking podium
IV.	**Unit Mix**	# of Units	Unit Size
	Two Bedroom	45 Units	1,000 SF
V.	**Density**		45.0 Units/Acre
VI.	**Gross Building Area (GBA)**		
	Residential		45,000 SF 85%
	Common Areas @		7,900 SF 15%
	Total Gross Building Area		52,900 SF 100%
VII.	**FAR**		1.21
VIII.	**Parking**		
	Type		Structured
	Parking Ratio - Residential		1.75 Spaces/Unit
	Total Number of Spaces		79 Spaces

OWNERSHIP

STACKED FLAT OVER
PODIUM PARKING

APPENDIX II - TABLE C-14

DEVELOPMENT COSTS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

	100% of AMI		
	Totals	**Per Unit**	**Comments**
I. Acquisition Costs	$2,178,000	$48,400	$50 Per SF of Site Area
II. Direct Costs [1]			
Off-Site Improvements	$218,000	$4,844	$5 Per SF of Site Area
On-Sites/Landscaping	$653,000	$14,511	$15 Per SF of Site Area
Shell Construction	$6,613,000	$146,956	$125 Per SF GBA
Parking	$1,969,000	$43,756	$25,000 Per Space
Amenities/FF&E	$113,000	$2,500	Allowance
Contingency	$478,000	$10,622	5.0% of Directs
Subtotal Direct Costs	$10,044,000	$223,200	$190 Per SF GBA
III. Indirect Costs			
Architecture & Engineering	$603,000	$13,400	6.0% of Directs
Permits & Fees [2]	$1,058,000	$23,511	$20 Per SF GBA
Legal & Accounting	$201,000	$4,467	2.0% of Directs
Taxes & Insurance	$201,000	$4,467	2.0% of Directs
Developer Fee	$402,000	$8,933	4.0% of Directs
Marketing/Sales	$113,000	$2,500	Allowance
Contingency	$129,000	$2,867	5.0% of Directs
Subtotal Indirect Costs	$2,707,000	$60,156	27.0% of Directs
IV. Financing Costs			
Loan Fees	$204,000	$4,533	2.0% of Directs
Interest During Construction	$611,000	$13,578	6.1% of Directs
Interest During Sales	$204,000	$4,533	2.0% of Directs
HOA Dues on Unsold Units	$35,000	$778	0.3% of Directs
Subtotal Financing Costs	$1,054,000	$23,422	10.5% of Directs
V. Total Development Costs	**$15,983,000**	**$355,178**	**$302 Per SF GBA**

[1] Excludes the payment of prevailing wages.
[2] Estimate. Not verified by KMA or the City.

OWNERSHIP

STACKED FLATS OVER
PODIUM PARKING

APPENDIX II -TABLE C-15

AFFORDABLE PURCHASE PRICE
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

		100% of AMI
I.	Family Size	3
	Number of Bedrooms	2
II.	Household Income (Rounded)	$67,950
	Income Allocation to Housing	35.0%
	Amount Available for Housing	$23,783
III.	Other Housing Costs [1]	$3,900
	Taxes & Assessment	1.25%
	Annual Taxes [2]	$2,938
IV.	Available for Mortgage	$16,945
V.	Interest Rate	6.5%
	Down Payment	5.0%
VI.	Supportable Mortgage	$223,407
	Add: Down Payment	$11,750
VII.	**Maximum Affordable Unit Price (Rounded)**	**$235,000**

[1] Estimate.

[2] Based on affordable sales price.

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OWNERSHIP

STACKED FLATS OVER
PODIUM PARKING

APPENDIX II - TABLE C-16

ESTIMATE OF AFFORDABILITY GAP
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN DIEGO, CA

			100% of AMI
I.	Maximum Unit Price Per Unit		$235,000
II.	Gross Sales Proceeds	45 Units	$10,575,000
	(Less) Cost of Sale	3.0% of Value [1]	($317,000)
	(Less) Developer Profit	12.0% of Value [1]	($1,269,000)
	Net Sales Proceeds		$8,989,000
III.	(Less) Development Costs		($15,983,000)
IV.	**Affordability Gap**		**($6,994,000)**
	Per Unit		**($155,000)**

[1] Based on affordable sales price.

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