



**KEYSER MARSTON**  
ASSOCIATES

**MEMORANDUM**

**To:** Jaime Murillo, Community Development Director  
City of Newport Beach

**From:** Kathleen Head

**Date:** January 22, 2026

**Subject:** Airport Area Ownership Housing Development –  
Addendum to March 19, 2025 Inclusionary Housing:  
Financial Evaluation

Keyser Marston Associates, Inc. (KMA) prepared an Inclusionary Housing: Financial Evaluation (March 2025 Financial Evaluation) for the City of Newport Beach (City) in March 2025. The March 2025 Financial Evaluation analyzed the following focus areas within Newport Beach:

| Focus Areas Studied                        |  |
|--|--|
| Inclusionary Housing: Financial Evaluation |  |
| Ownership Housing Development              | Apartment Development                  |
| Coyote Canyon Area                         | Airport Area                           |
| Dover Shores & Westcliff Area              | Coyote Canyon Area                     |
| West Newport Mesa & Banning Ranch Area     | West Newport Mesa & Banning Ranch Area |
| Newport Center Area                        | Newport Center Area                    |

Ownership housing development in the Airport area was excluded from the March 2025 Financial Evaluation because a significant amount of this type of development was not anticipated to be attracted to the area. Recently the City has received proposals for the development of ownership housing projects in this area. In response, the City requested that KMA prepare an addendum to the March 2025 Financial Evaluation that assesses the Inclusionary Housing requirements that can be supported by ownership housing development in the Airport area.



## EXECUTIVE SUMMARY

### Methodology

This analysis is based on a methodology and assumptions that are consistent with those used in the March 2025 Financial Evaluation. This was done to allow for an “apples-to-apples” assessment of the Inclusionary Housing requirements that can be supported. A key factor in the analysis is the 2015 California Supreme Court ruling in *California Building Industry Association v. City of San Jose*, 61 Cal 4<sup>th</sup> 435 (San Jose), which imposed the following limitations on the requirements that jurisdictions can impose:

1. Inclusionary Housing requirements cannot be confiscatory; and
2. Inclusionary Housing requirements cannot deprive a property owner of a fair and reasonable return on their investment.

The March 2025 Financial Evaluation fully describes the basis for KMA’s assessment of Inclusionary Housing requirements that comport with the San Jose ruling. The benchmark standards that KMA applied in the analysis are presented in the following table:

| Benchmark Evaluation Standards<br>Inclusionary Housing Evaluation  |     |
|--|-----|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 25% |
| The increase in market rate sales prices that would be needed to offset the proposed requirements.                   | 6%  |

### Financial Analysis

KMA estimated the Inclusionary Housing requirements that can be supported in the Airport Area based on the following:

1. The difference between the achievable market rate sales price and the allowable moderate income sales price is estimated for each Inclusionary Unit. This difference is called the “Affordability Gap”.

2. Pro forma analyses are used to estimate the Affordability Gaps generated at varying income and affordability levels.
3. A significant amount of ownership housing development has occurred in the City of Irvine in proximity to John Wayne Airport. KMA compiled market information pertaining to this development and used it in creating a development prototype for the Airport area analysis.
4. KMA prepared a financial analysis of this prototype to estimate the Inclusionary Housing requirements that can be supported.

## Findings

### SUPPORTABLE INCLUSIONARY HOUSING REQUIREMENT

KMA concluded that an 8% moderate income Inclusionary Housing requirement can be supported for ownership housing development in the Airport Area. The estimated impacts associated with this requirement are presented in the following table:

| 8% Moderate Income Inclusionary Housing Requirement<br>Airport Prototype<br>Ownership Housing Development Prototypes |      |
|--|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 19%  |
| Increase in the market rate sales prices that would be needed to offset the proposed requirements.                   | 6.4% |

The City requested that KMA prepare a pro forma analysis to identify the Inclusionary Housing requirement that could be supported for ownership housing development if the requirement is set at the low income level. The results of this analysis indicate that a 6% low income requirement can be supported in the Airport Area.

For reference purposes, the City also requested that KMA prepare pro forma analyses for moderate income Inclusionary Housing production requirements ranging from 5% to 20%. These analyses illustrate the range of financial impacts projected to be generated under the

varying Inclusionary Housing production requirements. The results of these analyses can be summarized as follows:

1. A 5% moderate income Inclusionary Housing requirement generates impacts that are significantly lower than the benchmarks applied in the KMA evaluation. Thus, it can be concluded that a 5% moderate income Inclusionary Housing requirement is supportable.
2. The imposition of a 10% moderate income requirement meets the 25% benchmark KMA set for the property acquisition cost reduction test, but the percentage increase in market rate prices needed to offset the impact is materially higher than the 6% benchmark applied in the KMA evaluation.
3. The imposition of 15% and 20% moderate income Inclusionary Housing requirements exceeds both the benchmarks KMA applied in the analysis.

#### SUPPORTABLE IN-LIEU FEE PAYMENT

An in-lieu fee option is typically offered as part of an Inclusionary Housing program. In the March 2025 Financial Evaluation, KMA pegged the in-lieu fee payment amount to the Affordability Gaps identified in the pro forma analyses that were used to evaluate the supportable Inclusionary Housing obligations. KMA applied the same methodology in the analysis of ownership housing development in the Airport Area.

The resulting in lieu fee amounts are estimated as follows:

| In-Lieu Fee Associated with the Supportable Inclusionary Housing Requirement<br>Ownership Housing Development |           |
|---|-----------|
| Affordability Gap Per Inclusionary Unit   | \$980,500 |
| Per Total Unit in the Project   | \$83,450  |
| Per Square Foot of Saleable Area in the Project   | \$50.00   |

## FINANCIAL ANALYSIS

The financial analysis is supported by the following Appendices:

| Appendices |  |
|------------|--|
| Appendix A | Home Sales Survey                              |
| Appendix B | Affordable Sales Price Calculation Methodology |
| Appendix C | Affordable Sales Price Calculations            |
| Appendix D | Pro Forma Analyses                             |
| Appendix E | In-Lieu Fee Analysis                           |

To assist in establishing the Inclusionary Housing production requirements that can be supported, KMA prepared the following pro forma analyses for the Airport Area prototype ownership housing project:

1. A prototype in which 100% of the units are sold at unrestricted market rate prices; and
2. A prototype that includes a moderate income component.

The 100% market rate unit ownership housing development scenario provides the baseline against which to measure the impacts associated with the imposition of affordable housing requirements. The pro forma analysis is organized as follows:

| Pro Forma Analysis – Market Rate Scenario<br>Ownership Housing Development Prototype |                             |
|--|-----------------------------|
| Table 1:   | Estimated Development Costs |
| Table 2:   | Projected Net Sales Revenue |
| Table 3:   | Projected Developer Profit  |

The estimated developer profit for the 100% market rate scenarios is used as the benchmark profit for the purpose of estimating the impacts created by the imposition of Inclusionary Housing obligations. The resulting financial gap represents the impact created by the requirements being evaluated.

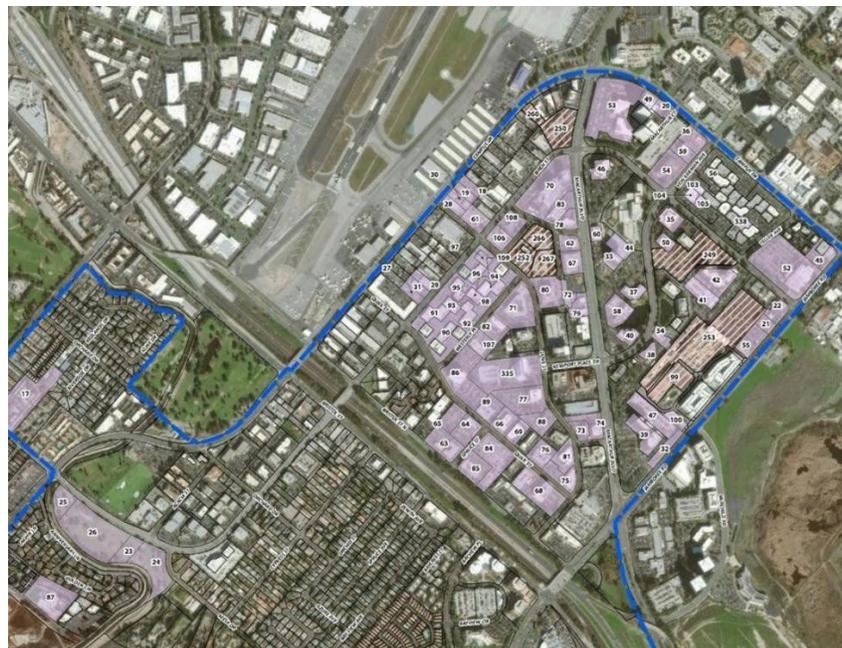
The pro forma analyses for the moderate income scenarios are organized as follows:

| Pro Forma Analysis –<br>Moderate Income Inclusionary Housing Component<br>Ownership Housing Development Prototype |                              |
|---|------------------------------|
| Table 1:  | Estimated Development Costs  |
| Table 2:  | Projected Net Sales Revenue  |
| Table 3:  | Inclusionary Housing Impacts |

KMA measured the financial impacts created by the imposition of Inclusionary Housing requirements using the tools described previously in this memorandum. These tools were used to identify the moderate income requirement that could be feasibly imposed on ownership housing developments in the Airport area.

### Airport Area Prototype Ownership Housing Development Analysis

The pro forma analyses for the Airport Area prototype ownership housing development are provided in Appendix D. A map of the Airport Area is presented below, and a summary of the development scope is presented on the following page.



| Development Scope Summary<br>Airport Prototype<br>Ownership Housing Development Prototypes |                          |                     |    |
|--|--------------------------|---------------------|----|
| Site Area (Acres)  | 2.4                      | <u>Unit Mix</u>     |    |
| Total Number of Units  | 47                       | One-Bedroom Units   | 5  |
| Density (Units/Acre)   | 20                       | Two-Bedroom Units   | 21 |
|  |                          | Three-Bedroom Units | 21 |
| Parking Spaces Provided  | Two car attached garages |                     |    |

**ESTIMATED DEVELOPMENT COSTS:**

The total development cost for the prototype ownership housing development is estimated at \$55.54 million. This equates to \$1.18 million per unit, or \$708 per square foot of gross saleable area (GSA).

**PROJECTED MARKET RATE SALES PRICES:**

To assist in projecting the achievable market rate sales prices, KMA compiled sales data for homes located in the City of Irvine in proximity to John Wayne Airport (Appendix A). The market rate sales prices that were applied in the ownership housing development prototype analysis are presented in the following table:

| Projected Sales Prices<br>Market Rate Units<br>Airport Prototype<br>Ownership Housing Development Prototypes |             |
|--|-------------|
| One-Bedroom Units  | \$895,400   |
| Two-Bedroom Units  | \$1,242,500 |
| Three-Bedroom Units  | \$1,730,700 |
| Weighted Average Price<br>Per Square Foot of<br>Saleable Area  | \$852       |

**AFFORDABLE SALES PRICE CALCULATIONS:**

Based on the Affordable Sales Price calculation methodology described in Appendix B, and the calculations presented in Appendix C, the Affordable Sales Prices for the prototype ownership housing development are:

| Affordable Sales Prices<br>Airport Prototype<br>Ownership Housing Development Prototypes |           |
|--|-----------|
| One-Bedroom Units  | \$392,100 |
| Two-Bedroom Units  | \$433,200 |
| Three-Bedroom Units  | \$473,000 |

**FINDINGS:**

The results of the KMA analyses of the ownership housing development can be summarized as follows:

1. The developer profit for the market rate scenario is estimated at 8.0%.
2. An 8% moderate income requirement can be supported.

The financial impacts estimated in the KMA analyses are summarized in the following table:

| 8% Moderate Income Inclusionary Housing Requirement<br>Airport Prototype<br>Ownership Housing Development Prototypes |      |
|--|------|
| Reduction in property acquisition cost needed to offset the impact created by the Inclusionary Housing requirements. | 19%  |
| Increase in the market rate sales prices that would be needed to offset the proposed requirements.                   | 6.4% |

ALTERNATIVE INCLUSIONARY HOUSING REQUIREMENTS

*Low Income Inclusionary Housing Requirement*

The City requested that KMA prepare a pro forma analysis to identify the Inclusionary Housing requirement that could be supported for ownership housing development if the requirement is set at the low income level. As shown in the following table, KMA estimates that a 6% low income Inclusionary Housing requirement can be supported in the Airport Area:

| Project Economics<br>Airport Prototype<br>Ownership Housing Development Prototypes |                         |  |
|--|-------------------------|--|
|  | Market Rate<br>Scenario | Low Income<br>Inclusionary<br>Obligation |
| <u>Development Costs</u>   |                         |  |
| Total  | \$55,539,000            | \$55,556,000                             |
| Per Unit   | \$1,182,000             | \$1,182,000                              |
| Per Sf of Saleable Area  | \$708                   | \$708                                    |
| <u>Weighted Average Sales Price</u>  |                         |  |
| Market Rate Units  | \$1,423,700             | \$1,432,900                              |
| Moderate Income Units  |                         | \$199,300                                |
| Net Revenue  | \$63,235,000            | \$60,145,000                             |
| Developer Profit   | \$7,696,000             | \$4,589,000                              |
| Supportable Inclusionary Housing Percentage  |                         | 6.0%                                     |
| <u>Estimated Financial Impacts: Inclusionary Housing Requirement</u>               |                         |  |
| Property Acquisition Cost Reduction  |                         | 15%                                      |
| % Price Increase to Offset Impact  |                         | 6.0%                                     |

**Range of Supportable Moderate Income Inclusionary Housing Requirements**

For reference purposes, the City also requested that KMA prepare pro forma analyses for moderate income Inclusionary Housing production requirements ranging from 5% to 20%. These analyses illustrate the range of financial impacts projected to be generated under the varying Inclusionary Housing production requirements. The results of these analyses are summarized in the following table.

| Alternative Inclusionary Housing Requirements<br>Airport Prototype<br>Ownership Housing Development Prototypes |       |
|--|-------|
| Total Number of Units  | 47    |
| Density (Units/Acre)   | 20    |
| Developer Profit - Market Rate Scenario  | 13.9% |
| Supportable Inclusionary Housing Percentage  | 8%    |
| Alternative Inclusionary Housing Requirements  |       |
| <u>Property Acquisition Cost Reduction</u>   |       |
| Supportable Inclusionary Housing Percentage  | 19%   |
| 5% Moderate Income Requirement   | 10%   |
| 10% Moderate Income Requirement  | 21%   |
| 15% Moderate Income Requirement  | 31%   |
| 20% Moderate Income Requirement  | 41%   |
| <u>% Price Increase to Offset Impact</u>   |       |
| Supportable Inclusionary Housing Percentage  | 6.4%  |
| 5% Moderate Income Requirement   | 3.0%  |
| 10% Moderate Income Requirement  | 7.3%  |
| 15% Moderate Income Requirement  | 11.1% |
| 20% Moderate Income Requirement  | 15.4% |

The findings of these alternative analyses can be described as follows:

### ***5% Moderate Income Inclusionary Housing Requirement***

The analysis of a 5% moderate income Inclusionary Housing requirement generates impacts that are significantly lower than the benchmarks applied in the KMA evaluation. Thus, it is a clear that a 5% moderate income Inclusionary Housing requirement for ownership housing development projects can be supported.

### ***10% Moderate Income Inclusionary Housing Requirement***

The imposition of a 10% moderate income requirement meets the 25% benchmark KMA set for the property acquisition cost reduction test. However, the percentage increase in market rate prices needed to offset the impact created by a 10% requirement is materially higher than the 6% benchmark applied in the KMA evaluation.

### ***15% and 20% Moderate Income Inclusionary Housing Requirements***

The imposition of 15% and 20% moderate income Inclusionary Housing requirements exceeds both the benchmarks KMA. In fact, under the 20% moderate income Inclusionary Housing requirement, the impact created by the income and affordability standards effectively eliminates any developer profit.

## **IN-LIEU FEE ANALYSIS**

The March 2025 Financial Evaluation includes in-lieu fee analyses meant to assist the City in creating specific in-lieu fee policies to be applied as part of an Inclusionary Housing program. In the March 2025 Financial Evaluation KMA estimated the supportable in-lieu fee amounts based on the Affordability Gaps associated with the on-site development of Inclusionary Units within market rate ownership housing developments.

The KMA in-lieu fee estimates for the Airport Area ownership housing development are presented in Appendix E. The KMA in-lieu fee estimates for ownership housing development are summarized in the following table:

| In-Lieu Fee Associated with the Supportable Inclusionary Housing Requirement<br>Ownership Housing Development |           |
|---|-----------|
| Affordability Gap Per Inclusionary Unit   | \$980,500 |
| Per Total Unit in the Project   | \$83,450  |
| Per Square Foot of Saleable Area in the Project   | \$50.00   |

KMA illustrates the three calculation methodologies for contextual purposes. However, it is KMA’s recommendation that the in-lieu fee be assessed against the total saleable area in a 100% market rate development. Using this methodology the in-lieu fee amount will be lower for developments with small units and higher for developments with large units. This corresponds more closely to the Affordability Gaps than an in-lieu fee measured against the number of units in the development.

## RECOMMENDATIONS

### Recommended Inclusionary Housing Requirement

As discussed previously, KMA takes a conservative approach in setting benchmark impact standards for evaluating the impact created by income and affordability controls. Based on our financial analyses, it is KMA’s recommendation that an 8% moderate income Inclusionary Housing requirement be imposed on ownership housing development in the Airport Area.

### Recommended In-Lieu Fee

The KMA in-lieu fee estimate of the supportable in-lieu fee is based on the assumption that an 8% moderate income Inclusionary Housing requirement is imposed on ownership housing development in the Airport Area. Based on that assumption KMA recommends that the in-lieu fee be set at \$50 per square foot of saleable area in 2026 dollars.

**APPENDIX A**

**HOME SALES SURVEY  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

APPENDIX A

HOME SALES SURVEY 1  
 AIRPORT AREA  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

| Address                     | Unit Size (SF) | Sales Price |        | Year Built  |         |      |
|-----------------------------|----------------|-------------|--------|-------------|---------|------|
|                             |                | Total       | Per SF |             |         |      |
| <b>I. One-Bedroom Units</b> |                |             |        |             |         |      |
| 1464 Scholarship            | Irvine         | 92612       | 610    | \$560,000   | \$918   | 2006 |
| 1133 Scholarship            | Irvine         | 92612       | 610    | \$565,000   | \$926   | 2007 |
| 3267 Watermarke Pl          | Irvine         | 92612       | 648    | \$524,000   | \$809   | 2003 |
| 3136 Watermarke Pl          | Irvine         | 92612       | 648    | \$560,000   | \$864   | 2005 |
| 3416 Watermarke Pl          | Irvine         | 92612       | 648    | \$577,000   | \$890   | 2005 |
| 3417 Watermarke Pl          | Irvine         | 92612       | 648    | \$585,000   | \$903   | 2003 |
| 3420 Watermarke Pl          | Irvine         | 92612       | 648    | \$585,000   | \$903   | 2003 |
| 2124 Watermarke Pl          | Irvine         | 92612       | 648    | \$600,000   | \$926   | 2003 |
| 2117 Watermarke Pl          | Irvine         | 92612       | 648    | \$619,243   | \$956   | 2003 |
| 2240 Scholarship            | Irvine         | 92612       | 734    | \$590,000   | \$804   | 2007 |
| 1148 Scholarship            | Irvine         | 92612       | 734    | \$665,000   | \$906   | 2006 |
| 3342 Watermarke Pl          | Irvine         | 92612       | 746    | \$636,000   | \$853   | 2005 |
| 2359 Watermarke Pl          | Irvine         | 92612       | 835    | \$689,000   | \$825   | 2003 |
| 3428 Watermarke Pl          | Irvine         | 92612       | 835    | \$695,000   | \$832   | 2005 |
| 2348 Watermarke Pl          | Irvine         | 92612       | 868    | \$585,000   | \$674   | 2003 |
| 3357 Watermarke Pl #3357    | Irvine         | 92612       | 868    | \$620,000   | \$714   | 2003 |
| 2158 Watermarke Pl          | Irvine         | 92612       | 868    | \$650,000   | \$749   | 2003 |
| 3151 Watermarke Pl          | Irvine         | 92612       | 868    | \$685,000   | \$789   | 2005 |
| 2518 Nolita                 | Irvine         | 92612       | 948    | \$710,000   | \$749   | 2018 |
| 1512 Nolita                 | Irvine         | 92612       | 948    | \$745,000   | \$786   | 2018 |
| 2530 Nolita                 | Irvine         | 92612       | 948    | \$760,000   | \$802   | 2018 |
| 1312 nolita                 | Irvine         | 92612       | 980    | \$720,000   | \$735   | 2019 |
| 5065 Scholarship            | Irvine         | 92612       | 1,188  | \$1,200,000 | \$1,010 | 2007 |
| 161 Bowery                  | Irvine         | 92612       | 1,257  | \$825,000   | \$656   | 2019 |
| 171 Bowery                  | Irvine         | 92612       | 1,257  | \$825,000   | \$656   | 2019 |
| 3209 Rivington              | Irvine         | 92612       | 1,278  | \$1,048,000 | \$820   | 2023 |
| 5052 Scholarship            | Irvine         | 92612       | 1,349  | \$910,000   | \$675   | 2005 |
| 8052 Scholarship            | Irvine         | 92612       | 1,349  | \$1,150,000 | \$852   | 2007 |
| 3208 Rivington              | Irvine         | 92612       | 1,378  | \$1,029,000 | \$747   | 2023 |
| 2209 Rivington              | Irvine         | 92618       | 1,410  | \$774,990   | \$550   | 2023 |
| 523 Rockefeller             | Irvine         | 92612       | 1,426  | \$847,000   | \$594   | 2013 |
| 3502 Rivington              | Irvine         | 92618       | 1,473  | \$899,990   | \$611   | 2023 |
| 1302 Rivington              | Irvine         | 92618       | 1,540  | \$869,990   | \$565   | 2023 |
| 2608 Rivington              | Irvine         | 92618       | 1,540  | \$894,990   | \$581   | 2023 |
| 3203 Rivington              | Irvine         | 92618       | 1,551  | \$866,465   | \$559   | 2023 |
| Minimum                     |                |             | 610    | \$524,000   | \$550   | 2003 |
| Maximum                     |                |             | 1,551  | \$1,200,000 | \$1,010 | 2023 |
| Average                     |                |             | 998    | \$744,700   | \$746   | 2011 |

APPENDIX A

HOME SALES SURVEY 1  
 AIRPORT AREA  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

| Address                      | Unit Size (SF) | Sales Price |        | Year Built  |       |      |
|------------------------------|----------------|-------------|--------|-------------|-------|------|
|                              |                | Total       | Per SF |             |       |      |
| <b>II. Two-Bedroom Units</b> |                |             |        |             |       |      |
| 2123 Scholarship             | Irvine         | 92612       | 1,038  | \$689,000   | \$664 | 2005 |
| 2275 Scholarship             | Irvine         | 92612       | 1,038  | \$741,000   | \$714 | 2006 |
| 1362 Scholarship             | Irvine         | 92612       | 1,038  | \$740,000   | \$713 | 2006 |
| 2330 Scholarship             | Irvine         | 92612       | 1,052  | \$810,000   | \$770 | 2006 |
| 2352 Scholarship             | Irvine         | 92612       | 1,052  | \$818,000   | \$778 | 2005 |
| 1344 Nolita                  | Irvine         | 92612       | 1,075  | \$788,000   | \$733 | 2018 |
| 1238 Nolita                  | Irvine         | 92612       | 1,075  | \$873,000   | \$812 | 2018 |
| 2204 Nolita                  | Irvine         | 92612       | 1,079  | \$788,000   | \$730 | 2018 |
| 2506 Nolita                  | Irvine         | 92612       | 1,079  | \$831,000   | \$770 | 2017 |
| 1502 Nolita                  | Irvine         | 92612       | 1,088  | \$784,000   | \$721 | 2018 |
| 1202 Nolita                  | Irvine         | 92612       | 1,088  | \$770,000   | \$708 | 2018 |
| 1306 Nolita                  | Irvine         | 92612       | 1,088  | \$800,000   | \$735 | 2018 |
| 1426 Nolita                  | Irvine         | 92612       | 1,088  | \$770,000   | \$708 | 2019 |
| 3106 Watermarke Pl           | Irvine         | 92612       | 1,123  | \$800,000   | \$712 | 2005 |
| 303 Placemark                | Irvine         | 92614       | 1,127  | \$765,000   | \$679 | 2020 |
| 222 Placemark                | Irvine         | 92614       | 1,127  | \$845,000   | \$750 | 2019 |
| 2223 Watermarke Pl           | Irvine         | 92612       | 1,137  | \$838,000   | \$737 | 2005 |
| 3432 Watermarke Pl           | Irvine         | 92612       | 1,137  | \$820,000   | \$721 | 2004 |
| 3235 Watermarke Pl           | Irvine         | 92612       | 1,137  | \$860,000   | \$756 | 2003 |
| 2426 Watermarke              | Irvine         | 92612       | 1,148  | \$865,000   | \$753 | 2004 |
| 2408 Nolita                  | Irvine         | 92612       | 1,161  | \$758,000   | \$653 | 2019 |
| 1224 Nolita                  | Irvine         | 92612       | 1,161  | \$785,000   | \$676 | 2019 |
| 3131 Michelson Dr #303       | Irvine         | 92612       | 1,249  | \$820,000   | \$657 | 2006 |
| 3141 Michelson Dr #605       | Irvine         | 92612       | 1,249  | \$890,000   | \$713 | 2006 |
| 2122 Watermarke Pl           | Irvine         | 92612       | 1,260  | \$853,000   | \$677 | 2003 |
| 2424 Scholarship             | Irvine         | 92612       | 1,260  | \$715,000   | \$567 | 2006 |
| 2402 Scholarship             | Irvine         | 92612       | 1,260  | \$820,000   | \$651 | 2005 |
| 2417 Scholarship             | Irvine         | 92612       | 1,260  | \$860,000   | \$683 | 2006 |
| 2423 Scholarship             | Irvine         | 92612       | 1,260  | \$885,000   | \$702 | 2005 |
| 3308 Watermarke Pl           | Irvine         | 92612       | 1,260  | \$930,000   | \$738 | 2003 |
| 3221 Watermarke Pl           | Irvine         | 92612       | 1,260  | \$940,000   | \$746 | 2005 |
| 1432 Scholarship             | Irvine         | 92612       | 1,274  | \$795,000   | \$624 | 2007 |
| 3131 Michelson Dr #804       | Irvine         | 92612       | 1,292  | \$960,000   | \$743 | 2006 |
| 3141 Michelson Dr #805       | Irvine         | 92612       | 1,300  | \$860,000   | \$662 | 2006 |
| 3141 Michelson Dr #803       | Irvine         | 92612       | 1,330  | \$880,000   | \$662 | 2006 |
| 3141 Michelson Dr #403       | Irvine         | 92612       | 1,367  | \$925,000   | \$677 | 2006 |
| 2246 Synergy                 | Irvine         | 92614       | 1,414  | \$1,020,000 | \$721 | 2018 |
| 5046 Scholarship             | Irvine         | 92612       | 1,463  | \$1,305,000 | \$892 | 2007 |
| 3075 Scholarship             | Irvine         | 92612       | 1,477  | \$1,120,000 | \$758 | 2008 |
| 3064 Scholarship             | Irvine         | 92612       | 1,477  | \$1,080,000 | \$731 | 2007 |
| 2250 Watermarke Pl           | Irvine         | 92612       | 1,482  | \$880,000   | \$594 | 2005 |
| 124 Tribeca                  | Irvine         | 92612       | 1,483  | \$960,000   | \$647 | 2018 |
| 111 Bowery                   | Irvine         | 92612       | 1,483  | \$985,000   | \$664 | 2019 |
| 154 Tribeca                  | Irvine         | 92612       | 1,483  | \$1,050,000 | \$708 | 2018 |
| 105 Bowery                   | Irvine         | 92612       | 1,483  | \$1,025,000 | \$691 | 2019 |
| 3141 Michelson Dr #1507      | Irvine         | 92612       | 1,520  | \$1,195,000 | \$786 | 2006 |

APPENDIX A

HOME SALES SURVEY

1

AIRPORT AREA

OWNERSHIP HOUSING DEVELOPMENT

AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM

NEWPORT BEACH, CALIFORNIA

| Address                 | Unit Size (SF) | Sales Price |        | Year Built  |       |      |
|-------------------------|----------------|-------------|--------|-------------|-------|------|
|                         |                | Total       | Per SF |             |       |      |
| 2360 Watermarke Pl      | Irvine         | 92612       | 1,523  | \$935,000   | \$614 | 2005 |
| 2365 Watermarke Pl      | Irvine         | 92612       | 1,539  | \$926,000   | \$602 | 2003 |
| 45 Soho                 | Irvine         | 92612       | 1,576  | \$1,080,000 | \$685 | 2013 |
| 21 Gramercy #110        | Irvine         | 92612       | 1,583  | \$900,000   | \$569 | 2007 |
| 3141 Michelson Dr #604  | Irvine         | 92612       | 1,583  | \$1,140,000 | \$720 | 2006 |
| 198 Tribeca             | Irvine         | 92612       | 1,599  | \$980,000   | \$613 | 2019 |
| 147 Bowery              | Irvine         | 92612       | 1,599  | \$1,000,000 | \$625 | 2019 |
| 8031 Scholarship        | Irvine         | 92612       | 1,701  | \$1,555,000 | \$914 | 2007 |
| 1301 Rivington          | Irvine         | 92618       | 1,727  | \$1,153,990 | \$668 | 2023 |
| 21 Gramercy #406        | Irvine         | 92612       | 1,775  | \$940,000   | \$530 | 2010 |
| 3126 Scholarship        | Irvine         | 92612       | 1,781  | \$1,645,000 | \$924 | 2007 |
| 3215 Rivington          | Irvine         | 92618       | 1,797  | \$999,990   | \$556 | 2023 |
| 3200 Rivington          | Irvine         | 92618       | 1,801  | \$1,049,990 | \$583 | 2023 |
| 15 Waldorf              | Irvine         | 92612       | 1,801  | \$1,040,000 | \$577 | 2010 |
| 4310 Rivington          | Irvine         | 92612       | 1,807  | \$1,230,000 | \$681 | 2023 |
| 3315 Rivington          | Irvine         | 92612       | 1,807  | \$1,210,000 | \$670 | 2023 |
| 21 Gramercy #306        | Irvine         | 92612       | 1,810  | \$1,000,000 | \$552 | 2011 |
| 3314 Rivington          | Irvine         | 92618       | 1,813  | \$984,990   | \$543 | 2023 |
| 2412 Rivington          | Irvine         | 92618       | 1,813  | \$1,079,990 | \$596 | 2023 |
| 8079 Scholarship        | Irvine         | 92612       | 1,847  | \$1,630,000 | \$883 | 2007 |
| 3204 Rivington          | Irvine         | 92618       | 1,870  | \$987,990   | \$528 | 2023 |
| 2410 Rivington          | Irvine         | 92618       | 1,880  | \$1,047,990 | \$557 | 2023 |
| 402 Rockefeller #405    | Irvine         | 92612       | 1,917  | \$1,100,000 | \$574 | 2011 |
| 1210 Rivington          | Irvine         | 92618       | 1,926  | \$1,189,990 | \$618 | 2023 |
| 1110 Rivington          | Irvine         | 92618       | 1,926  | \$1,239,000 | \$643 | 2024 |
| 3131 Michelson Dr #1803 | Irvine         | 92612       | 1,980  | \$1,800,000 | \$909 | 2006 |
| 2401 Rivington          | Irvine         | 92618       | 1,995  | \$1,335,000 | \$669 | 2024 |
| 8124 Scholarship        | Irvine         | 92612       | 2,052  | \$2,000,000 | \$975 | 2007 |
| 8142 Scholarship        | Irvine         | 92612       | 2,052  | \$2,049,800 | \$999 | 2007 |
| 3131 Michelson Dr #1503 | Irvine         | 92612       | 2,063  | \$1,340,000 | \$650 | 2006 |
| 3408 Rivington          | Irvine         | 92612       | 2,065  | \$1,250,000 | \$605 | 2023 |
| 402 Rockefeller #208    | Irvine         | 92612       | 2,081  | \$1,240,000 | \$596 | 2012 |
| 3515 Rivington          | Irvine         | 92612       | 2,087  | \$1,388,000 | \$665 | 2024 |
| 4307 Rivington          | Irvine         | 92612       | 2,129  | \$1,150,000 | \$540 | 2023 |
| 402 Rockefeller #101    | Irvine         | 92612       | 2,200  | \$1,350,000 | \$614 | 2012 |
| 402 Rockefeller #312    | Irvine         | 92612       | 2,250  | \$1,380,000 | \$613 | 2012 |
| 3140 Scholarship        | Irvine         | 92612       | 2,377  | \$2,300,000 | \$968 | 2008 |
| Minimum                 |                |             | 1,038  | \$689,000   | \$528 | 2003 |
| Maximum                 |                |             | 2,377  | \$2,300,000 | \$999 | 2024 |
| Average                 |                |             | 1,517  | \$1,047,200 | \$690 | 2012 |

APPENDIX A

HOME SALES SURVEY 1  
 AIRPORT AREA  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

| Address                  | Unit Size (SF) | Sales Price |        | Year Built  |         |      |
|--------------------------|----------------|-------------|--------|-------------|---------|------|
|                          |                | Total       | Per SF |             |         |      |
| Three-Bedroom Units      |                |             |        |             |         |      |
| 2346 Watermarke Pl       | Irvine         | 92612       | 1,456  | \$925,000   | \$635   | 2003 |
| 3250 Watermarke Pl       | Irvine         | 92612       | 1,456  | \$950,000   | \$652   | 2003 |
| 3450 Watermarke Pl       | Irvine         | 92612       | 1,456  | \$1,008,888 | \$693   | 2003 |
| 2155 Watermarke Pl       | Irvine         | 92612       | 1,456  | \$1,050,000 | \$721   | 2004 |
| 3141 Michelson Dr #404   | Irvine         | 92612       | 1,583  | \$1,095,000 | \$692   | 2006 |
| 105 Schick               | Irvine         | 92614       | 1,587  | \$1,239,000 | \$781   | 2019 |
| 213 Steely               | Irvine         | 92614       | 1,592  | \$1,080,000 | \$678   | 2021 |
| 29 Soho                  | Irvine         | 92612       | 1,733  | \$978,000   | \$564   | 2015 |
| 43 Soho                  | Irvine         | 92612       | 1,733  | \$1,174,500 | \$678   | 2015 |
| 201 Bowery               | Irvine         | 92612       | 1,736  | \$1,066,000 | \$614   | 2020 |
| 205 Bowery               | Irvine         | 92612       | 1,760  | \$1,050,000 | \$597   | 2019 |
| 45 Gramercy              | Irvine         | 92612       | 1,832  | \$1,320,000 | \$721   | 2014 |
| 612 Rockefeller          | Irvine         | 92612       | 1,832  | \$1,370,000 | \$748   | 2013 |
| 2302 Synergy             | Irvine         | 92614       | 1,900  | \$1,239,900 | \$653   | 2019 |
| 192 Tribeca              | Irvine         | 92612       | 1,967  | \$1,300,000 | \$661   | 2020 |
| 182 Tribeca              | Irvine         | 92612       | 1,967  | \$1,410,000 | \$717   | 2018 |
| 147 Placemark            | Irvine         | 92614       | 1,990  | \$1,285,000 | \$646   | 2021 |
| 117 Placemark            | Irvine         | 92614       | 1,991  | \$1,288,000 | \$647   | 2022 |
| 149 Placemark            | Irvine         | 92614       | 1,991  | \$1,285,000 | \$645   | 2021 |
| 176 Placemark            | Irvine         | 92614       | 1,996  | \$1,340,000 | \$671   | 2020 |
| 4271 Uptown Newport Dr # | Newport Beach  | 92660       | 2,052  | \$2,228,637 | \$1,086 | 2024 |
| 209 placemark            | Irvine         | 92614       | 2,100  | \$1,284,000 | \$611   | 2020 |
| 4281 Uptown Newport Dr # | Newport Beach  | 92660       | 2,219  | \$2,650,000 | \$1,194 | 2023 |
| 3301 Rivington           | Irvine         | 92618       | 2,235  | \$1,204,990 | \$539   | 2023 |
| 2290 Synergy             | Irvine         | 92614       | 2,245  | \$1,275,000 | \$568   | 2018 |
| 250 Rockefeller          | Irvine         | 92612       | 2,251  | \$1,360,000 | \$604   | 2013 |
| 604 Rockefeller          | Irvine         | 92612       | 2,251  | \$1,300,000 | \$578   | 2013 |
| 810 Rockefeller          | Irvine         | 92612       | 2,288  | \$1,262,500 | \$552   | 2010 |
| 39 Gramercy              | Irvine         | 92612       | 2,290  | \$1,580,000 | \$690   | 2013 |
| 3107 Scholarship         | Irvine         | 92612       | 2,385  | \$2,050,000 | \$860   | 2007 |
| 4201 Rivington           | Irvine         | 92612       | 2,483  | \$1,650,000 | \$665   | 2023 |
| 3409 Rivington           | Irvine         | 92618       | 2,548  | \$1,199,990 | \$471   | 2023 |
| 8090 Scholarship         | Irvine         | 92612       | 2,621  | \$2,879,900 | \$1,099 | 2007 |
| 4271 Uptown Newport Dr U | Newport Beach  | 92660       | 2,849  | \$3,535,318 | \$1,241 | 2024 |
| Minimum                  |                |             | 1,456  | \$925,000   | \$471   | 2003 |
| Maximum                  |                |             | 2,849  | \$3,535,318 | \$1,241 | 2024 |
| Average                  |                |             | 1,995  | \$1,438,700 | \$721   | 2016 |

<sup>1</sup> Source: Redfin Corporation. Based on a January 2026 survey of condominiums and townhomes constructed after 2000 that were sold between February 2023 and February 2025.

**APPENDIX B**  
**AFFORDABLE HOUSING COST CALCULATION METHODOLOGY**  
**AIRPORT AREA**  
**OWNERSHIP HOUSING DEVELOPMENT**  
**NEWPORT BEACH, CALIFORNIA**

## **APPENDIX B**

### **AFFORDABLE SALES PRICE CALCULATION METHODOLOGY**

The Affordable Sales Price calculations for the Airport Area are presented in Appendix C. The calculations are based on the following assumptions:

1. The household income information used in the calculations is based on 2024 income statistics for Orange County as a whole. The household incomes for moderate income households are produced and distributed annually by the California Department of Housing and Community Development (HCD).
2. The Affordable Sales Price estimates are based on the calculation methodology imposed by California Health and Safety Code (H&SC) Section 50052.5.

The elements included in the Affordable Sales Price calculations are described in the following sections of this Attachment.

#### **HOUSEHOLD SIZE**

For the sole purposes of calculating Affordable Sales Prices, H&SC Section 50052.5 sets household sizes based on the number of bedrooms in the home plus one.<sup>1</sup> H&SC Section 50052.5 refers to this as “the family size appropriate for the unit.” This is not an occupancy cap; it is a benchmark that creates a consistent Affordable Sales Price calculation methodology.

#### **HOUSEHOLD INCOME**

For calculation purposes only, H&SC Section 50052.5 applies benchmark household incomes as the standard for determining the Affordable Sales Prices. The benchmarks are based on the following percentages of the area median income (AMI) for Orange County:

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<sup>1</sup> For example, the imputed household size for a three-bedroom unit is four persons.

| Benchmark Household Incomes<br>Affordable Sales Price Calculations<br>Ownership Housing Development Prototypes |      |
|--|------|
| Moderate Income  | 110% |
| Low Income   | 70%  |
| Very Low Income  | 50%  |

The identified benchmark percentages of AMI are not income caps. The household income qualification standard is based on 120% of AMI for moderate income households based on the actual size of the homebuyer’s household.

### INCOME ALLOCATED TO HOUSING-RELATED EXPENSES

H&SC Section 50052.5 allocates 35% of the benchmark household income to the payment of housing-related expenses.

### HOUSING-RELATED EXPENSES

The following table presents the variable housing related expense assumptions used in this analysis:

| Variable Housing Related Expenses – Monthly<br>Affordable Sales Price Calculations<br>Ownership Housing Development Prototypes |                                   |   |
|--|-----------------------------------|---|
| Number of Bedrooms   | Utilities Allowances <sup>2</sup> | HOA, Insurance & Maintenance <sup>3</sup> |
| One  | \$216                             | \$250                                     |
| Two  | \$283                             | \$300                                     |
| Three  | \$358                             | \$350                                     |

<sup>2</sup>Utilities allowances are based on utilities costs comprised of electric cooking, heating and water heating; basic electric; air conditioning; and water, sewer and trash services. The allowances are based on the Orange County Housing Authority schedule effective as of October 1, 2024.

<sup>3</sup> Based in part on the HOA dues identified in the home sales surveys.

The property tax expense estimate is based on 1.10% of the home’s estimated Affordable Sales Price. This assumes that the City will require the homes to be subject to long-term income and affordability resale controls.

**SUPPORTABLE MORTGAGE AMOUNT**

The mortgage amounts used in the Affordable Sales Price calculations are estimated using the income available after the other housing-related expenses are paid. The mortgage terms used in this analysis were based on a 30-year fully amortizing loan at a 7.03% interest rate. <sup>4</sup>

**BENCHMARK DOWN PAYMENT**

KMA set the benchmark down payment at 5% of the estimated Affordable Sales Price. A down payment of this magnitude is commonly allowed by affordable housing programs.

**AFFORDABLE SALES PRICES**

The resulting Affordable Sales Price for the Airport Area ownership housing development are estimated as follows:

| Affordable Sales Prices<br>Airport Prototype<br>Ownership Housing Development Prototypes |                          |                     |                          |
|--|--------------------------|---------------------|--------------------------|
|  | Moderate<br>Income Units | Low Income<br>Units | Very Low<br>Income Units |
| One-Bedroom Units  | \$392,100                | \$184,700           | \$113,600                |
| Two-Bedroom Units  | \$433,200                | \$199,600           | \$119,700                |
| Three-Bedroom Units  | \$473,000                | \$213,600           | \$124,700                |

<sup>4</sup> Based on a 25 basis points premium applied to the Freddie Mac monthly average, between March 2024 and February 2025, for a fixed interest rate loan with a 30-year amortization period.

## **APPENDIX C**

# **AFFORDABLE SALES PRICE CALCULATIONS OWNERSHIP HOUSING DEVELOPMENT AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM NEWPORT BEACH, CALIFORNIA**

APPENDIX C - TABLE 1

**AFFORDABLE SALES PRICE CALCULATIONS**  
**AIRPORT PROTOTYPE**  
**2024 INCOME STANDARDS - MODERATE INCOME UNITS**  
**OWNERSHIP HOUSING DEVELOPMENT**  
**AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM**  
**NEWPORT BEACH, CALIFORNIA**

1

|  |   | One-Bedroom<br>Units | Two-Bedroom<br>Units | Three-Bedroom<br>Units |
|--|---|----------------------|----------------------|------------------------|
| <b>I. <u>General Assumptions</u></b>                       |   |                      |                      |                        |
| Estimated Market Rate Sales Price                          | 2 | \$895,400            |                      |                        |
| Area Median Income   | 3 | \$103,200            | \$1,242,500          | \$1,730,700            |
| Annual Utilities Allowance                                 | 4 | \$2,592              | \$116,100            | \$129,000              |
| HOA, Maintenance & Insurance                               |   | \$3,000              | \$3,396              | \$4,296                |
|  |   |                      | \$3,600              | \$4,200                |
| <b>II. <u>Affordable Sales Price Calculations</u></b>      |   |                      |                      |                        |
| <b>A. Affordable Sales Price Based on 110% AMI</b>         |   |                      |                      |                        |
| Benchmark Annual Household Income                          |   | \$113,520            | \$127,710            | \$141,900              |
| Income Allotted to Housing @ 35% of Income                 |   | \$39,730             | \$44,700             | \$49,670               |
| <b>B. Property Taxes @ 1.10% of Affordable Sales Price</b> |   | \$4,310              | \$4,760              | \$5,200                |
| <b>C. Income Available for Mortgage</b>                    | 5 | \$29,828             | \$32,944             | \$35,974               |
| <b>D. <u>Affordable Sales Price</u></b>                    |   |                      |                      |                        |
| Supportable Mtg @ 7.03% Interest                           | 6 | \$372,500            | \$411,500            | \$449,300              |
| Home Buyer Down Payment @ 5% of ASP                        |   | 19,600               | 21,700               | 23,700                 |
| <b>Affordable Sales Price</b>                              |   | <b>\$392,100</b>     | <b>\$433,200</b>     | <b>\$473,000</b>       |

<sup>1</sup> Based on 2024 Orange County household incomes published by the California Housing & Community Development Department (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section 50052.5 calculation methodology, the benchmark household size is set at the number of bedrooms in the unit plus one. This benchmark is used solely for the purposes of calculating the Affordable Sales Price. It is neither an occupancy cap nor a floor.

<sup>2</sup> Based in part on the results of the home sales survey.

<sup>3</sup> Under the California Health & Safety Code Section 50052.5 calculation methodology, the benchmark household size is set at the number of bedrooms in the unit plus one. This benchmark is used solely for the purposes of calculating the Affordable Sales Price. It is neither an occupancy cap nor a floor.

<sup>4</sup> Based on the Orange County Housing Authority utility allowance schedule effective as of 10/1/24. Assumes: Electric Cooking, Electric Heating, Electric Water Heater, Basic Electric, Air Conditioning, Water, Sewer, and Trash.

<sup>5</sup> Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.10% of Affordable Sales Price.

<sup>6</sup> Based on a 25 basis points premium applied to the Freddie Mac monthly average, between March 2024 and February 2025, for a fixed-interest rate loan with a 30-year amortization period.

APPENDIX C - TABLE 2

**AFFORDABLE SALES PRICE CALCULATIONS**  
**AIRPORT PROTOTYPE**  
**2024 INCOME STANDARDS - LOW INCOME UNITS**  
**OWNERSHIP HOUSING DEVELOPMENT**  
**AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM**  
**NEWPORT BEACH, CALIFORNIA**

1

|  |   | One-Bedroom<br>Units | Two-Bedroom<br>Units | Three-Bedroom<br>Units |
|--|---|----------------------|----------------------|------------------------|
| <b>I. <u>General Assumptions</u></b>                       |   |                      |                      |                        |
| Estimated Market Rate Sales Price                          | 2 | \$895,400            |                      |                        |
| Area Median Income   | 3 | \$103,200            | \$1,242,500          | \$1,730,700            |
| Annual Utilities Allowance                                 | 4 | \$2,592              | \$116,100            | \$129,000              |
| HOA, Maintenance & Insurance                               |   | \$3,000              | \$3,396              | \$4,296                |
|  |   |                      | \$3,600              | \$4,200                |
| <b>II. <u>Affordable Sales Price Calculations</u></b>      |   |                      |                      |                        |
| <b>A. Affordable Sales Price Based on 70% AMI</b>          |   |                      |                      |                        |
| Benchmark Annual Household Income                          |   | \$72,240             | \$81,270             | \$90,300               |
| Income Allotted to Housing @ 30% of Income                 |   | \$21,670             | \$24,380             | \$27,090               |
| <b>B. Property Taxes @ 1.10% of Affordable Sales Price</b> |   | \$2,030              | \$2,200              | \$2,350                |
| <b>C. Income Available for Mortgage</b>                    | 5 | \$14,048             | \$15,184             | \$16,244               |
| <b>D. Affordable Sales Price</b>                           |   |                      |                      |                        |
| Supportable Mtg @ 7.03% Interest                           | 6 | \$175,500            | \$189,600            | \$202,900              |
| Home Buyer Down Payment @ 5% of ASP                        |   | 9,200                | 10,000               | 10,700                 |
| <b>Affordable Sales Price</b>                              |   | <b>\$184,700</b>     | <b>\$199,600</b>     | <b>\$213,600</b>       |

<sup>1</sup> Based on 2024 Orange County household incomes published by the California Housing & Community Development Department (HCD). The Affordable Sales Price calculations are based on the California Health and Safety Code Section

<sup>2</sup> Based in part on the results of the home sales survey.

<sup>3</sup> Under the California Health & Safety Code Section 50052.5 calculation methodology, the benchmark household size is set at the number of bedrooms in the unit plus one. This benchmark is used solely for the purposes of calculating the Affordable Sales Price. It is neither an occupancy cap nor a floor.

<sup>4</sup> Based on the Orange County Housing Authority utility allowance schedule effective as of 10/1/24. Assumes: Electric Cooking, Electric Heating, Electric Water Heater, Basic Electric, Air Conditioning, Water, Sewer, and Trash.

<sup>5</sup> Based on the Income Allotted to Housing minus the following: Annual Utilities Allowance; HOA, Maintenance & Insurance; and Property Taxes @ 1.10% of Affordable Sales Price.

<sup>6</sup> Based on a 25 basis points premium applied to the Freddie Mac monthly average, between March 2024 and February 2025, for a fixed-interest rate loan with a 30-year amortization period.

**APPENDIX D**

**PRO FORMA ANALYSES  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

**APPENDIX D - EXHIBIT I**

**PRO FORMA ANALYSIS  
MARKET RATE SCENARIO  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT I - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 MARKET RATE SCENARIO  
 AIRPORT PROTOTYPE  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

|      |  |   |         |                           |                   |                  |              |
|------|--|---|---------|---------------------------|-------------------|------------------|--------------|
| I.   | <b>Land Acquisition &amp; Infrastructure Costs</b> | 1 | 102,366 | Sf of Land                | \$180 /Sf of Land |                  | \$18,426,000 |
| II.  | <b>Direct Costs</b>                                | 2 |         |                           |                   |                  |              |
|      | On-Site Improvements/Landscaping                   |   | 102,366 | Sf of Land                | \$40 /Sf of Land  | \$4,095,000      |              |
|      | Parking  | 3 | 94      | Spaces                    | \$0 /Space        | 0                |              |
|      | Building Costs                                     |   | 78,500  | Sf of GSA                 | \$200 /Sf of GSA  | 15,700,000       |              |
|      | Contractor/DC Contingency Allow                    | 4 |         | 20% Other Direct Costs    |                   | <u>3,959,000</u> |              |
|      | <b>Total Direct Costs</b>                          |   |         |                           |                   |                  | \$23,754,000 |
| III. | <b>Indirect Costs</b>                              |   |         |                           |                   |                  |              |
|      | Architecture, Engineering & Consulting             |   |         | 6.0% Direct Costs         |                   | \$1,425,000      |              |
|      | Public Permits & Fees                              | 5 | 47      | Units                     | \$84,900 /Unit    | 3,990,000        |              |
|      | Taxes, Insurance, Legal & Accounting               |   |         | 1.5% Direct Costs         |                   | 356,000          |              |
|      | Marketing  |   | 47      | Units                     | \$5,000 /Unit     | 235,000          |              |
|      | Developer Fee                                      |   |         | 3.0% Gross Sales Revenue  |                   | 2,007,000        |              |
|      | Soft Cost Contingency Allowance                    |   |         | 5.0% Other Indirect Costs |                   | <u>401,000</u>   |              |
|      | <b>Total Indirect Costs</b>                        |   |         |                           |                   |                  | \$8,414,000  |
| IV.  | <b>Financing Costs</b>                             |   |         |                           |                   |                  |              |
|      | Interest During Construction                       | 6 |         |                           |                   | \$4,490,000      |              |
|      | Loan Origination Fees                              |   | 60.0%   | Loan to Cost              | 1.5 Points        | <u>455,000</u>   |              |
|      | <b>Total Financing Costs</b>                       |   |         |                           |                   |                  | \$4,945,000  |
| V.   | <b>Total Construction Cost</b>                     |   | 47      | Units                     | \$790,000 /Unit   |                  | \$37,113,000 |
|      | <b>Total Development Cost</b>                      |   | 47      | Units                     | \$1,182,000 /Unit |                  | \$55,539,000 |

<sup>1</sup> Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

<sup>6</sup> Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 7 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT I - TABLE 2

PROJECTED NET SALES REVENUE  
 MARKET RATE SCENARIO  
 AIRPORT PROTOTYPE  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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|      |                                  |                          |                   |                      |
|------|----------------------------------|--------------------------|-------------------|----------------------|
| I.   | <b>Gross Sales Revenue</b>       |                          | 1                 |                      |
|      | One-Bedroom Units                | 5 Units @                | \$895,400 /Unit   | \$4,477,000          |
|      | Two-Bedroom Units                | 21 Units @               | \$1,242,500 /Unit | 26,093,000           |
|      | Three-Bedroom Units              | 21 Units @               | \$1,730,700 /Unit | 36,345,000           |
|      | <b>Total Gross Sales Revenue</b> |                          |                   | <b>\$66,915,000</b>  |
| II.  | <b>Cost of Sales</b>             |                          |                   |                      |
|      | Commissions                      | 3.0% Gross Sales Revenue |                   | \$2,007,000          |
|      | Closing                          | 2.0% Gross Sales Revenue |                   | 1,338,000            |
|      | Warranty                         | 0.5% Gross Sales Revenue |                   | 335,000              |
|      | <b>Total Cost of Sales</b>       |                          |                   | <b>(\$3,680,000)</b> |
| III. | <b>Net Revenue</b>               |                          |                   | <b>\$63,235,000</b>  |

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<sup>1</sup> Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$852 per square foot of saleable area.

**APPENDIX D - EXHIBIT I - TABLE 3**

**PROJECTED DEVELOPER PROFIT  
MARKET RATE SCENARIO  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

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|      |                               |                                      |                     |
|------|-------------------------------|--------------------------------------|---------------------|
| I.   | <b>Net Revenue</b>            | See APPENDIX D - EXHIBIT I - TABLE 2 | \$63,235,000        |
| II.  | <b>Total Development Cost</b> | See APPENDIX D - EXHIBIT I - TABLE 1 | <u>\$55,539,000</u> |
| III. | <b>Developer Profit</b>       | 13.9% Total Development Cost         | <b>\$7,696,000</b>  |

**APPENDIX D - EXHIBIT II**

**PRO FORMA ANALYSIS  
RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT II - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 AIRPORT PROTOTYPE  
 RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

|      |  |   |         |                           |                   |                  |              |
|------|--|---|---------|---------------------------|-------------------|------------------|--------------|
| I.   | <b>Land Acquisition &amp; Infrastructure Costs</b> | 1 | 102,366 | Sf of Land                | \$180 /Sf of Land |                  | \$18,426,000 |
| II.  | <b>Direct Costs</b>                                | 2 |         |                           |                   |                  |              |
|      | On-Site Improvements/Landscaping                   |   | 102,366 | Sf of Land                | \$40 /Sf of Land  | \$4,095,000      |              |
|      | Parking  | 3 | 94      | Spaces                    | \$0 /Space        | 0                |              |
|      | Building Costs                                     |   | 78,500  | Sf of GSA                 | \$200 /Sf of GSA  | 15,700,000       |              |
|      | Contractor/DC Contingency Allow                    | 4 |         | 20% Other Direct Costs    |                   | <u>3,959,000</u> |              |
|      | <b>Total Direct Costs</b>                          |   |         |                           |                   |                  | \$23,754,000 |
| III. | <b>Indirect Costs</b>                              |   |         |                           |                   |                  |              |
|      | Architecture, Engineering & Consulting             |   |         | 6.0% Direct Costs         |                   | \$1,425,000      |              |
|      | Public Permits & Fees                              | 5 | 47      | Units                     | \$84,900 /Unit    | 3,990,000        |              |
|      | Taxes, Insurance, Legal & Accounting               |   |         | 1.5% Direct Costs         |                   | 356,000          |              |
|      | Marketing  |   | 47      | Units                     | \$5,000 /Unit     | 235,000          |              |
|      | Developer Fee                                      | 6 | 47      | Units                     | \$42,702 /Unit    | 2,007,000        |              |
|      | Soft Cost Contingency Allowance                    |   |         | 5.0% Other Indirect Costs |                   | <u>401,000</u>   |              |
|      | <b>Total Indirect Costs</b>                        |   |         |                           |                   |                  | \$8,414,000  |
| IV.  | <b>Financing Costs</b>                             |   |         |                           |                   |                  |              |
|      | Interest During Construction                       | 7 |         |                           |                   | \$4,491,000      |              |
|      | Loan Origination Fees                              |   | 60.0%   | Loan to Cost              | 1.5 Points        | <u>455,000</u>   |              |
|      | <b>Total Financing Costs</b>                       |   |         |                           |                   |                  | \$4,946,000  |
| V.   | <b>Total Construction Cost</b>                     |   | 47      | Units                     | \$790,000 /Unit   |                  | \$37,114,000 |
|      | <b>Total Development Cost</b>                      |   | 47      | Units                     | \$1,182,000 /Unit |                  | \$55,540,000 |

<sup>1</sup> Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

<sup>7</sup> Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT II - TABLE 2

PROJECTED NET SALES REVENUE  
 AIRPORT PROTOTYPE  
 RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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I. **Gross Sales Revenue**

|                                  |   |            |                   |              |
|----------------------------------|---|------------|-------------------|--------------|
| Market Rate Units                | 1 |            |                   |              |
| One-Bedroom Units                |   | 5 Units @  | \$895,400 /Unit   | \$4,477,000  |
| Two-Bedroom Units                |   | 19 Units @ | \$1,242,500 /Unit | 23,608,000   |
| Three-Bedroom Units              |   | 19 Units @ | \$1,730,700 /Unit | 32,883,000   |
| Moderate Income Units            | 2 |            |                   |              |
| One-Bedroom Units                |   | 0 Units @  | \$392,100 /Unit   | 0            |
| Two-Bedroom Units                |   | 2 Units @  | \$433,200 /Unit   | 866,000      |
| Three-Bedroom Units              |   | 2 Units @  | \$473,000 /Unit   | 946,000      |
| <b>Total Gross Sales Revenue</b> |   |            |                   | \$62,780,000 |

II. **Cost of Sales**

|                            |  |                          |  |               |
|----------------------------|--|--------------------------|--|---------------|
| Commissions                |  | 3.0% Gross Sales Revenue |  | \$1,883,000   |
| Closing                    |  | 2.0% Gross Sales Revenue |  | 1,256,000     |
| Warranty                   |  | 0.5% Gross Sales Revenue |  | 314,000       |
| <b>Total Cost of Sales</b> |  |                          |  | (\$3,453,000) |

|             |                    |                     |
|-------------|--------------------|---------------------|
| <b>III.</b> | <b>Net Revenue</b> | <b>\$59,327,000</b> |
|-------------|--------------------|---------------------|

<sup>1</sup> Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$853 per square foot of saleable area.

<sup>2</sup> See APPENDIX C for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT II - TABLE 3

INCLUSIONARY HOUSING IMPACTS  
 AIRPORT PROTOTYPE  
 RECOMMENDED REQUIREMENT: 8% MODERATE INCOME UNITS  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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|  |   |  |                      |
|--|---|--|----------------------|
| <b>I. <u>Funds Available for Development Costs</u></b> |   |  |                      |
| Net Revenue  | See APPENDIX D - EXHIBIT II - TABLE 2       |  | \$59,327,000         |
| (Less) Threshold Developer Profit                      | <sup>1</sup> 13.9% Total Development Cost   |  | <u>(\$7,696,000)</u> |
| <b>Total Funds Available for Development Costs</b>     |   |  | \$51,631,000         |
| <br>   |   |  |                      |
| <b>II. Total Development Cost</b>                      | See APPENDIX D - EXHIBIT II - TABLE 1       |  | \$55,540,000         |
| <br>   |   |  |                      |
| <b>III. <u>Total Financial Impact</u></b>              |   |  | <b>(\$3,909,000)</b> |
| Property Acquisition Cost Reduction                    | 19% of Estimated Current Acquisition Prices |  |                      |
| % Price Increase to Offset Impact                      | 6.4% Market Rate Units                      |  |                      |

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

**APPENDIX D - EXHIBIT III**

**PRO FORMA ANALYSIS  
RECOMMENDED REQUIREMENT: 6% LOW INCOME UNITS  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT III - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 AIRPORT PROTOTYPE  
 RECOMMENDED REQUIREMENT: 6% LOW INCOME UNITS  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

|      |  |   |         |                           |                   |                  |              |
|------|--|---|---------|---------------------------|-------------------|------------------|--------------|
| I.   | <b>Land Acquisition &amp; Infrastructure Costs</b> | 1 | 102,366 | Sf of Land                | \$180 /Sf of Land |                  | \$18,426,000 |
| II.  | <b>Direct Costs</b>                                | 2 |         |                           |                   |                  |              |
|      | On-Site Improvements/Landscaping                   |   | 102,366 | Sf of Land                | \$40 /Sf of Land  | \$4,095,000      |              |
|      | Parking  | 3 | 94      | Spaces                    | \$0 /Space        | 0                |              |
|      | Building Costs                                     |   | 78,500  | Sf of GSA                 | \$200 /Sf of GSA  | 15,700,000       |              |
|      | Contractor/DC Contingency Allow                    | 4 |         | 20% Other Direct Costs    |                   | <u>3,959,000</u> |              |
|      | <b>Total Direct Costs</b>                          |   |         |                           |                   |                  | \$23,754,000 |
| III. | <b>Indirect Costs</b>                              |   |         |                           |                   |                  |              |
|      | Architecture, Engineering & Consulting             |   |         | 6.0% Direct Costs         |                   | \$1,425,000      |              |
|      | Public Permits & Fees                              | 5 | 47      | Units                     | \$84,900 /Unit    | 3,990,000        |              |
|      | Taxes, Insurance, Legal & Accounting               |   |         | 1.5% Direct Costs         |                   | 356,000          |              |
|      | Marketing  |   | 47      | Units                     | \$5,000 /Unit     | 235,000          |              |
|      | Developer Fee                                      | 6 | 47      | Units                     | \$42,702 /Unit    | 2,007,000        |              |
|      | Soft Cost Contingency Allowance                    |   |         | 5.0% Other Indirect Costs |                   | <u>401,000</u>   |              |
|      | <b>Total Indirect Costs</b>                        |   |         |                           |                   |                  | \$8,414,000  |
| IV.  | <b>Financing Costs</b>                             |   |         |                           |                   |                  |              |
|      | Interest During Construction                       | 7 |         |                           |                   | \$4,507,000      |              |
|      | Loan Origination Fees                              |   | 60.0%   | Loan to Cost              | 1.5 Points        | <u>455,000</u>   |              |
|      | <b>Total Financing Costs</b>                       |   |         |                           |                   |                  | \$4,962,000  |
| V.   | <b>Total Construction Cost</b>                     |   | 47      | Units                     | \$790,000 /Unit   |                  | \$37,130,000 |
|      | <b>Total Development Cost</b>                      |   | 47      | Units                     | \$1,182,000 /Unit |                  | \$55,556,000 |

<sup>1</sup> Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

<sup>7</sup> Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 7 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT III - TABLE 2

PROJECTED NET SALES REVENUE  
 AIRPORT PROTOTYPE  
 RECOMMENDED REQUIREMENT: 6% LOW INCOME UNITS  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

|                                  |   |            |                   |              |
|----------------------------------|---|------------|-------------------|--------------|
| Market Rate Units                | 1 |            |                   |              |
| One-Bedroom Units                |   | 4 Units @  | \$895,400 /Unit   | \$3,582,000  |
| Two-Bedroom Units                |   | 20 Units @ | \$1,242,500 /Unit | 24,850,000   |
| Three-Bedroom Units              |   | 20 Units @ | \$1,730,700 /Unit | 34,614,000   |
| Low Income Units                 | 2 |            |                   |              |
| One-Bedroom Units                |   | 1 Unit @   | \$184,700 /Unit   | 185,000      |
| Two-Bedroom Units                |   | 1 Unit @   | \$199,600 /Unit   | 200,000      |
| Three-Bedroom Units              |   | 1 Unit @   | \$213,600 /Unit   | 214,000      |
| <b>Total Gross Sales Revenue</b> |   |            |                   | \$63,645,000 |

II. **Cost of Sales**

|                            |  |                          |  |               |
|----------------------------|--|--------------------------|--|---------------|
| Commissions                |  | 3.0% Gross Sales Revenue |  | \$1,909,000   |
| Closing                    |  | 2.0% Gross Sales Revenue |  | 1,273,000     |
| Warranty                   |  | 0.5% Gross Sales Revenue |  | 318,000       |
| <b>Total Cost of Sales</b> |  |                          |  | (\$3,500,000) |

|             |                    |                     |
|-------------|--------------------|---------------------|
| <b>III.</b> | <b>Net Revenue</b> | <b>\$60,145,000</b> |
|-------------|--------------------|---------------------|

<sup>1</sup> Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$852 per square foot of saleable area.

<sup>2</sup> See APPENDIX C for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT III - TABLE 3

INCLUSIONARY HOUSING IMPACTS  
 AIRPORT PROTOTYPE  
 RECOMMENDED REQUIREMENT: 6% LOW INCOME UNITS  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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|  |   |  |                      |
|--|---|--|----------------------|
| <b>I. <u>Funds Available for Development Costs</u></b> |   |  |                      |
| Net Revenue  | See APPENDIX D - EXHIBIT III - TABLE 2      |  | \$60,145,000         |
| (Less) Threshold Developer Profit                      | <sup>1</sup> 13.9% Total Development Cost   |  | <u>(\$7,698,000)</u> |
| <b>Total Funds Available for Development Costs</b>     |   |  | \$52,447,000         |
| <br>   |   |  |                      |
| <b>II. Total Development Cost</b>                      | See APPENDIX D - EXHIBIT III - TABLE 1      |  | \$55,556,000         |
| <br>   |   |  |                      |
| <b>III. <u>Total Financial Impact</u></b>              |   |  | <b>(\$3,109,000)</b> |
| Property Acquisition Cost Reduction                    | 15% of Estimated Current Acquisition Prices |  |                      |
| % Price Increase to Offset Impact                      | 4.9% Market Rate Units                      |  |                      |

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

**APPENDIX D - EXHIBIT IV**

**PRO FORMA ANALYSIS  
5% MODERATE INCOME SCENARIO  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT IV - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 AIRPORT PROTOTYPE  
 5% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

|      |  |   |         |                           |                   |                  |              |
|------|--|---|---------|---------------------------|-------------------|------------------|--------------|
| I.   | <b>Land Acquisition &amp; Infrastructure Costs</b> | 1 | 102,366 | Sf of Land                | \$180 /Sf of Land |                  | \$18,426,000 |
| II.  | <b>Direct Costs</b>                                | 2 |         |                           |                   |                  |              |
|      | On-Site Improvements/Landscaping                   |   | 102,366 | Sf of Land                | \$40 /Sf of Land  | \$4,095,000      |              |
|      | Parking  | 3 | 94      | Spaces                    | \$0 /Space        | 0                |              |
|      | Building Costs                                     |   | 78,500  | Sf of GSA                 | \$200 /Sf of GSA  | 15,700,000       |              |
|      | Contractor/DC Contingency Allow                    | 4 |         | 20% Other Direct Costs    |                   | <u>3,959,000</u> |              |
|      | <b>Total Direct Costs</b>                          |   |         |                           |                   |                  | \$23,754,000 |
| III. | <b>Indirect Costs</b>                              |   |         |                           |                   |                  |              |
|      | Architecture, Engineering & Consulting             |   |         | 6.0% Direct Costs         |                   | \$1,425,000      |              |
|      | Public Permits & Fees                              | 5 | 47      | Units                     | \$84,900 /Unit    | 3,990,000        |              |
|      | Taxes, Insurance, Legal & Accounting               |   |         | 1.5% Direct Costs         |                   | 356,000          |              |
|      | Marketing  |   | 47      | Units                     | \$5,000 /Unit     | 235,000          |              |
|      | Developer Fee                                      | 6 | 47      | Units                     | \$42,702 /Unit    | 2,007,000        |              |
|      | Soft Cost Contingency Allowance                    |   |         | 5.0% Other Indirect Costs |                   | <u>401,000</u>   |              |
|      | <b>Total Indirect Costs</b>                        |   |         |                           |                   |                  | \$8,414,000  |
| IV.  | <b>Financing Costs</b>                             |   |         |                           |                   |                  |              |
|      | Interest During Construction                       | 7 |         |                           |                   | \$4,472,000      |              |
|      | Loan Origination Fees                              |   | 60.0%   | Loan to Cost              | 1.5 Points        | <u>455,000</u>   |              |
|      | <b>Total Financing Costs</b>                       |   |         |                           |                   |                  | \$4,927,000  |
| V.   | <b>Total Construction Cost</b>                     |   | 47      | Units                     | \$789,000 /Unit   |                  | \$37,095,000 |
|      | <b>Total Development Cost</b>                      |   | 47      | Units                     | \$1,181,000 /Unit |                  | \$55,521,000 |

<sup>1</sup> Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

<sup>7</sup> Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 7 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT IV - TABLE 2

PROJECTED NET SALES REVENUE  
 AIRPORT PROTOTYPE  
 5% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

|                                      |   |                          |                   |                      |
|--------------------------------------|---|--------------------------|-------------------|----------------------|
| <b>I. <u>Gross Sales Revenue</u></b> |   |                          |                   |                      |
| Market Rate Units                    | 1 |                          |                   |                      |
| One-Bedroom Units                    |   | 5 Units @                | \$895,400 /Unit   | \$4,477,000          |
| Two-Bedroom Units                    |   | 20 Units @               | \$1,242,500 /Unit | 24,850,000           |
| Three-Bedroom Units                  |   | 20 Units @               | \$1,730,700 /Unit | 34,614,000           |
| Moderate Income Units                | 2 |                          |                   |                      |
| One-Bedroom Units                    |   | 0 Units @                | \$392,100 /Unit   | 0                    |
| Two-Bedroom Units                    |   | 1 Unit @                 | \$433,200 /Unit   | 433,000              |
| Three-Bedroom Units                  |   | 1 Unit @                 | \$473,000 /Unit   | 473,000              |
| <b>Total Gross Sales Revenue</b>     |   |                          |                   | <b>\$64,847,000</b>  |
| <b>II. <u>Cost of Sales</u></b>      |   |                          |                   |                      |
| Commissions                          |   | 3.0% Gross Sales Revenue |                   | \$1,945,000          |
| Closing                              |   | 2.0% Gross Sales Revenue |                   | 1,297,000            |
| Warranty                             |   | 0.5% Gross Sales Revenue |                   | 324,000              |
| <b>Total Cost of Sales</b>           |   |                          |                   | <b>(\$3,566,000)</b> |
| <b>III. <u>Net Revenue</u></b>       |   |                          |                   | <b>\$61,281,000</b>  |

<sup>1</sup> Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$853 per square foot of saleable area.

<sup>2</sup> See APPENDIX C for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT IV - TABLE 3

INCLUSIONARY HOUSING IMPACTS  
 AIRPORT PROTOTYPE  
 5% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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|  |   |  |                      |
|--|---|--|----------------------|
| <b>I. <u>Funds Available for Development Costs</u></b> |   |  |                      |
| Net Revenue  | See APPENDIX D - EXHIBIT IV - TABLE 2       |  | \$61,281,000         |
| (Less) Threshold Developer Profit                      | <sup>1</sup> 13.9% Total Development Cost   |  | <u>(\$7,694,000)</u> |
| <b>Total Funds Available for Development Costs</b>     |   |  | \$53,587,000         |
| <br>   |   |  |                      |
| <b>II. Total Development Cost</b>                      | See APPENDIX D - EXHIBIT IV - TABLE 1       |  | \$55,521,000         |
| <br>   |   |  |                      |
| <b>III. <u>Total Financial Impact</u></b>              |   |  | <b>(\$1,934,000)</b> |
| Property Acquisition Cost Reduction                    | 10% of Estimated Current Acquisition Prices |  |                      |
| % Price Increase to Offset Impact                      | 3.0% Market Rate Units                      |  |                      |

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

**APPENDIX D - EXHIBIT V**

**PRO FORMA ANALYSIS  
10% MODERATE INCOME SCENARIO  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT V - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 AIRPORT PROTOTYPE  
 10% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

|      |  |   |         |                           |                   |                  |              |
|------|--|---|---------|---------------------------|-------------------|------------------|--------------|
| I.   | <b>Land Acquisition &amp; Infrastructure Costs</b> | 1 | 102,366 | Sf of Land                | \$180 /Sf of Land |                  | \$18,426,000 |
| II.  | <b>Direct Costs</b>                                | 2 |         |                           |                   |                  |              |
|      | On-Site Improvements/Landscaping                   |   | 102,366 | Sf of Land                | \$40 /Sf of Land  | \$4,095,000      |              |
|      | Parking  | 3 | 94      | Spaces                    | \$0 /Space        | 0                |              |
|      | Building Costs                                     |   | 78,500  | Sf of GSA                 | \$200 /Sf of GSA  | 15,700,000       |              |
|      | Contractor/DC Contingency Allow                    | 4 |         | 20% Other Direct Costs    |                   | <u>3,959,000</u> |              |
|      | <b>Total Direct Costs</b>                          |   |         |                           |                   |                  | \$23,754,000 |
| III. | <b>Indirect Costs</b>                              |   |         |                           |                   |                  |              |
|      | Architecture, Engineering & Consulting             |   |         | 6.0% Direct Costs         |                   | \$1,425,000      |              |
|      | Public Permits & Fees                              | 5 | 47      | Units                     | \$84,900 /Unit    | 3,990,000        |              |
|      | Taxes, Insurance, Legal & Accounting               |   |         | 1.5% Direct Costs         |                   | 356,000          |              |
|      | Marketing  |   | 47      | Units                     | \$5,000 /Unit     | 235,000          |              |
|      | Developer Fee                                      | 6 | 47      | Units                     | \$42,702 /Unit    | 2,007,000        |              |
|      | Soft Cost Contingency Allowance                    |   |         | 5.0% Other Indirect Costs |                   | <u>401,000</u>   |              |
|      | <b>Total Indirect Costs</b>                        |   |         |                           |                   |                  | \$8,414,000  |
| IV.  | <b>Financing Costs</b>                             |   |         |                           |                   |                  |              |
|      | Interest During Construction                       | 7 |         |                           |                   | \$4,473,000      |              |
|      | Loan Origination Fees                              |   | 60.0%   | Loan to Cost              | 1.5 Points        | <u>455,000</u>   |              |
|      | <b>Total Financing Costs</b>                       |   |         |                           |                   |                  | \$4,928,000  |
| V.   | <b>Total Construction Cost</b>                     |   | 47      | Units                     | \$789,000 /Unit   |                  | \$37,096,000 |
|      | <b>Total Development Cost</b>                      |   | 47      | Units                     | \$1,181,000 /Unit |                  | \$55,522,000 |

<sup>1</sup> Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

<sup>7</sup> Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT V - TABLE 2

PROJECTED NET SALES REVENUE  
 AIRPORT PROTOTYPE  
 10% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

I. **Gross Sales Revenue**

|                                  |   |            |                   |              |
|----------------------------------|---|------------|-------------------|--------------|
| Market Rate Units                | 1 |            |                   |              |
| One-Bedroom Units                |   | 4 Units @  | \$895,400 /Unit   | \$3,582,000  |
| Two-Bedroom Units                |   | 19 Units @ | \$1,242,500 /Unit | 23,608,000   |
| Three-Bedroom Units              |   | 19 Units @ | \$1,730,700 /Unit | 32,883,000   |
| Moderate Income Units            | 2 |            |                   |              |
| One-Bedroom Units                |   | 1 Unit @   | \$392,100 /Unit   | 392,000      |
| Two-Bedroom Units                |   | 2 Units @  | \$433,200 /Unit   | 866,000      |
| Three-Bedroom Units              |   | 2 Units @  | \$473,000 /Unit   | 946,000      |
| <b>Total Gross Sales Revenue</b> |   |            |                   | \$62,277,000 |

II. **Cost of Sales**

|                            |  |                          |  |               |
|----------------------------|--|--------------------------|--|---------------|
| Commissions                |  | 3.0% Gross Sales Revenue |  | \$1,868,000   |
| Closing                    |  | 2.0% Gross Sales Revenue |  | 1,246,000     |
| Warranty                   |  | 0.5% Gross Sales Revenue |  | 311,000       |
| <b>Total Cost of Sales</b> |  |                          |  | (\$3,425,000) |

|             |                    |                     |
|-------------|--------------------|---------------------|
| <b>III.</b> | <b>Net Revenue</b> | <b>\$58,852,000</b> |
|-------------|--------------------|---------------------|

<sup>1</sup> Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$852 per square foot of saleable area.

<sup>2</sup> See APPENDIX C for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT V - TABLE 3

INCLUSIONARY HOUSING IMPACTS  
 AIRPORT PROTOTYPE  
 10% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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|  |   |  |                      |
|--|---|--|----------------------|
| <b>I. <u>Funds Available for Development Costs</u></b> |   |  |                      |
| Net Revenue  | See APPENDIX D - EXHIBIT V - TABLE 2        |  | \$58,852,000         |
| (Less) Threshold Developer Profit                      | <sup>1</sup> 13.9% Total Development Cost   |  | <u>(\$7,694,000)</u> |
| <b>Total Funds Available for Development Costs</b>     |   |  | \$51,158,000         |
| <br>   |   |  |                      |
| <b>II. Total Development Cost</b>                      | See APPENDIX D - EXHIBIT V - TABLE 1        |  | \$55,522,000         |
| <br>   |   |  |                      |
| <b>III. <u>Total Financial Impact</u></b>              |   |  | <b>(\$4,364,000)</b> |
| Property Acquisition Cost Reduction                    | 21% of Estimated Current Acquisition Prices |  |                      |
| % Price Increase to Offset Impact                      | 7.3% Market Rate Units                      |  |                      |

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

**APPENDIX D - EXHIBIT VI**

**PRO FORMA ANALYSIS  
15% MODERATE INCOME SCENARIO  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT VI - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 AIRPORT PROTOTYPE  
 15% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

|      |  |   |         |                           |                   |                  |              |
|------|--|---|---------|---------------------------|-------------------|------------------|--------------|
| I.   | <b>Land Acquisition &amp; Infrastructure Costs</b> | 1 | 102,366 | Sf of Land                | \$180 /Sf of Land |                  | \$18,426,000 |
| II.  | <b>Direct Costs</b>                                | 2 |         |                           |                   |                  |              |
|      | On-Site Improvements/Landscaping                   |   | 102,366 | Sf of Land                | \$40 /Sf of Land  | \$4,095,000      |              |
|      | Parking  | 3 | 94      | Spaces                    | \$0 /Space        | 0                |              |
|      | Building Costs                                     |   | 78,500  | Sf of GSA                 | \$200 /Sf of GSA  | 15,700,000       |              |
|      | Contractor/DC Contingency Allow                    | 4 |         | 20% Other Direct Costs    |                   | <u>3,959,000</u> |              |
|      | <b>Total Direct Costs</b>                          |   |         |                           |                   |                  | \$23,754,000 |
| III. | <b>Indirect Costs</b>                              |   |         |                           |                   |                  |              |
|      | Architecture, Engineering & Consulting             |   |         | 6.0% Direct Costs         |                   | \$1,425,000      |              |
|      | Public Permits & Fees                              | 5 | 47      | Units                     | \$84,900 /Unit    | 3,990,000        |              |
|      | Taxes, Insurance, Legal & Accounting               |   |         | 1.5% Direct Costs         |                   | 356,000          |              |
|      | Marketing  |   | 47      | Units                     | \$5,000 /Unit     | 235,000          |              |
|      | Developer Fee                                      | 6 | 47      | Units                     | \$42,702 /Unit    | 2,007,000        |              |
|      | Soft Cost Contingency Allowance                    |   |         | 5.0% Other Indirect Costs |                   | <u>401,000</u>   |              |
|      | <b>Total Indirect Costs</b>                        |   |         |                           |                   |                  | \$8,414,000  |
| IV.  | <b>Financing Costs</b>                             |   |         |                           |                   |                  |              |
|      | Interest During Construction                       | 7 |         |                           |                   | \$4,492,000      |              |
|      | Loan Origination Fees                              |   | 60.0%   | Loan to Cost              | 1.5 Points        | <u>455,000</u>   |              |
|      | <b>Total Financing Costs</b>                       |   |         |                           |                   |                  | \$4,947,000  |
| V.   | <b>Total Construction Cost</b>                     |   | 47      | Units                     | \$790,000 /Unit   |                  | \$37,115,000 |
|      | <b>Total Development Cost</b>                      |   | 47      | Units                     | \$1,182,000 /Unit |                  | \$55,541,000 |

<sup>1</sup> Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

<sup>7</sup> Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT VI - TABLE 2

PROJECTED NET SALES REVENUE  
 AIRPORT PROTOTYPE  
 15% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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I. **Gross Sales Revenue**

|                                  |   |            |                   |                     |
|----------------------------------|---|------------|-------------------|---------------------|
| Market Rate Units                | 1 |            |                   |                     |
| One-Bedroom Units                |   | 4 Units @  | \$895,400 /Unit   | \$3,582,000         |
| Two-Bedroom Units                |   | 18 Units @ | \$1,242,500 /Unit | 22,365,000          |
| Three-Bedroom Units              |   | 18 Units @ | \$1,730,700 /Unit | 31,153,000          |
| Moderate Income Units            | 2 |            |                   |                     |
| One-Bedroom Units                |   | 1 Unit @   | \$392,100 /Unit   | 392,000             |
| Two-Bedroom Units                |   | 3 Units @  | \$433,200 /Unit   | 1,300,000           |
| Three-Bedroom Units              |   | 3 Units @  | \$473,000 /Unit   | 1,419,000           |
| <b>Total Gross Sales Revenue</b> |   |            |                   | <b>\$60,211,000</b> |

II. **Cost of Sales**

|                            |  |                          |  |                      |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions                |  | 3.0% Gross Sales Revenue |  | \$1,806,000          |
| Closing                    |  | 2.0% Gross Sales Revenue |  | 1,204,000            |
| Warranty                   |  | 0.5% Gross Sales Revenue |  | 301,000              |
| <b>Total Cost of Sales</b> |  |                          |  | <b>(\$3,311,000)</b> |

|                         |                     |
|-------------------------|---------------------|
| III. <b>Net Revenue</b> | <b>\$56,900,000</b> |
|-------------------------|---------------------|

<sup>1</sup> Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$852 per square foot of saleable area.

<sup>2</sup> See APPENDIX C for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT VI - TABLE 3

INCLUSIONARY HOUSING IMPACTS  
 AIRPORT PROTOTYPE  
 15% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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|  |   |  |                      |
|--|---|--|----------------------|
| <b>I. <u>Funds Available for Development Costs</u></b> |   |  |                      |
| Net Revenue  | See APPENDIX D - EXHIBIT VI - TABLE 2       |  | \$56,900,000         |
| (Less) Threshold Developer Profit                      | <sup>1</sup> 13.9% Total Development Cost   |  | <u>(\$7,696,000)</u> |
| <b>Total Funds Available for Development Costs</b>     |   |  | \$49,204,000         |
| <br>   |   |  |                      |
| <b>II. Total Development Cost</b>                      | See APPENDIX D - EXHIBIT VI - TABLE 1       |  | \$55,541,000         |
| <br>   |   |  |                      |
| <b>III. <u>Total Financial Impact</u></b>              |   |  | <b>(\$6,337,000)</b> |
| Property Acquisition Cost Reduction                    | 31% of Estimated Current Acquisition Prices |  |                      |
| % Price Increase to Offset Impact                      | 11.1% Market Rate Units                     |  |                      |

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<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

**APPENDIX D - EXHIBIT VII**

**PRO FORMA ANALYSIS  
20% MODERATE INCOME SCENARIO  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA**

APPENDIX D - EXHIBIT VII - TABLE 1

ESTIMATED DEVELOPMENT COSTS  
 AIRPORT PROTOTYPE  
 20% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

|      |  |   |         |                           |                   |                  |              |
|------|--|---|---------|---------------------------|-------------------|------------------|--------------|
| I.   | <b>Land Acquisition &amp; Infrastructure Costs</b> | 1 | 102,366 | Sf of Land                | \$180 /Sf of Land |                  | \$18,426,000 |
| II.  | <b>Direct Costs</b>                                | 2 |         |                           |                   |                  |              |
|      | On-Site Improvements/Landscaping                   |   | 102,366 | Sf of Land                | \$40 /Sf of Land  | \$4,095,000      |              |
|      | Parking  | 3 | 94      | Spaces                    | \$0 /Space        | 0                |              |
|      | Building Costs                                     |   | 78,500  | Sf of GSA                 | \$200 /Sf of GSA  | 15,700,000       |              |
|      | Contractor/DC Contingency Allow                    | 4 |         | 20% Other Direct Costs    |                   | <u>3,959,000</u> |              |
|      | <b>Total Direct Costs</b>                          |   |         |                           |                   |                  | \$23,754,000 |
| III. | <b>Indirect Costs</b>                              |   |         |                           |                   |                  |              |
|      | Architecture, Engineering & Consulting             |   |         | 6.0% Direct Costs         |                   | \$1,425,000      |              |
|      | Public Permits & Fees                              | 5 | 47      | Units                     | \$84,900 /Unit    | 3,990,000        |              |
|      | Taxes, Insurance, Legal & Accounting               |   |         | 1.5% Direct Costs         |                   | 356,000          |              |
|      | Marketing  |   | 47      | Units                     | \$5,000 /Unit     | 235,000          |              |
|      | Developer Fee                                      | 6 | 47      | Units                     | \$42,702 /Unit    | 2,007,000        |              |
|      | Soft Cost Contingency Allowance                    |   |         | 5.0% Other Indirect Costs |                   | <u>401,000</u>   |              |
|      | <b>Total Indirect Costs</b>                        |   |         |                           |                   |                  | \$8,414,000  |
| IV.  | <b>Financing Costs</b>                             |   |         |                           |                   |                  |              |
|      | Interest During Construction                       | 7 |         |                           |                   | \$4,538,000      |              |
|      | Loan Origination Fees                              |   | 60.0%   | Loan to Cost              | 1.5 Points        | <u>455,000</u>   |              |
|      | <b>Total Financing Costs</b>                       |   |         |                           |                   |                  | \$4,993,000  |
| V.   | <b>Total Construction Cost</b>                     |   | 47      | Units                     | \$791,000 /Unit   |                  | \$37,161,000 |
|      | <b>Total Development Cost</b>                      |   | 47      | Units                     | \$1,183,000 /Unit |                  | \$55,587,000 |

<sup>1</sup> Estimated in part based on a sales survey of properties available for residential development in Newport Beach.

<sup>2</sup> Based on the estimated costs for similar uses.

<sup>3</sup> Assumes that the required parking is provided in attached garages.

<sup>4</sup> Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

<sup>5</sup> Based on estimates provided in the Sixth Cycle Housing Element plus Development Impact Fees that went into effect on January 12, 2025.

<sup>6</sup> Based on the Developer Fee per unit generated by the MARKET RATE SCENARIO

<sup>7</sup> Assumes a 7.0% interest cost for debt; an 18 month construction period after receipt of entitlements; a 6 month absorption period; 30% of the units are presold and close during first month after completion; and 1.5 points for loan origination fees.

APPENDIX D - EXHIBIT VII - TABLE 2

PROJECTED NET SALES REVENUE  
 AIRPORT PROTOTYPE  
 20% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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I. **Gross Sales Revenue**

|                                  |   |            |                   |                     |
|----------------------------------|---|------------|-------------------|---------------------|
| Market Rate Units                | 1 |            |                   |                     |
| One-Bedroom Units                |   | 4 Units @  | \$895,400 /Unit   | \$3,582,000         |
| Two-Bedroom Units                |   | 17 Units @ | \$1,242,500 /Unit | 21,123,000          |
| Three-Bedroom Units              |   | 17 Units @ | \$1,730,700 /Unit | 29,422,000          |
| Moderate Income Units            | 2 |            |                   |                     |
| One-Bedroom Units                |   | 1 Unit @   | \$392,100 /Unit   | 392,000             |
| Two-Bedroom Units                |   | 4 Units @  | \$433,200 /Unit   | 1,733,000           |
| Three-Bedroom Units              |   | 4 Units @  | \$473,000 /Unit   | 1,892,000           |
| <b>Total Gross Sales Revenue</b> |   |            |                   | <b>\$58,144,000</b> |

II. **Cost of Sales**

|                            |  |                          |  |                      |
|----------------------------|--|--------------------------|--|----------------------|
| Commissions                |  | 3.0% Gross Sales Revenue |  | \$1,744,000          |
| Closing                    |  | 2.0% Gross Sales Revenue |  | 1,163,000            |
| Warranty                   |  | 0.5% Gross Sales Revenue |  | 291,000              |
| <b>Total Cost of Sales</b> |  |                          |  | <b>(\$3,198,000)</b> |

|                         |                     |
|-------------------------|---------------------|
| III. <b>Net Revenue</b> | <b>\$54,946,000</b> |
|-------------------------|---------------------|

<sup>1</sup> Based in part on a sales survey undertaken by KMA in February 2025. See APPENDIX A. The weighted average sales price equates to \$852 per square foot of saleable area.

<sup>2</sup> See APPENDIX C for the Affordable Sales Price calculations.

APPENDIX D - EXHIBIT VII - TABLE 3

INCLUSIONARY HOUSING IMPACTS  
 AIRPORT PROTOTYPE  
 20% MODERATE INCOME SCENARIO  
 OWNERSHIP HOUSING DEVELOPMENT  
 AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
 NEWPORT BEACH, CALIFORNIA

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|  |   |  |                      |
|--|---|--|----------------------|
| <b>I. <u>Funds Available for Development Costs</u></b> |   |  |                      |
| Net Revenue  | See APPENDIX D - EXHIBIT VII - TABLE 2      |  | \$54,946,000         |
| (Less) Threshold Developer Profit                      | <sup>1</sup> 13.9% Total Development Cost   |  | <u>(\$7,703,000)</u> |
| <b>Total Funds Available for Development Costs</b>     |   |  | \$47,243,000         |
| <br>   |   |  |                      |
| <b>II. Total Development Cost</b>                      | See APPENDIX D - EXHIBIT VII - TABLE 1      |  | \$55,587,000         |
| <br>   |   |  |                      |
| <b>III. <u>Total Financial Impact</u></b>              |   |  | <b>(\$8,344,000)</b> |
| Property Acquisition Cost Reduction                    | 41% of Estimated Current Acquisition Prices |  |                      |
| % Price Increase to Offset Impact                      | 15.4% Market Rate Units                     |  |                      |

---

<sup>1</sup> Based on the profit as a percentage of Total Development Cost estimated to be generated by the MARKET RATE SCENARIO.

## **APPENDIX E**

### **IN-LIEU FEE CALCULATIONS OWNERSHIP HOUSING DEVELOPMENT AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM NEWPORT BEACH, CALIFORNIA**

APPENDIX E

IN-LIEU FEE CALCULATIONS  
AIRPORT PROTOTYPE  
OWNERSHIP HOUSING DEVELOPMENT  
AIRPORT AREA OWNERSHIP HOUSING DEVELOPMENT ADDENDUM  
NEWPORT BEACH, CALIFORNIA

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I. Sales Price Difference

A. **One-Bedroom Units**

|                          |   |                |
|--------------------------|---|----------------|
| Market Rate Sales Prices | 1 | \$895,400      |
| Affordable Sales Price   | 2 | <u>392,100</u> |
| <b>Difference</b>        |   | \$503,300      |

B. **Two-Bedroom Units**

|                          |   |                |
|--------------------------|---|----------------|
| Market Rate Sales Prices | 1 | \$1,242,500    |
| Affordable Sales Price   | 2 | <u>433,200</u> |
| <b>Difference</b>        |   | \$809,300      |

C. **Three-Bedroom Units**

|                          |   |                |
|--------------------------|---|----------------|
| Market Rate Sales Prices | 1 | \$1,730,700    |
| Affordable Sales Price   | 2 | <u>473,000</u> |
| <b>Difference</b>        |   | \$1,257,700    |

D. **Four-Bedroom Units**

|                          |   |  |
|--------------------------|---|--|
| Market Rate Sales Prices | 1 |  |
| Affordable Sales Price   | 2 |  |
| <b>Difference</b>        |   |  |

II. Distribution of Total Units

|                     |     |
|---------------------|-----|
| One-Bedroom Units   | 10% |
| Two-Bedroom Units   | 45% |
| Three-Bedroom Units | 45% |
| Four-Bedroom Units  |     |

III. Assumptions

|   |             |
|---|-------------|
| Total Units                             | 47          |
| Gross Saleable Area                     | 78,500      |
| Weighted Avg Unit Size (Sf)             | 1,670       |
| Inclusionary Housing Percentage         | 8%          |
| Inclusionary Units                      | 4           |
| Affordability Gap Per Inclusionary Unit | 4 \$980,500 |

IV. In-Lieu Fee

|                               |             |
|-------------------------------|-------------|
| Total In-Lieu Fee             | \$3,922,000 |
| Per Total Unit in the Project | \$83,450    |
| Per Sf of Saleable Area       | \$50.00     |

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<sup>1</sup> The market rate sales prices are drawn from the pro forma analyses.

<sup>2</sup> See APPENDIX C - EXHIBIT I, APPENDIX C - EXHIBIT II, APPENDIX C - EXHIBIT III, APPENDIX C - EXHIBIT IV; and APPENDIX C - TABLE 1.

<sup>3</sup> Based on the unit mix distribution applied in the pro forma analyses.

<sup>4</sup> Based on the weighted average difference between the market rate prices and the Affordable Sales Prices.