

**KEYSER MARSTON**  
ASSOCIATES**MEMORANDUM**

**To:** Diego Velasco, AICP, Principal  
Citythinkers

**From:** KEYSER MARSTON ASSOCIATES, INC.

**Date:** November 18, 2025

**Subject:** City of Imperial Beach – 13<sup>th</sup> Street Corridor Improvement Plan  
Financial Feasibility Analysis

**I. INTRODUCTION**

The City of Imperial Beach (City) is seeking to transform and revitalize the 13<sup>th</sup> Street corridor landscape, which extends from Cypress Avenue at the north and the Naval Outlying Landing Field (NOLF) to the south (Corridor). The City has engaged Citythinkers to develop a plan that includes policies and design criteria to reduce vehicle miles traveled (VMT), increase housing opportunities, improve pedestrian access to public transit, and create a more vibrant Corridor. To support the 13<sup>th</sup> Street Corridor Improvement Plan (Plan), Keyser Marston Associates, Inc. (KMA) prepared a financial feasibility analysis to assess the development potential and feasibility of residential and mixed-use development on three (3) representative sites along the Corridor.

KMA's financial feasibility analysis involved the following key steps:

1. In collaboration with Citythinkers, formulated nine (9) development prototypes that reflect (a) prototypes consistent with existing zoning; (b) prototypes that utilize State Density Bonus Law; and (c) prototypes that require a zoning change.
2. Collected and evaluated financial pro forma inputs and assumptions to estimate development costs, apartment rents, sales prices, value upon completion, and target developer return. These estimates were based on a review of multi-family apartment rents,

for-sale sales prices, other financial factors, as well as KMA experience with projects of comparable development type.

3. Prepared financial pro forma models (residual land value analyses) to measure the economic feasibility of each development prototype.

As a part of this work effort, KMA also prepared an independent market assessment for residential and retail uses within the Corridor. Select market factors identified in the market assessment were used as inputs in the financial feasibility analyses.

## II. DEVELOPMENT PROTOTYPES

KMA prepared financial pro forma models to evaluate the feasibility of residential and mixed-use development on select representative sites within the Corridor. The sites included the following:

- **Large Lot:** 0.75 acres zoned as Neighborhood Commercial and Mixed-Use 3 (C/MU-3)
- **Infill Lot:** 0.17 acres zoned as Two-Family Residential
- **Commercial Corner Lot:** 0.45 acres zoned as C/MU-3

Financial pro forma models are a standard tool utilized by developers and investors to analyze the feasibility of new development. Table II-1 presents a summary of the development prototypes analyzed for this study.

Table II-1: Summary of Development Prototypes		
Development Prototype	Illustrative Example <sup>(1)</sup>	General Project Description
<b>Large Lot Prototypes</b>		
<p><b>Prototype A-1:</b> Stacked Flats 100% Market-Rate Rental Units In Compliance with Existing Zoning</p>		<ul style="list-style-type: none"> <li>• 32 units/acre</li> <li>• 3 stories</li> <li>• 24 units</li> <li>• 969 SF average unit size</li> <li>• 7,025 SF retail space</li> <li>• Surface parking</li> </ul>

Table II-1: Summary of Development Prototypes		
Development Prototype	Illustrative Example <sup>(1)</sup>	General Project Description
<p><b>Prototype A-2:</b> Stacked Flats 79% Market-Rate / 21% Low Income Rental Units Requires 33% Density Bonus</p>		<ul style="list-style-type: none"> <li>• 48 units/acre</li> <li>• 4 stories</li> <li>• 36 units</li> <li>• 969 SF average unit size</li> <li>• 7,025 SF retail space</li> <li>• Surface parking</li> </ul>
<p><b>Prototype B-1:</b> Motorcourt 100% Market-Rate Rental Units In Compliance with Existing Zoning</p>		<ul style="list-style-type: none"> <li>• 35 units/acre</li> <li>• 3 stories</li> <li>• 26 units</li> <li>• 874 SF average unit size</li> <li>• 5,375 SF retail space</li> <li>• Attached garages and surface parking</li> </ul>
<p><b>Prototype B-2:</b> Motorcourt 82% Market-Rate / 18% Low Income Rental Units Requires 31% Density Bonus</p>		<ul style="list-style-type: none"> <li>• 45 units/acre</li> <li>• 3 stories</li> <li>• 34 units</li> <li>• 893 SF average unit size</li> <li>• 6,711 SF retail space</li> <li>• Attached garages and surface parking</li> </ul>
Infill Lot Prototypes		
<p><b>Prototype C:</b> Single-Lot Townhomes 100% Market-Rate For-Sale Units Not in Compliance with Existing Zoning</p>		<ul style="list-style-type: none"> <li>• 24 units/acre</li> <li>• 3 stories</li> <li>• 4 units</li> <li>• 1,245 SF average unit size</li> <li>• Attached garages</li> </ul>
<p><b>Prototype D-1:</b> Townhomes with Attached and Detached ADUs 100% Market-Rate For-Sale Units In Compliance with Existing Zoning</p>		<ul style="list-style-type: none"> <li>• 30 units/acre</li> <li>• 2 stories</li> <li>• 5 units</li> <li>• 1,057 SF average unit size</li> <li>• Attached garages (no ADU parking)</li> </ul>

Table II-1: Summary of Development Prototypes		
Development Prototype	Illustrative Example <sup>(1)</sup>	General Project Description
<p><b>Prototype E:</b> Townhomes and Walk-Ups 100% Market-Rate For-Sale Units Not in Compliance with Existing Zoning</p>		<ul style="list-style-type: none"> <li>• 27 units/acre</li> <li>• 3 stories</li> <li>• 9 units</li> <li>• 1,166 SF average unit size</li> <li>• Attached garages</li> </ul>
Corner Commercial Lot Prototypes		
<p><b>Prototype F:</b> Retail and Office Mixed-Use Development In Compliance with Existing Zoning</p>		<ul style="list-style-type: none"> <li>• 2 stories</li> <li>• 7,120 SF retail space</li> <li>• 7,574 SF office space</li> <li>• Surface parking</li> </ul>
<p><b>Prototype G:</b> Stacked Flats 100% Market-Rate Rental Units In Compliance with Existing Zoning</p>		<ul style="list-style-type: none"> <li>• 31 units/acre</li> <li>• 3 stories</li> <li>• 14 units</li> <li>• 913 SF average unit size</li> <li>• 3,292 SF retail space</li> <li>• Surface parking</li> </ul>
<p>(1) Images are provided for illustrative purposes only and may not reflect the Citythinkers development concepts in their entirety.</p>		

The housing typologies assumed in the development prototypes were selected based on a variety of factors, including: (1) the densities and height limits allowed under existing zoning; (2) assimilation of the new development within the character of the Corridor; and (3) the types of residential development that demonstrated the strongest market demand in the KMA market assessment.

### III. FINANCIAL PRO FORMA METHODOLOGY

KMA prepared financial pro forma analyses for each of the development prototypes to determine the supportable residual land value. The pro forma analyses include estimates for development costs, value upon completion, and targeted developer return. The outcome of the financial pro forma analyses illustrate the feasibility, in terms of residual land value, of each development prototype. Residual land value is defined as the maximum land value supported

by a proposed development. It is calculated by estimating the total project value upon completion and subtracting the estimated total development costs, inclusive of an industry standard target developer return, required to develop the hypothetical project. Residual land values are then measured against recent comparable land sales to draw conclusions about financial feasibility. The residual land value outcomes in the KMA feasibility analysis represent the amount that a developer can afford to pay for land acquisition.

The assumptions utilized in the financial feasibility analyses reflect 2025 dollars and are representative of today's current market conditions, i.e., present day development costs, sales values/market rents, operating expenses, and developer return targets. Any significant increases or decreases in these key market and industry factors will impact the financial pro forma outcomes and conclusions regarding project feasibility by prototype. Both rents and for-sale prices utilized within each financial pro forma were based on the existing market conditions within the City and surrounding areas.

#### **IV. FINANCIAL PRO FORMA MODELS**

The KMA financial pro forma models test the financial feasibility of the nine (9) development prototypes. The pro forma models yield an estimate of the residual land value for each respective development prototype. The residual land value outcomes represent the amount that a developer can afford to pay for land acquisition. KMA's complete analysis is attached to this report as Tables 1 through 9.

##### *A. Project Descriptions*

For each prototype, KMA presents a physical description of the respective development prototype, including site area, density, residential unit mix, number of stories, parking type, and other physical attributes.

##### *B. Estimated Development Costs*

KMA estimated development costs for each development prototype. These estimates are based on our recent experience with comparable developments in Southern California and industry data sources. These estimates include the following components:

- Direct construction costs, such as off-site improvements, demolition, on-site improvements, parking, shell construction, amenities/furniture, fixtures, and equipment (FF&E), tenant improvements (retail and office) and contingency. The KMA estimates of direct construction costs also do not assume prevailing wages or costs associated with relocation or environmental remediation, if applicable.
- Indirect and financing costs which include architecture and engineering, permits and fees, legal and accounting, taxes and insurance, developer fee, marketing and lease-up/sales, contingency, and financing costs.

### *C. Rental Residential and Commercial Prototypes*

#### *Net Operating Income*

KMA calculated net operating income (NOI) for each rental residential development prototype. NOI is estimated by taking into account market rate rents that vary by bedroom type/size, other income, and an estimate of operating expenses, including property taxes/special assessments and replacement reserves.

For Prototypes A-2 and B-2, which assumes the development is subject to State Density Bonus Law, KMA incorporated the applicable Lower Income affordable rents (for households earning between 51% and 80% AMI). Worksheet 1 presents the assumptions used to calculate the affordable rents by bedroom type.

For prototypes where commercial space is incorporated, KMA estimated the commercial NOI. The commercial NOI takes into account an achievable monthly rent, a vacancy factor, and an estimate of unreimbursed operating expenses.

#### *Residual Land Values*

The detailed calculation of residual land value for the rental and commercial space prototypes include estimated capitalization rates, cost of sale, and target developer profit. The cost of sale typically includes real estate broker commissions, escrow/title/recording fees, and other transaction fees.

*D. For-Sale (Ownership) Prototypes*

Gross Sales Proceeds

KMA prepared estimates of for-sale pricing (gross sales proceeds) by unit type and bedroom size. KMA did not assume any affordable units for the for-sale prototypes.

Residual Land Value

The detailed calculation of residual land value for the for-sale prototypes includes an estimate of target developer profit and cost of sale.

The detailed residual land value models are attached to this report as Tables 1 through 9.

**V. RESIDUAL LAND VALUE OUTCOMES**

Development prototypes that are financially feasible generate positive land values, which indicates that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least an industry standard target return on their investment. A negative residual land value indicates that the development would not be feasible unless free land was contributed and/or some form of cash contribution was provided to the project. KMA finds that all for-sale development prototypes generate positive land values and demonstrate strong financial feasibility under current market conditions. Rental housing and mixed-use development (retail and office) prototypes generate moderate positive to negative residual land values.

Tables V-1, V-2, and V-3 on the following pages presents summaries of the residual land value outcomes for each site/prototype.

TABLE V-1

Existing Zoning:  
Large Lot (C/MU-3)

OVERVIEW OF FINANCIAL FEASIBILITY OUTCOMES  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH

	Prototype A-1: Stacked Flats 100% Market-Rate In Compliance with Existing Zoning		Prototype A-2: Stacked Flats 79% Market-Rate / 21% Low Income Requires 38% Density Bonus		Prototype B-1: Motorcourt 100% Market-Rate In Compliance with Existing Zoning		Prototype B-2: Motorcourt 82% Market-Rate / 18% Low Income Requires 31% Density Bonus	
<b>I. Project Description</b>								
A. Site Area	0.75 Acres		0.75 Acres		0.75 Acres		0.75 Acres	
B. Construction Type	Type V Wood Construction		Type V Wood Construction		Type V Wood Construction		Type V Wood Construction	
C. Number of Stories	3 Stories		4 Stories		3 Stories		3 Stories	
D. Residential Units	24 Units		36 Units		26 Units		34 Units	
E. Average Unit Size	969 SF		969 SF		874 SF		893 SF	
F. Density (Units/Acre)	32 Units/Acre		48 Units/Acre		35 Units/Acre		45 Units/Acre	
G. Retail SF	7,025 SF		7,025 SF		5,375 SF		6,711 SF	
H. Parking Type	Surface		Surface		Garages (alley access) / Surface		Garages (alley access) / Surface	
<b>II. Residual Land Value</b>	<u>Total</u>	<u>Per Unit</u>	<u>Total</u>	<u>Per Unit</u>	<u>Total</u>	<u>Per Unit</u>	<u>Total</u>	<u>Per Unit</u>
A. Net Sales Proceeds <sup>(1)</sup>	\$15,067,000	\$628,000	\$19,523,000	\$542,000	\$14,682,000	\$565,000	\$17,937,000	\$528,000
B. (Less) Development Costs	(\$15,484,000)	(\$645,000)	(\$20,690,000)	(\$575,000)	(\$13,609,000)	(\$523,000)	(\$16,371,000)	(\$482,000)
<b>C. Residual Land Value</b>	<b>(\$417,000)</b>	<b>(\$17,000)</b>	<b>(\$1,167,000)</b>	<b>(\$32,000)</b>	<b>\$1,073,000</b>	<b>\$41,000</b>	<b>\$1,566,000</b>	<b>\$46,000</b>
<b>Per SF Land</b>	<b>(\$13) /SF Land</b>		<b>(\$36) /SF Land</b>		<b>\$33 /SF Land</b>		<b>\$48 /SF Land</b>	

(1) Reflects the capitalized value of the residential and commercial components, less cost of sale and developer profit.

TABLE V-2

Existing Zoning:  
Infill Lot (R-3000)

OVERVIEW OF FINANCIAL FEASIBILITY OUTCOMES  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH

	Prototype C: Single-Lot Townhomes Not in Compliance with Existing Zoning	Prototype D-1: Townhomes w/Attached and Detached ADUs In Compliance with Existing Zoning	Prototype E: Townhomes/ Walk-Ups Not in Compliance with Existing Zoning
<b>I. Project Description</b>			
A. Site Area	0.17 Acres	0.17 Acres	0.33 Acres
B. Construction Type	Type V Wood Construction	Type V Wood Construction	Type V Wood Construction
C. Number of Stories	3 Stories	2 Stories	3 Stories
D. Residential Units	4 Units	5 Units	9 Units
E. Average Unit Size	1,245 SF	1,057 SF	1,166 SF
F. Density (Units/Acre)	24 Units/Acre	30 Units/Acre	27 Units/Acre
G. Retail SF	0 SF	0 SF	0 SF
H. Parking Type	Attached Garages	Garages (alley access)	Garages (alley access) / Surface
<b>II. Residual Land Value</b>	<u>Total</u> <u>Per Unit</u>	<u>Total</u> <u>Per Unit</u>	<u>Total</u> <u>Per Unit</u>
A. Net Sales Proceeds <sup>(1)</sup>	\$2,708,000      \$677,000	\$2,742,000      \$548,000	\$5,650,000      \$628,000
B. (Less) Development Costs	(\$1,977,000)      (\$494,000)	(\$2,138,000)      (\$428,000)	(\$4,130,000)      (\$459,000)
<b>C. Residual Land Value</b>	<b>\$731,000      \$183,000</b>	<b>\$604,000      \$121,000</b>	<b>\$1,520,000      \$169,000</b>
<b>Per SF Land</b>	<b>\$101 /SF Land</b>	<b>\$83 /SF Land</b>	<b>\$106 /SF Land</b>

(1) Reflects total gross sales proceeds, less cost of sale and developer profit.

TABLE V-3

Existing Zoning:  
Commercial Lot (C/MU-3)

OVERVIEW OF FINANCIAL FEASIBILITY OUTCOMES  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH

	Prototype F: Retail and Office Mixed-Use Development In Compliance with Existing Zoning		Prototype G: Stacked Flats 100% Market-Rate In Compliance with Existing Zoning	
<b>I. Project Description</b>				
A. Site Area	0.45 Acres		0.45 Acres	
B. Construction Type	Type V Wood Construction		Type V Wood Construction	
C. Number of Stories	2 Stories		3 Stories	
D. Residential Units	0 Units		14 Units	
E. Average Unit Size	0 SF		913 SF	
F. Density (Units/Acre)	0 Units/Acre		31 Units/Acre	
G. Retail SF	7,120 SF		3,292 SF	
H. Office SF	7,574 SF		0 SF	
I. Parking Type	Surface		Surface	
<b>II. Residual Land Value</b>	<u>Total</u>	<u>Per SF GBA</u>	<u>Total</u>	<u>Per Unit</u>
A. Net Sales Proceeds <sup>(1)</sup>	\$4,057,000	\$276	\$8,550,000	\$611,000
B. (Less) Development Costs	<u>(\$4,740,000)</u>	<u>(\$323)</u>	<u>(\$8,122,000)</u>	<u>(\$580,000)</u>
<b>C. Residual Land Value</b>	<b>(\$683,000)</b>	<b>(\$46)</b>	<b>\$428,000</b>	<b>\$31,000</b>
<b>Per SF Land</b>	<b>(\$35) /SF Land</b>		<b>\$22 /SF Land</b>	

(1) Reflects the capitalized value of the residential and commercial components, less cost of sale and developer profit.

**VI. FACTORS AFFECTING FINANCIAL FEASIBILITY**

*A. Development and Market Factors*

Table VI-1 presents key development and market factors affecting financial feasibility of each product type.

<b>Table VI-1: Factors Affecting Financial Feasibility</b>		
<b>Product Type</b>	<b>Residual Land Value Outcomes <sup>(1)</sup></b>	<b>Factors Affecting Financial Feasibility</b>
<p><b><u>Stacked Flats</u></b> Rental Prototypes A-1 and A-2</p>	<p><b>Negative</b></p>	<ul style="list-style-type: none"> <li>Stacked flat configurations carry high construction costs (even without structured parking).</li> <li>Building configuration is less efficient than other rental product types due to long corridors, more circulation space, more shared walls, and share of mechanical, electrical, and plumbing (MEP) fixtures. Therefore, costs on a per-SF basis are higher when compared to less dense residential product types.</li> <li>Financing costs for rental apartments may yield high interest rates and debt service coverage requirements.</li> </ul>
<p><b><u>Motorcourt</u></b> Rental Prototypes B-1 and B-2</p>	<p><b>Moderate Positive</b></p>	<ul style="list-style-type: none"> <li>Motorcourt units are a simpler type of construction than stacked flat units.</li> <li>Units are built in side-by-side configuration that contains less concentrated MEP and little to no common area. Therefore, costs on a per-SF basis are lower when compared to stacked flat units.</li> <li>Financing costs for rental apartments may yield high interest rates and debt service coverage requirements.</li> </ul>
<p><b><u>Townhomes/ADUs</u></b> For-Sale Prototypes C, D-1, and E</p>	<p><b>Strong Positive</b></p>	<ul style="list-style-type: none"> <li>Similar to motorcourt units, townhomes and ADUs carry lower costs on a per-SF basis when compared to higher density product types.</li> <li>Financing costs for townhomes are lower than stacked-flat apartments as lenders perceive less risk associated with the selling of individual homes.</li> <li>For-sale townhomes are highly desirable (with or without an ADU) in the City and can achieve high sales prices resulting in highly feasible financial outcomes.</li> </ul>

Table VI-1: Factors Affecting Financial Feasibility		
Product Type	Residual Land Value Outcomes <sup>(1)</sup>	Factors Affecting Financial Feasibility
<p><b>Retail and Office Mixed-Use Development</b> Prototype F</p>	<p><b>Negative</b></p>	<ul style="list-style-type: none"> <li>• Retail and office in a mixed-use configuration require tall ground floor ceiling heights, more robust HVAC , fire suppression, utility capacity, and ADA accessibility which can be costly on a per-SF basis.</li> <li>• Commercial uses require upfront tenant improvements to build out the spaces which adds project costs.</li> <li>• Office space may be challenging as the City is not well-positioned as an office market resulting in more risk. Further, office lease rates in the City are projected to be low when compared to traditional office markets.</li> <li>• Financing costs are higher than residential projects as there is more risk involved in terms of lease-up, vacancy, and slow absorption.</li> </ul>
<p><b>Stacked Flats</b> Rental Prototype G</p>	<p><b>Moderate Positive</b></p>	<ul style="list-style-type: none"> <li>• Stacked flat configurations carry high construction costs (even without structured parking).</li> <li>• Building configuration is less efficient than other rental product types due to long corridors, more circulation space, more shared walls, and share of mechanical, electrical, and plumbing (MEP) fixtures. Therefore, costs on a per-SF basis are higher when compared to less dense residential product types.</li> <li>• Small-scale retail generates high lease rates on a per-SF basis, resulting in a positive impact on project feasibility.</li> <li>• Financing costs for mixed-use projects may yield high interest rates and debt service coverage requirements.</li> </ul>
<p>(1) Residual land value outcomes are defined as follows:  <b>Strong</b> = indicates that the project is feasible and can support cost of land in an open competitive market  <b>Moderate</b> = indicates that the project may be feasible but only if land costs are low and/or incentives are available to encourage development of the project  <b>Negative</b> = indicates that the project is infeasible</p>		

As indicated above, factors that could increase project feasibility include: lower development costs; increases in market rents/sales values; implementation or assistance with infrastructure requirements; and/or upzoning.

*B. Other Factors: Tijuana River Crisis*

While the factors noted above could strengthen feasibility, it is important to note that the ongoing Tijuana River sewage crisis has become a significant barrier to real estate development in the City, particularly for new housing. Persistent beach closures, public health concerns, and the perception of environmental instability have weakened market confidence and made it more difficult for developers to pursue investment in new residential projects. However, funding and mitigation efforts are underway.

To date, more than \$650 million in Federal funding has been appropriated to repair and expand the South Bay International Wastewater Treatment Plant (SBIWTP) in San Diego, administered by the U.S. Section of the International Boundary and Water Commission. Secured through multiple congressional appropriations between 2021 and 2024, these funds are intended to double the SBIWTP's treatment capacity from 25 to 50 million gallons per day and will improve reliability in capturing and treating transboundary wastewater flows from Mexico.

In parallel, the Government of Mexico has committed approximately \$144 million (USD) under Minute No. 328 of the 1944 Water Treaty, which provides a framework for binational investment in wastewater infrastructure. These funds are directed toward improving collection, conveyance, and treatment systems in Tijuana that complement U.S. projects at the international border. Building on this framework, a July 2025 Memorandum of Understanding signed in Mexico City between the U.S. Environmental Protection Agency (EPA) and the IBWC aims to accelerate implementation of binational infrastructure projects to end the Tijuana River sewage crisis. Key provisions include: Mexico fulfilling its financial commitments and expediting construction timelines; the U.S. releasing EPA-administered funds for priority projects; and advancing the SBIWTP expansion to 50 million gallons per day by December 31, 2027. This agreement compresses the project schedule established under Minute 328, with the shared goal of eliminating cross-border sewage flows by the end of 2027.

Additional support for cross-border wastewater management has been authorized through the Water Resources Development Act of 2024, which includes \$200 million to enable the U.S. Army Corps of Engineers to participate in binational planning, sediment management, and ecosystem restoration projects within the Tijuana River Valley.

At the State level, the California Climate Bond (Proposition 4, approved November 2024) allocates funding to support coastal resilience, water-quality improvement, and habitat

**To:** Diego Velasco, AICP, Principal

November 18, 2025

**Subject:** 13<sup>th</sup> Street Corridor Improvement Plan – Financial Feasibility Analysis Page 14

restoration. Within this framework, approximately \$30 million is dedicated to wetland restoration projects in the Tijuana Estuary, and an additional \$46 million is allocated for pollution control and border infrastructure improvements designed to reduce cross-border contamination and enhance regional water quality.

Collectively, these Federal, binational, and State investments represent the most comprehensive and coordinated financial commitment to date to restore water quality, protect public health, and enhance ecosystem resilience along the U.S.–Mexico border. As these projects are implemented, the City will benefit from cleaner coastal waters, revitalized public spaces, and expanded recreational and ecotourism opportunities.



**Imperial Beach**  
13th Street Corridor

**FINANCIAL FEASIBILITY ANALYSIS**  
**13th STREET CORRIDOR IMPROVEMENT PLAN**  
**CITY OF IMPERIAL BEACH**

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TABLE 1

PROJECT DESCRIPTIONS  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH

	Prototype A-1: Stacked Flats 100% Market-Rate In Compliance with Existing Zoning	Prototype A-2: Stacked Flats 79% Market-Rate / 21% Low Income Requires 38% Density Bonus	Prototype B-1: Motorcourt 100% Market-Rate In Compliance with Existing Zoning	Prototype B-2: Motorcourt 82% Market-Rate / 18% Low Income Requires 31% Density Bonus
<b>I. Site Size</b>	0.75 Acres	0.75 Acres	0.75 Acres	0.75 Acres
<b>II. Construction Type</b>	Type V	Type V	Type V	Type V
<b>III. Number of Stories</b>	3 Stories	4 Stories	3 Stories	3 Stories
<b>IV. Floor Area Ratio (FAR)</b>	1.28	1.72	1.20	1.48
<b>V. Residential Units</b>				
Number of Units	24 Units	36 Units	26 Units	34 Units
Average Unit Size	969 SF	969 SF	874 SF	893 SF
Density	32 Units/Acre	48 Units/Acre	35 Units/Acre	45 Units/Acre
Tenure	Rental	Rental	Rental	Rental
<b>VI. Gross Building Area (GBA)</b>				
<u>Residential</u>				
Net Residential	23,260 SF	34,890 SF	22,724 SF	30,373 SF
Circulation/Lobby	<u>11,346</u> SF	<u>14,023</u> SF	<u>11,122</u> SF	<u>11,122</u> SF
Total Residential GBA	34,606 SF	48,913 SF	33,846 SF	41,495 SF
Retail GBA	<u>7,025</u> SF	<u>7,025</u> SF	<u>5,375</u> SF	<u>6,711</u> SF
Total GBA <sup>(1)</sup>	41,631 SF	55,938 SF	39,221 SF	48,206 SF
<b>VII. Parking</b>				
Type	Surface	Surface	Garages (alley access) / Surface	Garages (alley access) / Surface
<u>Parking Spaces</u>				
Residential	37 Spaces	37 Spaces	30 Spaces	37 Spaces
Retail	<u>11</u> Spaces	<u>11</u> Spaces	<u>8</u> Spaces	<u>0</u> Spaces
Total Parking Spaces	48 Spaces	48 Spaces	38 Spaces	37 Spaces
Parking Ratio - Residential	1.54 Spaces/Unit	1.03 Spaces/Unit	1.15 Spaces/Unit	1.09 Spaces/Unit
Parking Ratio - Retail	1.57 Spaces/1,000 SF	1.57 Spaces/1,000 SF	1.49 Spaces/1,000 SF	0.00 Spaces/1,000 SF

(1) Includes residential lobby, amenities, storage/maintenance, and circulation. Excludes parking and open space (balconies).

TABLE 2

**ESTIMATE OF DEVELOPMENT COSTS  
13TH STREET CORRIDOR  
CITY OF IMPERIAL BEACH**

	<b>Prototype A-1: Stacked Flats 100% Market-Rate In Compliance with Existing Zoning</b>		<b>Prototype A-2: Stacked Flats 79% Market-Rate / 21% Low Income Requires 38% Density Bonus</b>		<b>Prototype B-1: Motorcourt 100% Market-Rate In Compliance with Existing Zoning</b>		<b>Prototype B-2: Motorcourt 82% Market-Rate / 18% Low Income Requires 31% Density Bonus</b>	
<b>I. Direct Costs</b>								
Sitework <sup>(1)(2)</sup>	\$30 /SF Land	\$977,000	\$30 /SF Land	\$977,000	\$30 /SF Land	\$977,000	\$30 /SF Land	\$977,000
Demolition <sup>(3)</sup>	\$10 /SF Existing	\$193,000	\$10 /SF Existing	\$193,000	\$10 /SF Existing	\$193,000	\$10 /SF Existing	\$193,000
Parking	Included Above	\$0	Included Above	\$0	Included Below	\$0	Included Below	\$0
Shell Construction - Residential	\$275 /SF GBA	\$9,517,000	\$275 /SF GBA	\$13,451,000	\$250 /SF GBA	\$8,462,000	\$250 /SF GBA	\$10,374,000
Shell Construction - Retail	\$125 /SF GBA	\$878,000	\$125 /SF GBA	\$878,000	\$125 /SF GBA	\$672,000	\$125 /SF GBA	\$839,000
Tenant Improvements - Retail	\$30 /SF - Retail	\$211,000	\$30 /SF - Retail	\$211,000	\$30 /SF - Retail	\$161,000	\$30 /SF - Retail	\$201,000
FF&E/Amenities	\$1,500 /Unit	\$36,000	\$1,500 /Unit	\$54,000	\$1,500 /Unit	\$39,000	\$1,500 /Unit	\$51,000
Contingency	5.0% of Directs	<u>\$591,000</u>	5.0% of Directs	<u>\$788,000</u>	5.0% of Directs	<u>\$525,000</u>	5.0% of Directs	<u>\$632,000</u>
Total Direct Costs	\$298 /SF GBA	\$12,403,000	\$296 /SF GBA	\$16,552,000	\$281 /SF GBA	\$11,029,000	\$275 /SF GBA	\$13,267,000
<b>II. Indirect/Financing Costs</b>								
City Permits and Fees <sup>(2)</sup>	\$25,000 /Unit	\$600,000	\$23,000 /Unit	\$828,000	\$25,000 /Unit	\$650,000	\$23,000 /Unit	\$782,000
Indirect/Financing Costs <sup>(4)</sup>	20.0% of Directs	<u>\$2,481,000</u>	20.0% of Directs	<u>\$3,310,000</u>	17.5% of Directs	<u>\$1,930,000</u>	17.5% of Directs	<u>\$2,322,000</u>
Total Indirect/Financing Costs	24.8% of Directs	\$3,081,000	25.0% of Directs	\$4,138,000	23.4% of Directs	\$2,580,000	23.4% of Directs	\$3,104,000
<b>III. Total Development Costs Per Unit</b>	<b>\$372 /SF GBA</b>	<b>\$15,484,000</b>	<b>\$370 /SF GBA</b>	<b>\$20,690,000</b>	<b>\$347 /SF GBA</b>	<b>\$13,609,000</b>	<b>\$340 /SF GBA</b>	<b>\$16,371,000</b>
		<b>\$645,000</b>		<b>\$575,000</b>		<b>\$523,000</b>		<b>\$482,000</b>

(1) Does not include allowance for remediation, environmental, or other extraordinary site conditions.

(2) Estimate; not verified by KMA or City.

(3) Assumes demolition of 19,250 SF of existing residential and commercial structures.

(4) Includes architecture & engineering, legal & accounting, taxes & insurance, developer fee, marketing/leasing, and other indirects.

TABLE 3

NET OPERATING INCOME (NOI)  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH

	Prototype A-1: Stacked Flats 100% Market-Rate In Compliance with Existing Zoning					Prototype A-2: Stacked Flats 79% Market-Rate / 21% Low Income Requires 38% Density Bonus					Prototype B-1: Motorcourt 100% Market-Rate In Compliance with Existing Zoning					Prototype B-2: Motorcourt 82% Market-Rate / 18% Low Income Requires 31% Density Bonus					
I. Residential Value	Units	Unit SF	\$/SF	\$/Month	Total Annual	Units	Unit SF	\$/SF	\$/Month	Total Annual	Units	Unit SF	\$/SF	\$/Month	Total Annual	Units	Unit SF	\$/SF	\$/Month	Total Annual	
A. Gross Scheduled Income - Market-Rate																					
One Bedroom	4	658	\$4.25	\$2,800	\$134,000	5	658	\$4.25	\$2,800	\$168,000	10	658	\$4.15	\$2,730	\$328,000	12	658	\$4.15	\$2,730	\$393,000	
Two Bedroom - Plan 1	8	890	\$3.75	\$3,340	\$321,000	10	890	\$3.75	\$3,340	\$401,000	8	890	\$3.65	\$3,250	\$312,000	6	890	\$3.65	\$3,250	\$234,000	
Two Bedroom - Plan 2	4	1,107	\$3.25	\$3,600	\$173,000	4	1,107	\$3.25	\$3,600	\$173,000	2	1,107	\$3.15	\$3,490	\$84,000	1	1,107	\$3.15	\$3,490	\$42,000	
Three Bedroom	8	1,135	\$3.50	\$3,970	\$381,000	11	1,135	\$3.50	\$3,970	\$524,000	6	1,135	\$3.40	\$3,860	\$278,000	10	1,135	\$3.40	\$3,860	\$463,000	
Total/Average	24	969	\$3.61	\$3,503	\$1,009,000	30	970	\$3.63	\$3,517	\$1,266,000	26	874	\$3.67	\$3,212	\$1,002,000	29	886	\$3.67	\$3,253	\$1,132,000	
B. Gross Scheduled Income - Affordable <sup>(1)</sup>																					
One Bedroom						1	658	\$2.22	\$1,460	\$18,000							1	658	\$2.22	\$1,460	\$18,000
Two Bedroom - Plan 1						2	890	\$1.82	\$1,618	\$39,000							2	890	\$1.82	\$1,618	\$39,000
Two Bedroom - Plan 2						2	1,107	\$1.46	\$1,618	\$39,000							1	1,107	\$1.46	\$1,618	\$19,000
Three Bedroom						1	1,135	\$1.56	\$1,765	\$21,000							1	1,135	\$1.56	\$1,765	\$21,000
Total/Average						6	965	\$1.68	\$1,625	\$117,000							5	936	\$1.73	\$1,617	\$97,000
Add: Other Income			\$100 /Unit/Month		\$29,000			\$100 /Unit/Month		\$43,000			\$75 /Unit/Month		\$23,000			\$75 /Unit/Month		\$31,000	
Total Gross Scheduled Income (GSI)					\$1,038,000					\$1,426,000					\$1,025,000					\$1,260,000	
(Less) Vacancy			5.0% of GSI		(\$52,000)			5.0% of GSI		(\$71,000)			5.0% of GSI		(\$51,000)			5.0% of GSI		(\$63,000)	
C. Effective Gross Income (EGI)					\$986,000					\$1,355,000					\$974,000					\$1,197,000	
D. Operating Expenses																					
(Less) Operating Expenses			\$5,000 /Unit/Year		(\$120,000)			\$5,000 /Unit/Year		(\$180,000)			\$4,500 /Unit/Year		(\$117,000)			\$4,500 /Unit/Year		(\$153,000)	
(Less) Property Taxes <sup>(2)</sup>			\$6,750 /Unit/Year		(\$162,000)			\$6,080 /Unit/Year		(\$219,000)			\$6,150 /Unit/Year		(\$160,000)			\$5,740 /Unit/Year		(\$195,000)	
(Less) Replacement Reserves			\$250 /Unit/Year		(\$6,000)			\$250 /Unit/Year		(\$9,000)			\$200 /Unit/Year		(\$5,000)			\$200 /Unit/Year		(\$7,000)	
Total Operating Expenses			\$12,000 /Unit/Year		(\$288,000)			\$13,600 /Unit/Year		(\$408,000)			\$10,800 /Unit/Year		(\$282,000)			\$12,200 /Unit/Year		(\$355,000)	
E. NOI - Residential					\$698,000					\$947,000					\$692,000					\$842,000	
F. Capitalized Value Upon Completion @			4.75% Cap Rate		\$14,695,000			4.75% Cap Rate		\$19,937,000			4.75% Cap Rate		\$14,568,000			4.75% Cap Rate		\$17,726,000	
II. Commercial Value																					
Rentable SF																					
Monthly Rent <sup>(3)</sup>																					
Total Annual																					
A. Gross Scheduled Income (GSI)	7,025		\$2.75 /SF/Month		\$232,000	7,025		\$2.75 /SF/Month		\$232,000	5,375		\$2.75 /SF/Month		\$177,000	6,711		\$2.75 /SF/Month		\$221,000	
(Less) Vacancy			10.0% of GSI		(\$23,000)			10.0% of GSI		(\$23,000)			10.0% of GSI		(\$18,000)			10.0% of GSI		(\$22,000)	
B. Effective Gross Income (EGI)					\$209,000					\$209,000					\$159,000					\$199,000	
(Less) Uninreimbursed Operating Expenses			5.0% of GSI		(\$12,000)			5.0% of GSI		(\$12,000)			5.0% of GSI		(\$9,000)			5.0% of GSI		(\$11,000)	
C. NOI - Commercial					\$197,000					\$197,000					\$150,000					\$188,000	
D. Capitalized Value Upon Completion @			6.50% Cap Rate		\$3,031,000			6.50% Cap Rate		\$3,031,000			6.50% Cap Rate		\$2,308,000			6.50% Cap Rate		\$2,892,000	

(1) See Worksheet 1.

(2) Based on capitalized income approach; assumes a 1.10% tax rate and 4.75% cap rate.

(3) Reflects triple net rent (NNN) which includes the base rent, property taxes, insurance, and maintenance/repair costs

**WORKSHEET 1**

**California Redevelopment Law  
Lower Income (Households between 51% and 80% AMI)  
Rental Rates**

**RESTRICTED RENTS - LOWER INCOME  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH**

Number of Bedrooms	0	1	2	3
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**A. California Redevelopment Law**

Assumed Family Size <sup>(1)</sup>	1.0	2.0	3.0	4.0
Median Income <sup>(2)</sup>	\$91,550	\$104,650	\$117,700	\$130,800
Percent of AMI	60%	60%	60%	60%
Household Income	\$54,930	\$62,790	\$70,620	\$78,480
Income Allocation to Housing	30%	30%	30%	30%
Monthly Housing Cost	\$1,373	\$1,570	\$1,766	\$1,962
(Less) Utility Allowance	<u>(\$94)</u>	<u>(\$110)</u>	<u>(\$148)</u>	<u>(\$197)</u>

<b>B. <u>Maximum Monthly Rent</u> <sup>(3)</sup></b>	<b>\$1,279</b>	<b>\$1,460</b>	<b>\$1,618</b>	<b>\$1,765</b>
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(1) As defined in California Health & Safety Code §50052.5.

(2) State of California Department of Housing and Community Development (HCD) 2025 income limits.

(3) Source: San Diego County Department of Housing and Community Development Utility Allowance, effective March 1, 2025. Based on the following utility allowance profile:

Electric Cooking	\$18	\$21	\$27	\$37
Other Electric	\$11	\$13	\$18	\$24
Electric Water Heating	\$41	\$48	\$67	\$86
Air Conditioning	<u>\$24</u>	<u>\$28</u>	<u>\$36</u>	<u>\$50</u>
Total Utilities	\$94	\$110	\$148	\$197

TABLE 4

RESIDUAL LAND VALUE  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH

	Prototype A-1: Stacked Flats 100% Market-Rate In Compliance with Existing Zoning		Prototype A-2: Stacked Flats 79% Market-Rate / 21% Low Income Requires 38% Density Bonus		Prototype B-1: Motorcourt 100% Market-Rate In Compliance with Existing Zoning		Prototype B-2: Motorcourt 82% Market-Rate / 18% Low Income Requires 31% Density Bonus	
<b>I. Net Sales Proceeds</b>								
A. Capitalized Value Upon Completion - Residential		\$14,695,000		\$19,937,000		\$14,568,000		\$17,726,000
B. Capitalized Value Upon Completion - Commercial		<u>\$3,031,000</u>		<u>\$3,031,000</u>		<u>\$2,308,000</u>		<u>\$2,892,000</u>
C. Total Capitalized Value Upon Completion		\$17,726,000		\$22,968,000		\$16,876,000		\$20,618,000
D. (Less) Cost of Sale @	3.0% of Value	(\$532,000)	3.0% of Value	(\$689,000)	3.0% of Value	(\$506,000)	3.0% of Value	(\$619,000)
E. (Less) Developer Profit @	12.0% of Value	<u>(\$2,127,000)</u>	12.0% of Value	<u>(\$2,756,000)</u>	10.0% of Value	<u>(\$1,688,000)</u>	10.0% of Value	<u>(\$2,062,000)</u>
F. Net Sales Proceeds		\$15,067,000		\$19,523,000		\$14,682,000		\$17,937,000
<b>II. Residual Land Value</b>								
A. Net Sales Proceeds		\$15,067,000		\$19,523,000		\$14,682,000		\$17,937,000
B. (Less) Development Costs		<u>(\$15,484,000)</u>		<u>(\$20,690,000)</u>		<u>(\$13,609,000)</u>		<u>(\$16,371,000)</u>
<b>C. Residual Land Value</b>		<b>(\$417,000)</b>		<b>(\$1,167,000)</b>		<b>\$1,073,000</b>		<b>\$1,566,000</b>
Per Unit		(\$17,000)		(\$32,000)		\$41,000		\$46,000
Per SF Site		(\$13)		(\$36)		\$33		\$48

TABLE 5

**PROJECT DESCRIPTION AND ESTIMATE OF DEVELOPMENT COSTS**  
**13TH STREET CORRIDOR IMPROVEMENT PLAN**  
**CITY OF IMPERIAL BEACH**

	<b>Prototype C: Single-Lot Townhomes</b> <b>Not in Compliance with Existing Zoning</b>		<b>Prototype D-1: Townhomes w/Attached and Detached ADUs</b> <b>In Compliance with Existing Zoning</b>		<b>Prototype E: Townhomes/Walk-Ups</b> <b>Not in Compliance with Existing Zoning</b>	
<b>I. Project Description</b>						
Site Size	0.17 Acres		0.17 Acres		0.33 Acres	
Construction Type	Type V		Type V		Type V	
Number of Stories	3 Stories		2 Stories		3 Stories	
Floor Area Ratio (FAR)	0.69		0.73		0.73	
Number of Units	4 Units		5 Units		9 Units	
Average Unit Size	1,245 SF		1,057 SF		1,166 SF	
Density	24 Units/Acre		30 Units/Acre		27 Units/Acre	
Tenure	For-Sale		For-Sale		For-Sale	
Gross Building Area (GBA) <sup>(1)</sup>	4,980 SF		5,287 SF		10,497 SF	
Parking Type	Attached Garages		Garages (alley access)		Garages (alley access)	
Parking Spaces	8 Spaces		4 Spaces <sup>(2)</sup>		19 Spaces	
Parking Ratio	2.00 Spaces/Unit		0.80 Spaces/Unit		2.11 Spaces/Unit	
<b>II. Development Costs</b>						
Sitework <sup>(3)(4)</sup>	\$40 /SF Land	\$291,000	\$40 /SF Land	\$291,000	\$35 /SF Land	\$500,000
Demolition <sup>(5)</sup>	\$15 /SF Existing	\$124,000	\$15 /SF Existing	\$124,000	\$15 /SF Existing	\$124,000
Parking	Included Below	\$0	Included Below	\$0	Included Below	\$0
Shell Construction	\$220 /SF GBA	\$1,096,000	\$230 /SF GBA	\$1,216,000	\$240 /SF GBA	\$2,519,000
FF&E/Amenities	\$0 /Unit	\$0	\$0 /Unit	\$0	\$0 /Unit	\$0
Contingency	5.0% of Directs	<u>\$76,000</u>	5.0% of Directs	<u>\$82,000</u>	5.0% of Directs	<u>\$157,000</u>
Subtotal Direct Costs	\$319 /SF GBA	\$1,587,000	\$324 /SF GBA	\$1,713,000	\$314 /SF GBA	\$3,300,000
City Permits and Fees <sup>(3)</sup>	\$28,000 /Unit	\$112,000	\$25,000 /Unit	\$125,000	\$28,000 /Unit	\$252,000
Indirect/Financing Costs <sup>(6)</sup>	17.5% of Directs	<u>\$278,000</u>	17.5% of Directs	<u>\$300,000</u>	17.5% of Directs	<u>\$578,000</u>
<b>Total Development Costs</b>	<b>\$397 /SF GBA</b>	<b>\$1,977,000</b>	<b>\$404 /SF GBA</b>	<b>\$2,138,000</b>	<b>\$393 /SF GBA</b>	<b>\$4,130,000</b>
<b>Per Unit</b>		<b>\$494,000</b>		<b>\$428,000</b>		<b>\$459,000</b>

(1) Excludes circulation, open space (balconies), and parking.

(2) Accessory Dwelling Units (ADUs) under 1,000 SF, near transit, or within a primary structure are not required to provide parking.

(3) Estimate; not verified by KMA or City.

Prepared by: Keyser Marston Associates, Inc.

Filename: Imperial Beach-13th Street\_Feasibility Study\_v2\11/18/2025; ema

(4) Does not include allowance for remediation, environmental, or other extraordinary site conditions

(5) Assumes demolition of 8,280 SF of existing commercial structures.

(6) Includes architecture & engineering, legal & accounting, taxes & insurance, developer fee, marketing/leasing, and other indirects.

TABLE 6

NET SALES PROCEEDS AND RESIDUAL LAND VALUE  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH

	Prototype C: Single-Lot Townhomes Not in Compliance with Existing Zoning					Prototype D-1: Townhomes w/Attached and Detached ADU In Compliance with Existing Zoning					Prototype E: Townhomes/Walk-Ups Not in Compliance with Existing Zoning				
	Units	Unit SF	\$/SF	Sales Price	Total	Units	Unit SF	\$/SF	Sales Price	Total	Units	Unit SF	\$/SF	Sales Price	Total
<b>I. Residential Sales</b>															
A. Gross Sales Proceeds															
Two Bedroom/One Bath ADU	0	0	\$0	\$0	\$0	1	777	\$625	\$486,000	\$486,000	0	0	\$0	\$0	\$0
Three Bedroom/Two w/Half Bath Detached ADU	0	0	\$0	\$0	\$0	2	924	\$600	\$554,000	\$1,108,000	0	0	\$0	\$0	\$0
Three Bedroom/Two Bath - Plan 1	0	0	\$0	\$0	\$0	0	0	\$0	\$0	\$0	3	832	\$675	\$562,000	\$1,686,000
Three Bedroom/Two Bath - Plan 2	0	0	\$0	\$0	\$0	0	0	\$0	\$0	\$0	3	933	\$650	\$606,000	\$1,818,000
Three Bedroom/Two w/Half Bath	0	0	\$0	\$0	\$0	2	1,331	\$585	\$779,000	\$1,558,000	0	0	\$0	\$0	\$0
Three Bedroom/Three Bath	4	1,245	\$625	\$778,000	\$3,112,000	0	0	\$0	\$0	\$0	0	0	\$0	\$0	\$0
Three Bedroom/Four Bath	0	0	\$0	\$0	\$0	0	0	\$0	\$0	\$0	3	1,734	\$575	\$997,000	\$2,991,000
Total/Average	4	1,245	\$625	\$778,000	\$3,112,000	5	1,057	\$596	\$630,000	\$3,152,000	9	1,166	\$619	\$722,000	\$6,495,000
B. (Less) Cost of Sale			3.0% of Value		(\$93,000)			3.0% of Value		(\$95,000)			3.0% of Value		(\$195,000)
C. (Less) Developer Profit			10.0% of Value		(\$311,000)			10.0% of Value		(\$315,000)			10.0% of Value		(\$650,000)
D. Net Sales Proceeds					\$2,708,000					\$2,742,000					\$5,650,000
<b>II. Residual Land Value</b>															
A. Net Sales Proceeds					\$2,708,000					\$2,742,000					\$5,650,000
B. (Less) Development Costs					(\$1,977,000)					(\$2,138,000)					(\$4,130,000)
<b>C. Residual Land Value</b>					<b>\$731,000</b>					<b>\$604,000</b>					<b>\$1,520,000</b>
Per Unit					<b>\$183,000</b>					<b>\$121,000</b>					<b>\$169,000</b>
Per SF Site					<b>\$101</b>					<b>\$83</b>					<b>\$106</b>

TABLE 7

**PROJECT DESCRIPTION AND ESTIMATE OF DEVELOPMENT COSTS  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH**

	<b>Prototype F: Retail and Office Mixed-Use Development In Compliance with Existing Zoning</b>		<b>Prototype G: Stacked Flats 100% Market-Rate In Compliance with Existing Zoning</b>	
<b>I. Project Description</b>				
Site Size	0.45 Acres		0.45 Acres	
Construction Type	Type V		Type V	
Number of Stories	2 Stories		3 Stories	
Floor Area Ratio (FAR)	0.75		1.07	
Number of Units	--- Units		14 Units	
Average Unit Size	--- SF		913 SF	
Density	--- Units/Acre		31 Units/Acre	
Tenure	---		Rental	
Gross Building Area (GBA)				
<u>Residential</u>				
Net Residential	0 SF		12,786 SF	
Circulation/Lobby	0 SF		4,682 SF	
Total Residential GBA	0 SF		17,468 SF	
Retail GBA	7,120 SF		3,292 SF	
Office GBA	7,574 SF		0 SF	
Total GBA <sup>(1)</sup>	14,694 SF		20,760 SF	
Parking Type	Surface		Surface	
<u>Parking Spaces</u>				
Residential	0 Spaces		15 Spaces	
Retail	14 Spaces		5 Spaces	
Office	9 Spaces		0 Spaces	
Total Parking Spaces	23 Spaces		20 Spaces	
Parking Ratio - Residential	--- Spaces/Unit		1.07 Spaces/Unit	
Parking Ratio - Commercial	1.57 Spaces/1,000 SF		1.52 Spaces/1,000 SF	
<b>II. Development Costs</b>				
Sitework <sup>(2)(3)</sup>	\$35 /SF Land	\$682,000	\$35 /SF Land	\$682,000
Demolition <sup>(4)</sup>	\$8 /SF Existing	\$41,000	\$8 /SF Existing	\$41,000
Parking	Included Above	\$0	Included Above	\$0
Shell Construction - Residential	\$0 /SF GBA	\$0	\$275 /SF GBA	\$4,804,000
Shell Construction - Commercial	\$150 /SF GBA	\$2,204,000	\$150 /SF GBA	\$494,000
Tenant Improvements - Retail	\$30 /SF - Retail	\$214,000	\$30 /SF - Retail	\$99,000
Tenant Improvements - Office	\$40 /SF - Office	\$303,000	\$0 /SF - Office	\$0
FF&E/Amenities	\$0 /SF GBA	\$0	\$3,500 /Unit	\$49,000
Contingency	5.0% of Directs	<u>\$172,000</u>	5.0% of Directs	<u>\$308,000</u>
Subtotal Direct Costs	\$246 /SF GBA	\$3,616,000	\$312 /SF GBA	\$6,477,000
City Permits and Fees <sup>(2)</sup>	\$15 /SF GBA	\$220,000	\$25,000 /Unit	\$350,000
Indirect/Financing Costs <sup>(4)</sup>	25.0% of Directs	<u>\$904,000</u>	20.0% of Directs	<u>\$1,295,000</u>
<b>Total Development Costs</b>	<b>\$323 /SF GBA</b>	<b>\$4,740,000</b>	<b>\$391 /SF GBA</b>	<b>\$8,122,000</b>
<b>Per Unit</b>		---		<b>\$580,000</b>

(1) Excludes open space (balconies/terraces).

(2) Estimate; not verified by KMA or City.

(3) Does not include allowance for remediation, environmental, or other extraordinary site conditions.

(4) Assumes demolition of 5,064 SF of existing residential structures.

(5) Includes architecture & engineering, legal & accounting, taxes & insurance, developer fee, marketing/leasing, and other indirects.

TABLE 8

**NET OPERATING INCOME (NOI)  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH**

	<b>Prototype F: Retail and Office Mixed-Use Development In Compliance with Existing Zoning</b>					<b>Prototype G: Stacked Flats 100% Market-Rate In Compliance with Existing Zoning</b>				
I. Residential Value	Units	Unit SF	\$/SF	\$/Month	Total Annual	Units	Unit SF	\$/SF	\$/Month	Total Annual
A. Gross Scheduled Income (GSI)										
One Bedroom						4	658	\$4.35	\$2,860	\$137,000
Two Bedroom/Two Bath - Plan 1						4	890	\$3.85	\$3,430	\$165,000
Two Bedroom/Two Bath - Plan 2						2	1,027	\$3.50	\$3,590	\$86,000
Three Bedroom						<u>4</u>	<u>1,135</u>	<u>\$3.60</u>	<u>\$4,090</u>	<u>\$196,000</u>
Total/Average						14	913	\$3.81	\$3,476	\$584,000
Add: Other Income								\$100 /Unit/Month		<u>\$17,000</u>
Total GSI - Residential										\$601,000
(Less) Vacancy								5.0% of GSI		<u>(\$30,000)</u>
B. Effective Gross Income (EGI)										\$571,000
C. Operating Expenses										
(Less) Operating Expenses								\$5,000 /Unit/Year		(\$70,000)
(Less) Property Taxes								\$6,640 /Unit/Year		(\$94,000) <sup>(3)</sup>
(Less) Replacement Reserves								<u>\$250 /Unit/Year</u>		<u>(\$4,000)</u>
Total Operating Expenses								\$11,900 /Unit/Year		(\$168,000)
D. NOI - Residential										<b>\$403,000</b>
E. Capitalized Value Upon Completion @				--- Cap Rate	---				4.75% Cap Rate	<b>\$8,484,000</b>
II. Commercial Value		Rentable SF		Monthly Rent	Total Annual		Rentable SF		Monthly Rent	Total Annual
A. Gross Scheduled Income (GSI)										
Retail		7,120		\$2.75 /SF/Month <sup>(1)</sup>	\$235,000		3,292		\$3.00 /SF/Month <sup>(1)</sup>	\$119,000
Office		7,574		\$2.50 /SF/Month <sup>(2)</sup>	<u>\$227,000</u>		0		\$0.00 /SF/Month <sup>(2)</sup>	<u>\$0</u>
Total GSI - Commercial					\$462,000					\$119,000
(Less) Vacancy				20.0% of GSI	<u>(\$92,000)</u>				10.0% of GSI	<u>(\$12,000)</u>
B. Effective Gross Income (EGI)					\$370,000					\$107,000
(Less) Uninreimbursed Operating Expenses - Retail				5.0% of GSI	<u>(\$12,000)</u>				5.0% of GSI	<u>(\$6,000)</u>
C. NOI - Commercial					<b>\$358,000</b>					<b>\$101,000</b>
D. Capitalized Value Upon Completion @				7.50% Cap Rate	<b>\$4,773,000</b>				6.50% Cap Rate	<b>\$1,554,000</b>

(1) Reflects triple net (NNN) rent which includes the base rent, property taxes, insurance, and maintenance/repair costs.

(2) Reflects full-service gross (FSG) rent which includes the base rent and all operational costs.

(3) Based on capitalized income approach; assumes a 1.10% tax rate and 4.75% cap rate.

**TABLE 9**

**RESIDUAL LAND VALUE  
13TH STREET CORRIDOR IMPROVEMENT PLAN  
CITY OF IMPERIAL BEACH**

	<b>Prototype F: Retail and Office Mixed-Use Development In Compliance with Existing Zoning</b>	<b>Prototype G: Stacked Flats In Compliance with Existing Zoning</b>
<b>I. Net Sales Proceeds</b>		
A. Capitalized Value Upon Completion - Residential	---	\$8,484,000
B. Capitalized Value Upon Completion - Commercial	<u>\$4,773,000</u>	<u>\$1,554,000</u>
C. Total Capitalized Value Upon Completion	\$4,773,000	\$10,038,000
D. (Less) Cost of Sale @ 3.0% of Value	(\$143,000)	(\$301,000)
E. (Less) Developer Profit @ 12.0% of Value	<u>(\$573,000)</u>	<u>(\$1,205,000)</u>
F. Net Sales Proceeds	\$4,057,000	\$8,532,000
<b>II. Residual Land Value</b>		
A. Net Sales Proceeds	\$4,057,000	\$8,532,000
B. (Less) Development Costs	<u>(\$4,740,000)</u>	<u>(\$8,122,000)</u>
<b>Residual Land Value</b>	<b>(\$683,000)</b>	<b>\$410,000</b>
<b>Per Unit</b>	<b>---</b>	<b>\$29,000</b>
<b>Per SF Site</b>	<b>(\$35)</b>	<b>\$21</b>



## Limiting Conditions

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property
7. KMA is not advising or recommending any action be taken by the City with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the City and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the City pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
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