

Appendix

This appendix documents the assumptions used in our recent analysis for calibrating the in-lieu fees for Downtown and UNO. Details and recommendations based on that analysis are available in our [January 28, 2020 memo](#).

Input	Downtown Value	Rainey Value	UNO Value	Notes
Residential Parking Demand - Ratio of parking stalls per unit (rental)	1	1	1	
Residential Parking Demand – Ratio of parking stalls per unit (for-sale)	1.5	1.5	1.5	<i>Fees calibrated in the January 28th memo were based on the proposed maximum of one parking stall per unit, which would impact potential sales prices for for-sale residential units. If downtown parking maximums were increased to 1.5 parking stalls per unit or more, our analysis indicates that fees could be double what is proposed in the January 28, 2020 memo.</i>
Office Parking Demand – parking stalls per X gross sf	500	500	500	
Affordability Policy				
HUD Median Family Income (4-person household)	\$95,900	\$95,900	\$95,900	
Proportion of bonus upside dedicated to fee calibration - residential	50%	50%	75%	
Proportion of bonus upside dedicated to fee calibration - office	50%	50%	75%	
Percent set-aside required in first bonus	0%	5%	10%	
Target depth of affordability required in first bonus - Rental (% of MFI)	80%	80%	60%	
Target depth of affordability required in first bonus - For Sale (% of MFI)	120%	120%	60%	
Percent set-aside required in second bonus	0%	0%	20%	<i>For UNO: 10% set-aside at 50% MFI plus 10% set-aside at 60% MFI</i>
Target depth of affordability required in second bonus - Rental (% of MFI)	80%	80%	55%	<i>For UNO: based on a blend of 10% set-aside at 50% MFI plus 10% set-aside at 60% MFI</i>
Target depth of affordability required in second bonus - For Sale (% of MFI)	120%	120%	55%	<i>For UNO: based on a blend of 10% set-aside at 50% MFI plus 10% set-aside at 60% MFI</i>
Sale price calculation (both budget-based and NHCD 3X rule)	YES	YES	YES	

Affordable rents				Source: City of Austin, Development Incentive Programs Guide to Income Determinations, Rents, Compliance, and Monitoring
Affordable Rent (studio) - 50% MFI	\$828	\$828	\$828	
Affordable Rent (1-bedroom) - 50% MFI	\$828	\$828	\$828	
Affordable Rent (2-bedroom) - 50% MFI	\$946	\$946	\$946	
Affordable Rent (3-bedroom) - 50% MFI	\$1,065	\$1,065	\$1,065	
Affordable Rent (studio) - 60% MFI	\$994	\$994	\$994	
Affordable Rent (1-bedroom) - 60% MFI	\$994	\$994	\$994	
Affordable Rent (2-bedroom) - 60% MFI	\$1,135	\$1,135	\$1,135	
Affordable Rent (3-bedroom) - 60% MFI	\$1,278	\$1,278	\$1,278	
Affordable Rent (studio) - 80% MFI	\$1,321	\$1,321	\$1,321	
Affordable Rent (1-bedroom) - 80% MFI	\$1,321	\$1,321	\$1,321	
Affordable Rent (2-bedroom) - 80% MFI	\$1,510	\$1,510	\$1,510	
Affordable Rent (3-bedroom) - 80% MFI	\$1,698	\$1,698	\$1,698	
Residential Unit Mix				
Percent studios (rental)	15%	15%	15%	
Percent 1-bedrooms (rental)	55%	55%	55%	
Percent 2-bedrooms (rental)	27%	27%	27%	
Percent 3-bedrooms (rental)	3%	3%	3%	
Average leasable square feet of studios (rental)	550	550	550	
Average leasable square feet of 1-bedrooms (rental)	750	750	750	
Average leasable square feet of 2-bedrooms (rental)	1,250	1,250	1,250	
Average leasable square feet of 3-bedrooms (rental)	1,800	1,800	1,800	
Percent studios (for-sale)	5%	5%	5%	
Percent 1-bedrooms (for-sale)	60%	60%	60%	
Percent 2-bedrooms (for-sale)	25%	25%	25%	
Percent 3-bedrooms (for-sale)	10%	10%	10%	
Average marketable square feet of studios (for-sale)	600	600	600	
Average marketable square feet of 1-bedrooms (for-sale)	800	800	800	
Average marketable square feet of 2-bedrooms (for-sale)	1,300	1,300	1,300	
Average marketable square feet of 3-bedrooms (for-sale)	1,950	1,950	1,950	

Parking Hard Costs				
Surface parking (\$/stall)	\$7,000	\$7,000	\$7,000	
Wrapped deck parking (\$/stall)	\$22,000	\$22,000	\$22,000	
Podium parking (\$/stall)	\$40,000	\$40,000	\$40,000	
Integrated deck (\$/stall)	\$40,000	\$40,000	\$40,000	
Underground parking (\$/stall)	\$60,000	\$60,000	\$60,000	
Construction Hard Costs				
Warm Shell Ground Floor Retail (\$/sq ft)	\$165	\$165	\$165	<i>Excluding parking costs</i>
Low-rise residential deck wrap units (\$/sq ft)	\$145	\$145	\$145	<i>Excluding parking costs</i>
Lobby construction cost (\$/sq ft)	\$200	\$200	\$200	
Stick-built home (\$/sq ft)	\$125	\$125	\$125	<i>Excluding parking costs</i>
Wood siding wood frame 2/3 story residential - Walkup (\$/sq ft)	\$135	\$135	\$135	<i>Excluding parking costs</i>
Wood siding wood frame 3/4 story residential - Elevator (\$/sq ft)	\$150	\$150	\$150	<i>Excluding parking costs</i>
Urban wood frame 4/5 story residential - Elevator (\$/sq ft)	\$170	\$170	\$170	<i>Excluding parking costs</i>
Low-rise wood frame on podium (\$/sq ft)	\$170	\$170	\$170	<i>Excluding parking costs</i>
High-rise residential (\$/sq ft)	\$210	\$210	\$210	<i>Excluding parking costs</i>
Low-rise office building (\$/sq ft)	\$200	\$200	\$200	<i>Excluding parking costs</i>
Midrise office building (\$/sq ft)	\$200	\$200	\$200	<i>Excluding parking costs</i>
Concrete office tower (\$/sq ft)	\$220	\$220	\$220	<i>Excluding parking costs</i>
Office T.I. allowance	\$75	\$75	\$75	
Retail T.I. allowance	\$60	\$60	\$60	
Cost premium of for-sale housing (% greater than for-rent)	15%	15%	15%	
Operating and Development Costs				
Residential Operating Cost (% of rent)	40%	40%	40%	
Vacant Office Operating Cost (% of vacant NNN rent loss)	25%	25%	25%	
Office Operating Cost (% of rent)	5%	5%	5%	
Retail Operating Cost (% of rent)	35%	35%	35%	
Hard Cost Contingency (% of other hard cost)	4%	4%	4%	
Soft Costs (% of hard costs)	25%	25%	25%	
Developer Fee (% of hard + soft costs)	4%	4%	4%	
Sales Costs Incl. Commission (% of sales price)	8%	8%	8%	
Investment Metrics				
CAP Rate - Residential rental (%)	4.50%	4.50%	5.00%	
CAP Rate - Office (%)	5.50%	5.50%	6.00%	

CAP Rate - Retail (%)	6.00%	6.00%	6.50%	
Return on Cost Threshold (%) - Commercial and multifamily rental	20%	20%	20%	
Return on Cost Threshold - Residential for-sale (%)	35%	35%	35%	