

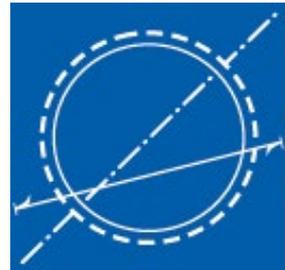
City of Westlake Village

NORTH BUSINESS PARK SPECIFIC PLAN

Community Advisory Committee
Meeting 1 – August 29, 2019



Civic Solutions
with
Stanley R. Hoffman Associates
Linscott, Law & Greenspan Engineers
EPT Design
JMC2 Engineering
Psomas





ECONOMIC FEASIBILITY OF RESIDENTIAL DEVELOPMENT

SCOPE OF WORK - RECAP

- Address possible residential development
 - Condominiums & Townhomes (Owner-Occupied)
 - Market Rate Apartments (Rent-Occupied)
 - Affordable Housing Alternatives
- Make recommendations as to form, tenure and intensity of development
- Review and establish:
 - Criteria for Evaluation
 - Evaluate the inclusion of affordable housing alternatives
- Complete Development pro forma analyses on selected alternatives, considering:
 - Building form and site design
 - Market pricing and rents, including affordable housing
 - Identify project amenities and unique infrastructure requirements
 - Identify special features, requirements and/or conditions of approval
 - Assess development impacts (monetary and non-monetary)

Our Objective Today....

- Review How Pro Forma Analysis works and how it relates to our study objectives and scope of work
- Discuss the Criteria for our Evaluation and Recommendations
 - As to building form, site attributes and range of densities
 - Parking, other site criteria and special requirements
 - Project phasing and conditions of approval
- Review of Example Projects for Discussion
- Closing Discussion of Criteria, Areas of Interest and Goals for our next presentation (September 26th)

What is Pro Forma Analysis?

- For anticipated real estate development, ***pro forma*** analysis is one way in which to evaluate whether or not a proposed project meets or does not meet the expectations of the builder or developer.
- It is widely used by developers, lenders, investors and other stakeholders to test assumptions and to determine ***financial feasibility***.
- Pro forma analysis is used in the specific plan process because stakeholders have a shared interest in understanding the impacts and outcomes of community goals and objectives.
- For example, development plans (assumed in a long-term planning process) that are ***not financially feasible*** may not ever be built, and that could undermine the effectiveness of the plan.
- In this study, pro forma analysis is used to test the financial feasibility of different alternative types of residential development, to assist decision-makers and stakeholders in selecting those objectives most suitable for the specific plan study area.

What is Pro Forma Analysis?, continued

- Simple pro forma of a small project...

Value, Upon Completion and Stabilization		\$1,000,000
Cost of Development		
Land Cost	\$200,000	
Building Cost	<u>\$675,000</u>	
Total Cost		<u>\$875,000</u>
Margin - Before Development Profit		\$125,000
Developer's Profit at Market	10%	<u>\$100,000</u>
Additional Profit, If Any		\$25,000

What is Pro Forma Analysis?, continued

- We measure the developer's return at 14.3%...

Developer's Return on Investment

Value, Upon Completion and Stabilization				\$1,000,000
Developer's Actual Cost				<u>\$875,000</u>
Margin				\$125,000
Developers Return				
Margin		<u>\$125,000</u>	=	14.3%
Project Cost		\$875,000		

What is Pro Forma Analysis?, continued

- Pro forma analysis starts with a project hypothesis:
 - Site assumptions, including cost or value of the pre-development site
 - Building assumptions (size, density, features), including the cost of construction
 - Revenue assumptions such as the rental rate for apartments, or the sales price/sf for condominiums
 - Other project cost assumptions – interest expense, design fees, building permits, development exactions, general and administrative costs, costs of marketing and/or sales commissions.
 - Pro forma analysis can take into account the time value of money.
 - Profit assumptions, sufficient to attract a qualified and financially-capable developer

What is Pro Forma Analysis?, continued

- Depending on how the pro forma analysis is being used, it can “solve” for either (a) developer profit or (b) the value of the land (before development) that is going to be used for the development.
- Solving for the value of land is commonly called a **land residual analysis**. It is dependent upon an assumption of necessary developer profit.
- Economic analysis or financial feasibility analysis done for long-range planning purposes usually is done on a **land residual** basis. This is because if the land residual amount is less than the value of the existing land use, there is a lower probability redevelopment will occur.
- If the land residual amount is greater than the existing land value, there is a higher probability redevelopment will occur.
- If the land residual is greater than the existing property value, we can say with confidence that a proposed use or redevelopment is **financially feasible**; if not, that development is **less feasible** or **not feasible**.
- Accordingly, for specific plan analysis, we are looking for a range of development options that can be considered **feasible**.

Residential Development Criteria We Can Consider

- For the site:
 - Site coverage ratio
 - Slopes and Terraces
 - Set-backs and other reservations
 - Protection of view corridors
 - Type and location of parking
 - Parking ratio (spaces per ...)
 - Pedestrian circulation and movement
 - Private amenities
 - Planting and Landscaping
 - Hardscape
 - Circulation Areas
 - Recreational Areas
 - Open Space
 - Public amenities
 - Public circulation
 - Public open space
 - Public art, lighting, other
 - Screening for adjacent uses
 - Service access
- For buildings:
 - Tenure – owner or renter-occupied
 - Massing and height
 - Set-backs and orientation
 - Density and/or size
 - Total units and units/acre
 - Design and articulation
 - Unit mix
 - Studio
 - One-Bedroom & Two Bedroom
 - Three Bedroom & Larger
 - Occupancy
 - Market rate units
 - Affordable units
 - Amenities and Features (Interior)
 - Club Rooms & Assembly Rooms
 - Exercise & Fitness
 - Business Centers
 - Rental storage rooms
 - Interior and/or structured parking
 - Size, location, stacking
 - Car Counts
 - Attended parking or unattended

Example Projects – Westpark Condominiums

- 121 Units on 8.02 acres
- 23.2 du's/acre
- 2 stories, built 1968
- Size range: 500 sf to 1,200 sf
- Surface parking
- Limited common area and amenities



This residential project example is for illustrative purposes only to discuss a variety of site and building criteria and characteristics. It is not intended to demonstrate what will be constructed in the North Business Park.

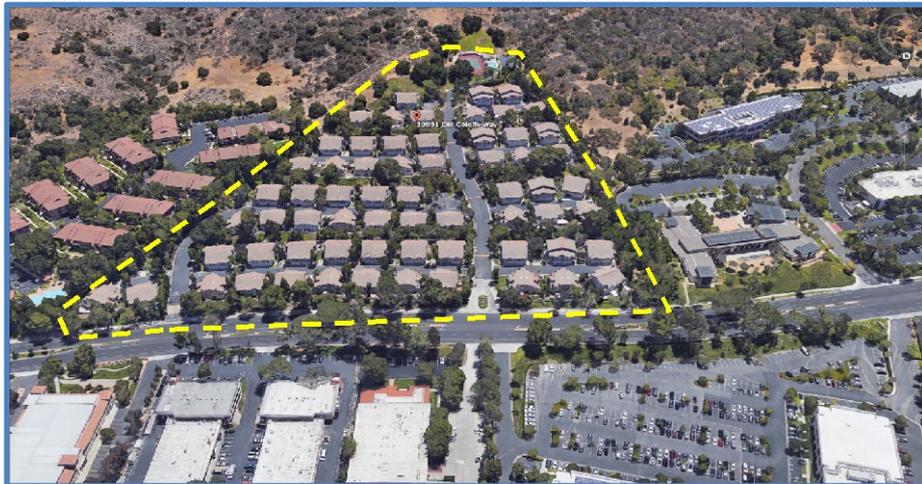
Example Projects – Westpark Condominiums



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Example Projects – The Colony

- 64 Units on a net 15.3 acres
- 4.2 du's/acre
- 2 stories, built 1987
- Average unit size: 1,400 to 1,750 sf
- Private garages
- Limited common area



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Example Projects – The Colony



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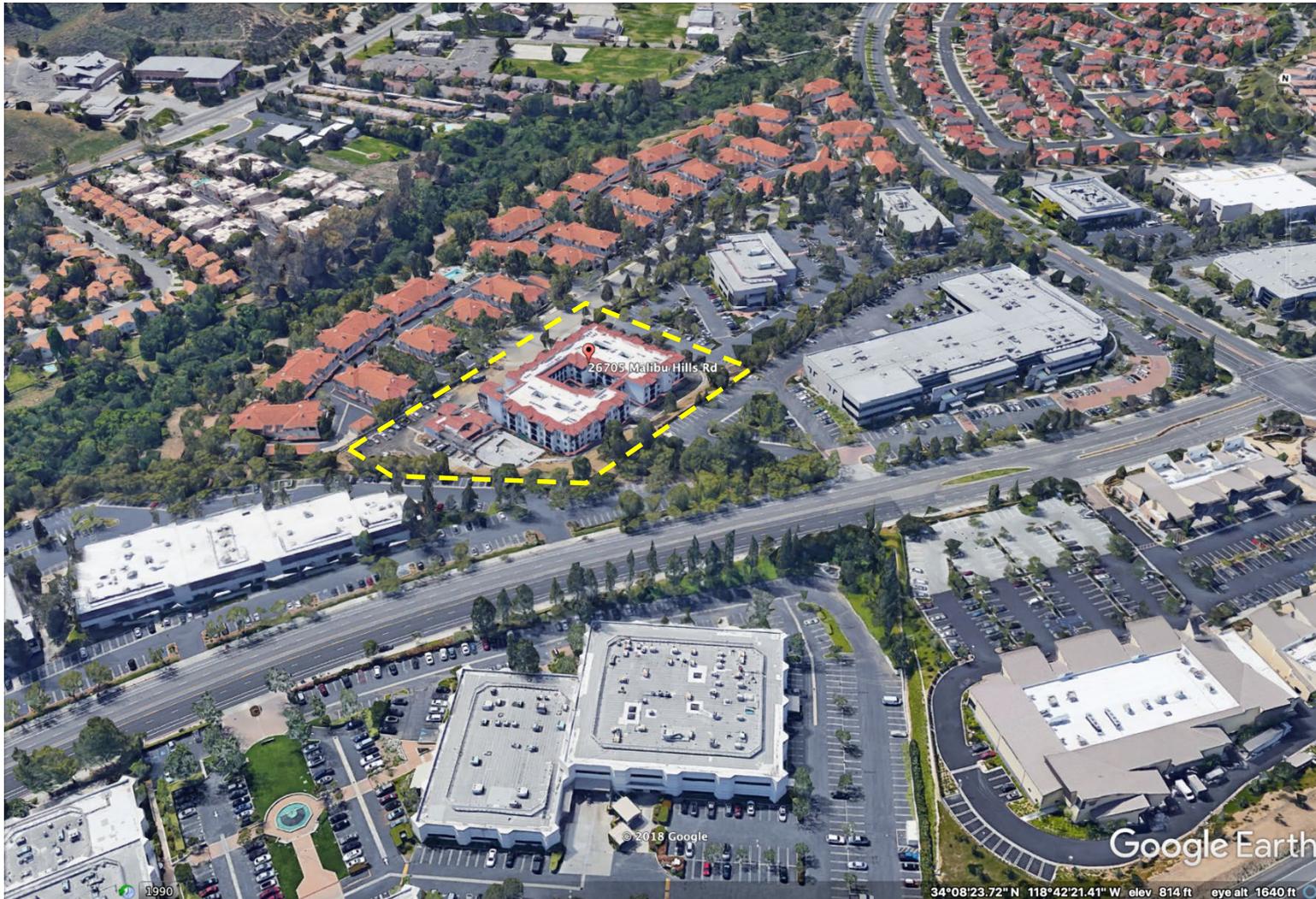
Example Projects – Malibu Hills

- 60 units on 2.78 acres
- 21.6 du's/acre
- 3 stories, built 2013
- Average unit size: 1,258 sf
- Low ratio surface parking
- Extensive common area
- Similar community setting



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Example Projects – Malibu Hills



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Example Projects – Newhall Ranch Road

- 188 units on 7.83 acres
- 24.0 du's/acre
- 3 stories, built 2006
- Average unit size: 895 sf
- Surface parking
- Extensive common area
- Similar community setting



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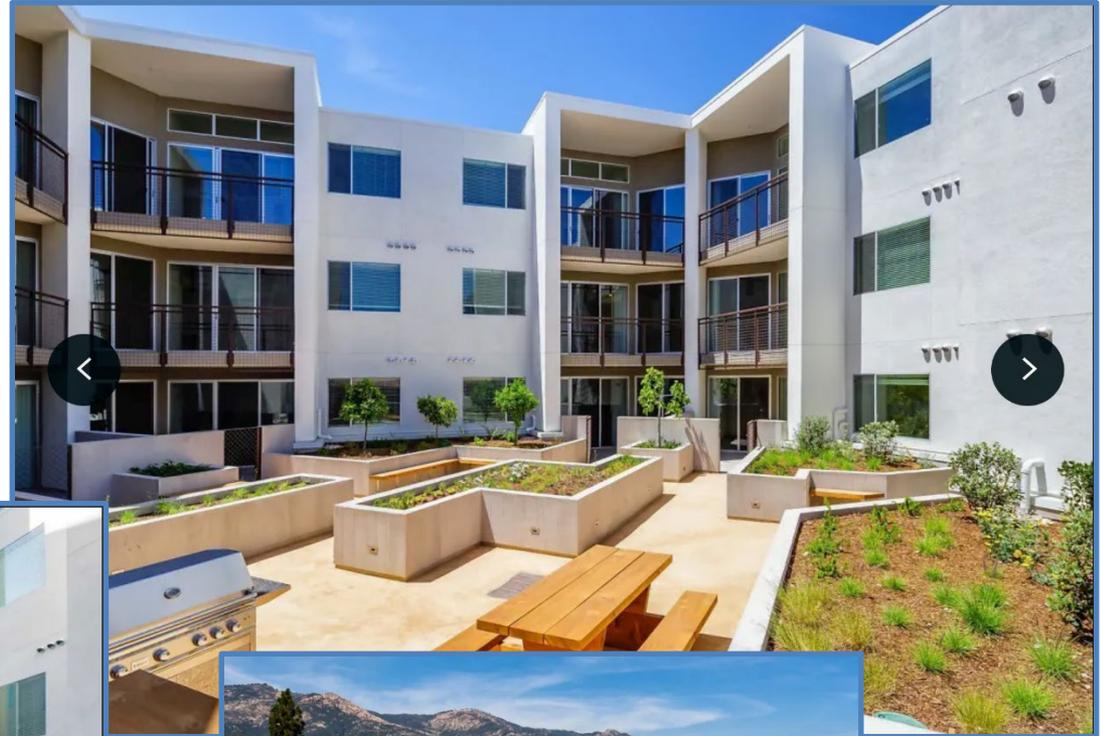
Example Projects – Newhall Ranch Road



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Example Projects – The Marc

- 89 Units on a 1.43 acres
- 62.2 du's/acre
- 4 stories, built 2018
- Size range: 646 sf to 1,026 sf
- Tuck-under podium parking
- Extensive common area and amenities
- Urban, loft-style units



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Example Projects – The Marc



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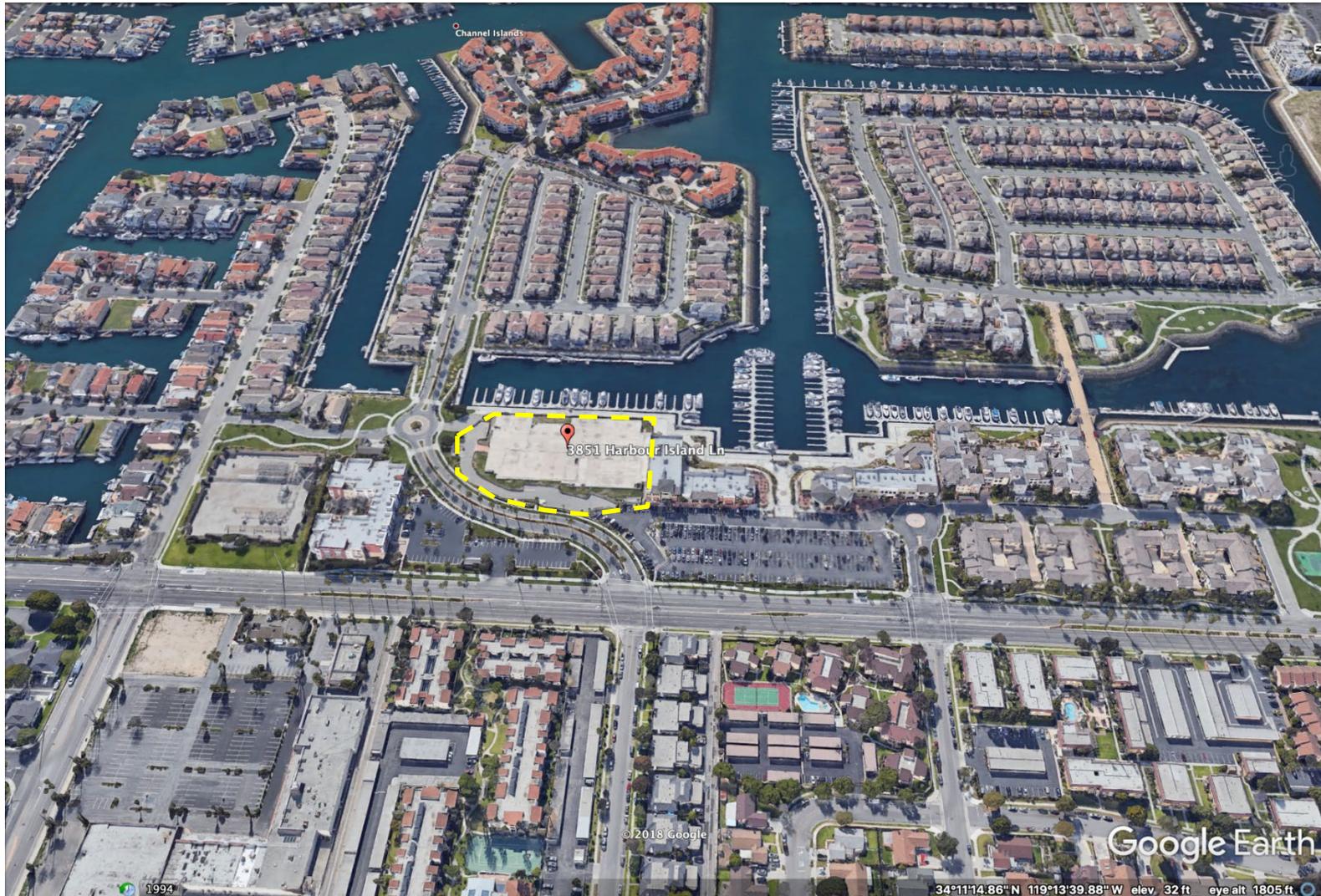
Example Projects – Harbour Island

- 75 units on 2.72 acres
- 27.6 du's/acre
- 4 stories, built 2018
- Average unit size: 1,355 sf
- Podium garage parking
- Extensive common area
- Some live-work units



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Example Projects – Harbour Island



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Example Projects – Magnolia Street

- 30 units on 1.71 acres
- 17.5 du's/acre
- 3 stories, built 2014
- Average unit size: 1,886 sf
- Enclosed private parking
- Very limited outdoor common area



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Example Projects – Magnolia Street



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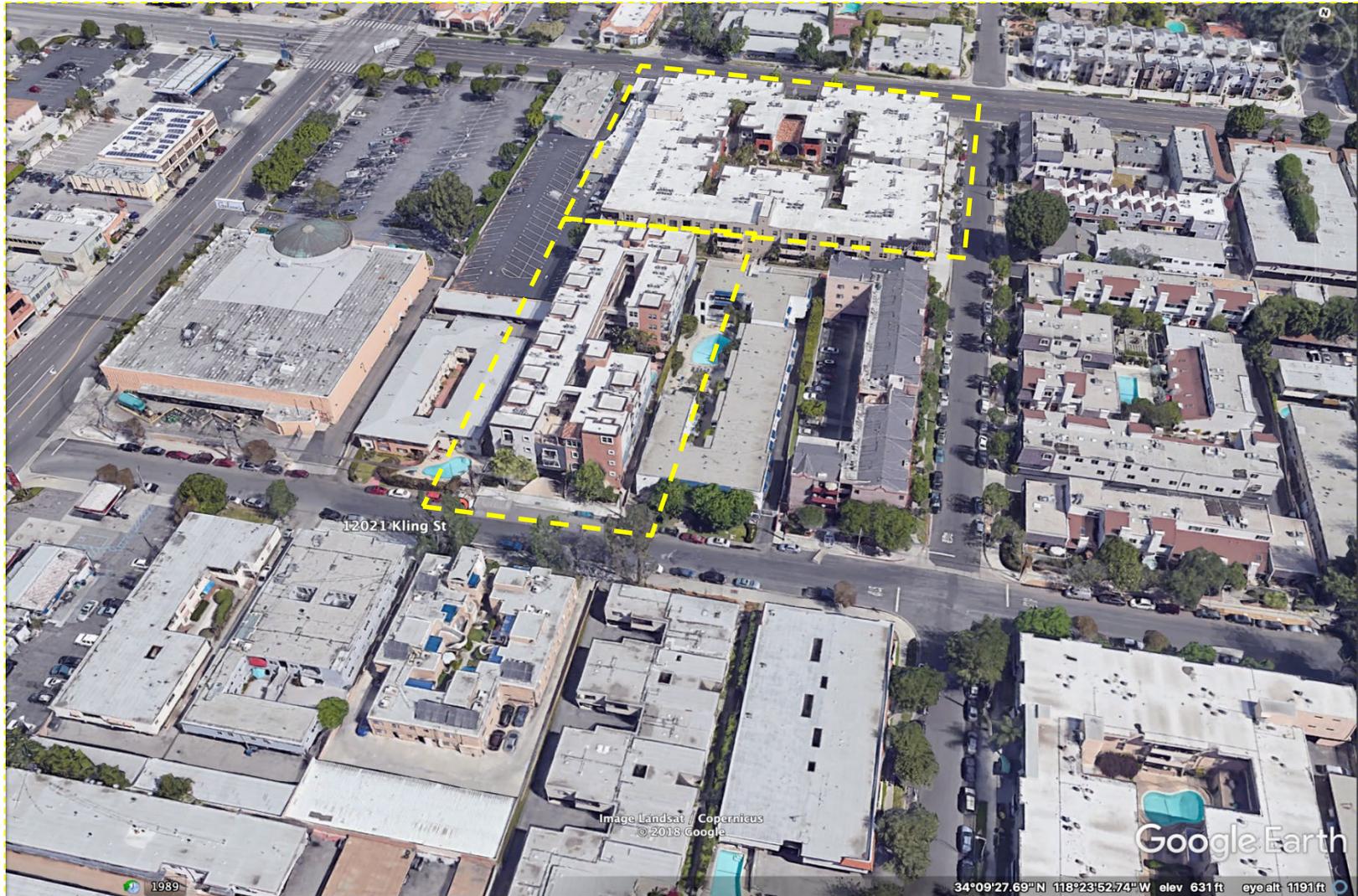
Example Projects – Kling Street

- 144 units on 2.54 acres
- 57 du's/acre
- 3 stories, built 2012
- Average unit size: 1,259 sf
- Courtyard design



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Example Projects – Kling Street



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