

Analysis of the Impact of the ULA Tax on Incentivizing New Development

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bae urban economics

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INTRODUCTION

The purpose of this study is to help inform conversations around potential updates to the Measure ULA tax (“ULA tax”) in the City of Los Angeles. Measure ULA is a voter-approved measure that levies a tax on the sale of residential and commercial properties currently worth \$5.3 million or more, and has been in effect since April 2023. The City uses Measure ULA revenue to fund housing efforts such as new construction, preservation, and acquisition of affordable housing, as well as rent relief, eviction defense, and other tenant protections.

With nearly three years (33 months) of data now available for transactions subject to the ULA tax, this research aims to analyze the financial impacts the ULA tax may have on these projects based on pro-forma analysis. One key goal of this study is to help align expectations about the extent to which a specified exemption period for the ULA tax on new construction is likely to have on accelerating new development. The study is organized into the following sections:

- The **ULA Transactions Analysis** section identifies characteristics of actual payers of the ULA tax such as project size, developer type, holding period, exit cap rate, and other factors. The analysis utilizes a database of multifamily and commercial sales covering a 33 month period from April 2023 through December 2025, sourced from CoStar and verified against transaction data from Property Radar.
- **The Financial Analysis** section analyzes the extent to which holding period exemptions and/or ULA tax reductions might help incentivize development that might not otherwise move forward. Scenarios tested include impact of the ULA tax rate, asset holding period, capitalization rate, asking rents, and other factors on a project’s financial feasibility based on cash flow and pro-forma analysis.

Key Topic Areas

The study seeks to help answer policy-related questions addressing several key topic areas.

- *What is the share of recently-built¹ multifamily and commercial buildings that have been subject to the ULA tax since implementation in April 2023?*

¹ As measured by the length of time (either seven or ten years) between the month of Certificate of Occupancy (C/O) issuance and the sale date.

- *What is the share of new multifamily and commercial development activity in the City of Los Angeles that is financially feasible under current market conditions in the absence of the ULA tax?*
- *Are there certain development typologies that would (a) benefit most or (b) benefit least from a lower ULA tax rate?*
- *How does a project’s “holding period” impact project financial feasibility?*
- *What holding or “exemption” period (e.g. 5, 7, 10, 15 years, or more) may be a necessary length of time to provide a lower ULA tax rate for new multifamily and/or commercial construction?*
- *To what extent might a “substantial rehabilitation” carveout impact the share of transactions likely subject to ULA tax, and what are some possible considerations?*
- *Spurring New Development: What is the likely share of starts in a given year that might become feasible assuming a ULA tax exemption on new projects?*

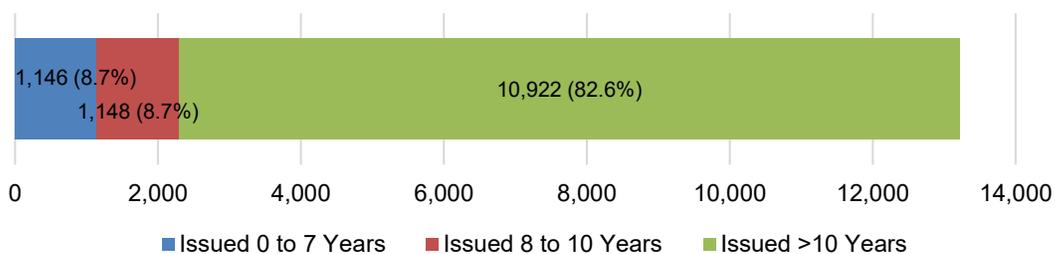
Key Findings

Recently-Built Multifamily and Commercial Buildings Subject to ULA Tax

The ULA sample includes 190 multifamily transactions that were subject to the ULA tax over the 33-month analysis period, comprising approximately 13,216 units.

- Approximately 91.3 percent of multifamily unit transactions subject to the ULA tax were located in buildings more than seven (7) years old, as measured by the length of time between Certificate of Occupancy (C/O) issuance and sale date. 82.6 percent of multifamily unit transactions were in buildings more than 10 years old.

Figure 1: Multifamily Unit Transactions Subject to ULA Tax by Date C/O Issued

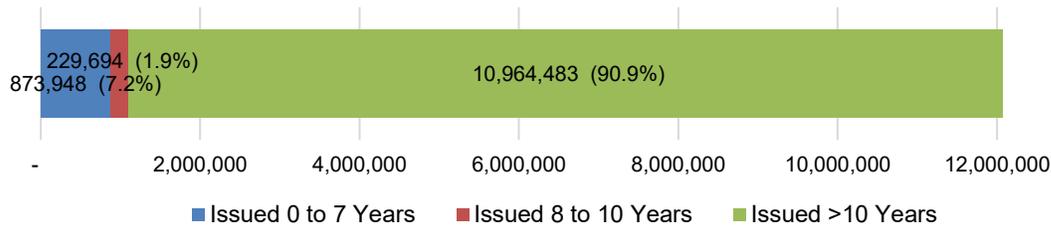


Sources: LADBS, 2026; CoStar, 2026; BAE, 2026

The ULA sample also includes 293 commercial transactions that were subject to the ULA tax over the 33-month analysis period, comprising approximately 12.1 million square feet of rentable building area (RBA).

- Approximately 90.9 percent of rentable building area subject to the ULA tax occurred in commercial buildings that were more than ten (10) years old.

Figure 2: Commercial Building Transactions Subject to ULA Tax by Date C/O Issued



Sources: LADBS, 2026; CoStar, 2026; BAE, 2026

Financial Feasibility of New Multifamily and Commercial Development

Across a wide range of tested development scenarios, most residential and commercial projects **do not** generate a positive return on cost under current market conditions.

- For nearly all development scenarios tested, financial feasibility is challenged whether the ULA tax is applied on a full, partial, or exempt basis.
- External economic factors relevant to new development such as plateauing asking rents, rising capitalization rates, debt and lending costs, and other factors currently have a larger impact on financial feasibility than the ULA tax itself.
- In the Wilshire CPA, for example, asking rents in new multifamily buildings peaked in Q1 2023, more than 12 quarters ago, and have declined by 4.6 percent.² This may say more about the local economy, to the extent that the pool of households with the ability to pay rents in new buildings may not be expanding fast enough to absorb new units at prior price points.
- Capitalization rates are also at historic highs, both in the City of Los Angeles as well as other urban markets, impacting project valuations. The exit cap rate of 5.47 percent, as reflected in rates analyzed for multifamily sales in the ULA sample,

² Wilshire CPA asking rents based on 13,457 units in 276 projects from 2019-2026, according to data from CoStar.

represents a higher cap rate than has been observed historically in the City of Los Angeles, which was 4.73 percent over the most recent ten-year period. When cap rates rise, the value investors are willing to pay for the same income falls, reducing project feasibility and development activity.

- Such economic factors relevant to new development currently have a larger impact on financial feasibility than the ULA tax itself.
 - For projects with asking rents in the 50th percentile for the Wilshire CPA, an exit cap rate reduced to reflect the ten year historic average will increase unlevered IRR by 193 basis points, assuming a seven year holding period.
 - By contrast, exempting the ULA tax rate alone in the same project will only increase unlevered IRR by 70 basis points, assuming the same holding period.

Impact of Holding Period

The impact of the ULA tax on financial feasibility is driven in large part by a project scenario's "holding period," defined here as the length of time between a project's Certificate of Occupancy (C/O) issuance and sale date.

- As a project's holding period increases, the financial impact of the ULA tax becomes diluted, as shown in discounted cash flow analyses for unleveraged IRR.
- The impact of the ULA tax is felt more heavily by developers whose business model involves creating and flipping properties over shorter holding periods.
- Unlike "build-and-hold" developers, who are less likely to be impacted by the ULA tax, some business models create and flip properties comparatively quickly.
- For all tested scenarios, unleveraged IRR increases most rapidly during the earlier holding period years.

Development Scenarios that become feasible with ULA Tax Exemption

The share of development scenarios and typologies likely to achieve a target IRR threshold from a ULA tax reduction exemption alone is a comparatively small one.

- For tested scenarios that **do not** generate a positive return-on-cost (e.g., most residential and all commercial scenarios), waiving the ULA tax alone is not sufficient to help the projects achieve a target IRR threshold.

- This is true for any ULA tax exemption, including full exemption (e.g., 0% tax) and/or partial exemption (1.5% to 2.5% tax).
- For the smaller share of tested scenarios that **do** generate a positive return-on-cost, waiving the ULA tax is not needed to help the projects achieve a target IRR threshold, provided the project is held for eight years prior to sale.

Comparative Impact of Specified Exemption Periods

For tested scenarios that **do not** generate a positive return-on-cost (most residential and all nearly all commercial scenarios) there is no exemption or holding period (e.g., 7, 10, or 15 years) in which a target IRR can be achieved, even when exempting the ULA tax in full.

- For tested scenarios that **do** generate a positive return-on-cost under current market conditions, projects can likely achieve a target IRR threshold assuming the full ULA tax if held for eight (8) years.

New Construction and Substantial Rehabilitation

Extending a ULA tax exemption to projects undergoing “substantial rehabilitation” would potentially apply to a much larger set of sales than an exemption for newly-constructed projects alone.

- “Substantial rehabilitation” is not defined in the Council Motion; however, for the purposes of this study and without further clarification, it **could** include a potentially wide range of activities, from new-roof-replacement at the lower end to a full-scale adaptive reuse project.
- If a ULA tax break were extended to projects of 10 years old or more so long as substantial rehabilitation activities were completed, this would apply to the vast majority, or 82.6 percent of multifamily units in the ULA sample that would otherwise have paid the ULA tax.
- Cash-flow analysis was not performed to analyze the extent to which a specific exemption period might be needed to incentivize the substantial rehabilitation of multifamily projects.

SALES TRANSACTIONS SUBJECT TO ULA TAX

The following section analyzes multifamily and commercial sales transactions subject to the ULA tax, covering a 33 month period from ULA implementation in April 2023 through December 2025. Eligible transactions were sourced first from CoStar based on screening criteria such as sale price and sales/purchaser type (e.g., non-profit).³ Metrics such as cap rate, holding period, developer type (e.g., regional, national, REIT, non-profit), and other factors are included for most sales transactions. The CoStar sales data was cross-tabbed and augmented utilizing Property Radar data associated with actual ULA sales transactions.

Multifamily Transactions

The ULA sample includes 190 multifamily transactions that were subject to the ULA tax over the 33-month analysis period, comprising approximately 13,216 units.⁴ Key findings are shown in Table 1 below.

Table 1: Characteristics of MF Transactions subject to ULA Tax, April 2023–Dec. 2025

	All Transactions	All Projects 4 to 49 units	All Projects 50+ units
Number of Projects	190	121	69
Number of Units	13,216	3,400	9,816
Med. Units per Project	40	27	103
Med. Year Built	1970	1968	1972
Sale Price (Median)	\$9,300,000	\$7,500,000	\$26,700,000
Sale Price per Unit (Median)	\$314,000	\$328,625	\$293,487
Med. End Cap Rate (%)	5.47	5.39	5.51

Note: Exit cap rates provided for 124 of 190 projects (65.3 percent). Excludes government, and non-profit buyer transactions.

Sources: CoStar, 2025; BAE, 2025.

- The median size of a ULA multifamily transaction was approximately 40 units. The smallest transaction involved 7 units, while the largest involved 525 units.
- The median year-built of multifamily transactions subject to the ULA tax was 1970. The oldest project sold was built in 1913, and the newest was built in 2024.

³ Include sales transactions valued at \$5,000,000 between April 2023 and June 29, 2024; \$5,150,000 between June 20, 2024, and June 29, 2025; and \$5,300,000 from June 30, 2025, through December 31, 2025 occurring within the City of Los Angeles. Excludes sales associated with government entities and some non-profits.

⁴ At least five transactions included more than one building; however, the ULA tax is collected at the transaction level, so single and multiple sale transactions were consolidated.

- The median sale price was approximately \$9.3 million, or \$314,000 per unit. The largest sales transaction was \$284 million, followed by \$186 million and \$180 million.
- The median exit capitalization rate was 5.47 percent, as reported by approximately 65 percent of transactions. Capitalization rates play an important role in financial feasibility.

Share of Recent Building Activity Subject to ULA Tax

Analyzing the share of ULA sales attributable to projects with a recent C/O may help contextualize the impact that an exemption on new construction might have. The ULA database isolates the share of multifamily sales transactions attributable to builders with shorter holding periods.

- Thirteen (13) ULA transactions including 1,146 multifamily units occurred in buildings that were seven-years-old or less.
- The median project size for such newer buildings was approximately 33 units, slightly less than the median project size for all building ages (40 units).
- The median sale price for multifamily projects in newer buildings was approximately \$13.8 million, or \$445,000 per unit. This is notably higher than the \$9.3 million sales price for all building ages.

Table 2: MF Transactions w/ Recent C/O (7-yr) subject to ULA Tax, April 2023–Dec. 2025

	Transactions w/ Recent CofO	All Transactions
Number of Projects	13	190
Number of Units	1,146	13,216
Med. Units per Project	33	40
Med. Year Built	2019	1970
Sale Price (Median)	\$13,795,000	\$9,300,000
Sale Price per Unit (Median)	\$445,000	\$314,000
Med. End Cap Rate (%)	5.21	5.47

Note: Exit cap rates provided for 124 of 190 projects (65.3 percent).
 For transactions with a recent C/O, seven of 13 projects provided exit cap rates.
 Sources: CoStar, 2025; BAE, 2025.

In a given year, a relatively small percentage of ULA sales were attributed to projects with a recent C/O. In 2025, for example, 163 multifamily units located in projects with a recent C/O (7 years) traded hands and were subject to the ULA tax. This represents 0.22 percent

of the 75,001 total multifamily units that were constructed over the corresponding time period. In 2024, the share was 1.31 percent.

Table 3: Share of ULA-Eligible Units Sold Attributable to Recently-Built Projects

Sale Period	Period CofO Received	MF Units Built Sample Period	Total MF Units Sold in Sample	Annual Share
2025	Built Jan. 2019 to Dec. 2025	75,001	163	0.22%
2024	Built Jan. 2018 to Dec. 2024	73,955	970	1.31%
Apr. to Dec. 2023	Built Apr. 2017 to Dec. 2023	70,279	13	0.02%

Sources: CoStar, 2025; BAE, 2025

Commercial Transactions

The ULA sample also includes 293 commercial transactions that were subject to the ULA tax, comprising approximately 12.1 million square feet.

- The median sale price for ULA commercial transactions was approximately \$9.2 million, nearly identical to the median sales price for multifamily transactions.
- The median size for all ULA commercial transactions was approximately 23,486 square feet.
- The median exit capitalization rate was 6.90 percent, as reported by approximately 20.5 percent of the transactions. This is higher than the 5.47 percent cap rate reported by multifamily projects, signaling increased risk.

Table 4: Commercial Transactions w/ Recent C/O (7-yr) Subject to ULA Tax

	Transactions w/ Recent CofO	All Transactions
Number of Projects	10	293
Total Building Area (sf)	1,103,642	12,068,125
Med. Building Area (sf)	111,686	23,486
Med. Year Built	2020.5	1973
Sale Price (Median)	\$32,465,000	\$9,200,000
Sale Price psf (Median)	\$513	\$389
Med. End Cap Rate (%)	-	6.90

Note: Exit cap rates provided for 60 of 293 projects (20.5 percent).

Sources: CoStar, 2025; BAE, 2026.

Share of Recent Commercial Building Activity Subject to ULA Tax

Approximately 90.9 percent of rentable commercial building area subject to the ULA tax occurred in buildings that were more than seven (7) years old.

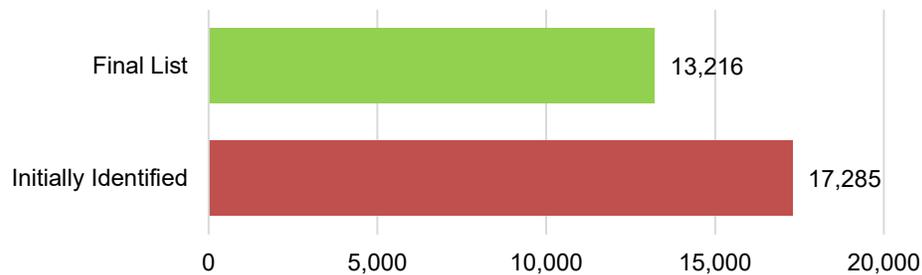
- The median project size for such newer buildings was approximately 111,686 sf, higher than the median project size for all building ages (23,486 sf).
- The median sale price for projects in newer buildings was approximately \$32.5 million, or \$513/sf. This is notably higher than the \$9.2 million sales price for all building ages.

“Pre-ULA” Period

There are several challenges to analyzing how the ULA tax may have impacted development and transaction activity in the City of Los Angeles during a “pre-ULA period.” These include predicting eligible ULA sales, even when filtering for price, buyer/seller type, non-profit status, and other factors.

As part of the ULA Sales Analysis, after removing duplicate and exempted properties, as well as adding properties not captured initially by CoStar analysis, the number of *actual* multifamily unit transactions subject to the ULA tax dropped by 4,069 units, or 23.5 percent, as shown in Figure 3.

Figure 3: Initially Identified vs Final List of Multifamily Units Subject to ULA Tax



Source: BAE, 2026

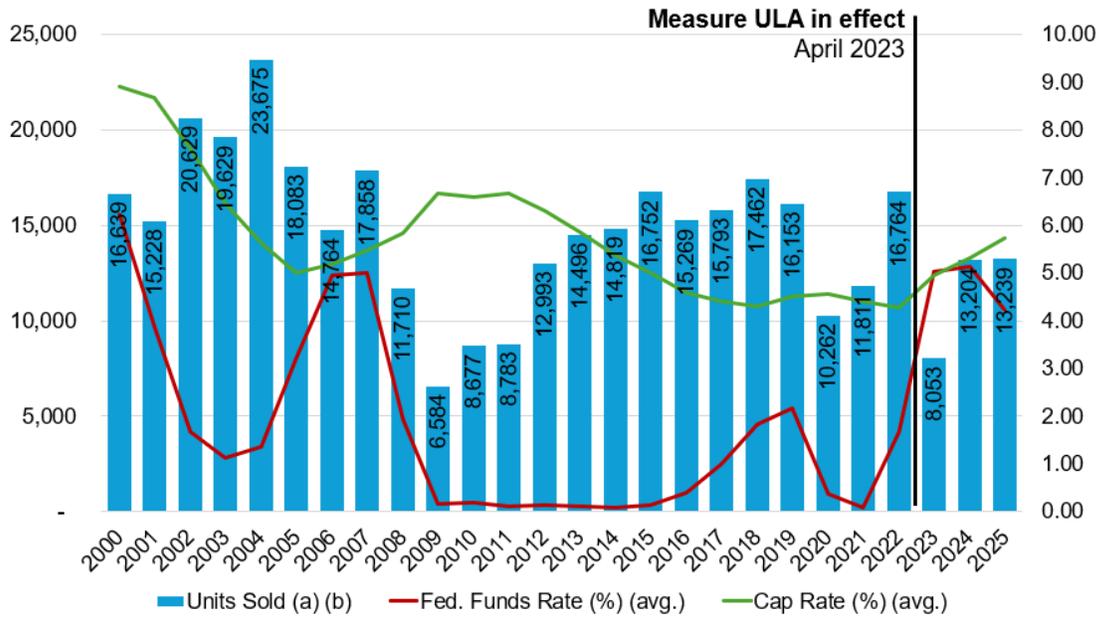
Selecting a representative pre-ULA period, either in isolation or on a rolling basis, is another challenge.

A pre-ULA period immediately prior to ULA implementation, spanning from July 2020 to March 2023, for example, provides continuity but also includes several market distorting impacts.

Figure 4 estimates of the number of multifamily units sold each year in the City of Los Angeles over the past 25 years,⁵ overlaid with the monthly Federal Funds Rate (FFR)⁶ and the local capitalization rate.

For 20 months of the 33 month period prior to ULA implementation, the Federal Funds Rate (FFR) rate was set to near zero in response to economic fallout from COVID-19. Between March 2022 to March 2023, the Federal Reserve increased the FFR from zero to roughly 4.75–5.00 percent, one of the fastest tightening cycles in modern history. This rapid increase sharply raised borrowing costs for commercial real estate loans and contributed to a significant decline in investment sales activity, as buyers and sellers struggled to adjust to the new financing environment.

Figure 4: Estimated Number of MF Units Sold Annually in City of LA, 2000-2025



Notes:

(a) Estimated number of units sold calculated by dividing the total sales volume (\$ spent) by the average sale price per unit, as reported by CoStar.

(b) Data represents market-rate and mixed-income multifamily rental properties with 5+ units in the City of Los Angeles, as tracked by CoStar. The data excludes properties that are 100% affordable and that have fewer than five units.

Sources: CoStar, 2025.

⁵ This estimate includes sales in all market-rate and mixed-income multifamily properties, including those under \$5 million, as well as sales that may have been exempt from the ULA tax based on factors such as buyer status (e.g., non-profit, government entities) and other factors.

⁶ Monthly Federal Funds Rate (FFR) is the target interest rate set by the Federal Reserve, which influences the cost of borrowing for banks and the cost of construction loans for developers.

FINANCIAL FEASIBILITY ANALYSIS

The financial feasibility section analyzes the potential impact of factors such as the ULA tax rate, holding/exemption period, asking rents, capitalization rates, and other factors on a project's financial feasibility. The analysis utilizes static pro-formas and discounted cash flows, which are used by developers, lenders, and investors to estimate value and returns over a specified holding period. Pro-formas and assumptions can be found in the Appendix.

Static Feasibility Analysis

The static feasibility analysis represents the first phase of financial feasibility analysis, when “go” and “no-go” development decisions are made. This static feasibility phase produces metrics including return-on-cost, which equals capitalized project value minus total development cost divided by total development cost.

While the impact of the ULA tax is analyzed at the cash flow level (see next section), it is not incorporated directly into the static pro-forma. The ULA tax is harder to isolate in a static pro-forma because the tax is triggered only at sale, which can occur several years after development and depends on the property's future value. This is not to suggest that the ULA tax does not introduce factors that could affect project feasibility in a static pro-forma. To the extent the tax reduces expected exit valuations, some projects may require additional equity, and certain equity investors may reduce their participation in projects subject to the tax over a certain adjustment period.

Cash Flow Feasibility Analysis

The discounted cash flows produce key return measures including unleveraged internal rate of return (IRR) over a specified holding period, and **do** include the impact of the ULA tax. For the purposes of the cash-flow analysis, the full ULA tax of 5.50 percent is deducted from the assumed sale price and paid fully by the developer, thus reducing the net sales proceeds.

The assumed sales price is based on the project value at stabilization, which is calculated by dividing the property's net-operating-income (NOI) by the assumed exit capitalization rate. An unleveraged IRR that exceeds the exit cap rate by 200 basis points or more is considered to meet a “target return”.

Development Scenarios

Several hypothetical development scenarios are tested for financial feasibility. Development scenarios are based in part on projects identified in the ULA Sales Analysis. The Wilshire CPA is used as a case study, in part due to its comparatively large share of new development activity in the City of LA.⁷ The development scenarios do not attempt to cover the full universe of multifamily development across the City. Rather they are intended to illustrate the relative impact of possible interventions to help policymakers better understand the implications of changes to the law.

Multifamily Projects

- **Medium-Sized (32-unit) Non-Incentive Utilizing Project**
Hypothetical 32-unit project located on 0.30 acres in an R4-1 zone, based in part on median project size (33 units) for multifamily projects with a recent C/O that paid the ULA tax.
- **Larger (90-unit) Incentive-Utilizing Project**
Hypothetical 90-unit project located on 0.50 acres in a C-2 zone, based in part on median project size (103 units) for all multifamily projects that paid the tax in buildings with 50 units or more.

Development scenarios also vary by asking rent, based on recently-built projects in the Wilshire CPA, benchmarked against the larger City of Los Angeles.⁸

- **50th percentile CPA rents:** Includes asking rents of \$3.71/sf, or \$3,298 per month, based on the unit mix and average unit size of a non-incentive-utilizing project. This also equates to 50th percentile asking rents in the City of Los Angeles (\$3.60/sf), providing one possible proxy for a median citywide scenario.
- **75th percentile CPA rents:** Includes asking rents of \$4.76/sf, or \$3,342 per month, based on the unit mix and average unit size of an incentive-utilizing project. This equates to 85th percentile asking rents for City of Los Angeles (\$4.83/sf).
- Situated in between are 66th percentile asking rents for the City of LA, applied to the Wilshire CPA geography. This includes asking rents of \$3.93/sf, or \$2,758 per month, based on the unit mix and average unit size of an incentive-utilizing project.

⁷ 3,111 units in the Wilshire CPA are classified as under construction by CoStar, representing 26.4 percent of the 11,770 unit total across the City (includes market-rate and mixed-income projects only).

Figure 5: Summary of Development Scenarios

	Wilshire CPA		Citywide	Wilshire CPA	
	50th percentile	66th percentile		75th percentile	75th percentile
Local Rent per sf (a)	\$3.71	\$3.93		\$4.76	\$4.76
Description	Medium-Project	Larger-Project		Larger-Project	Medium-Project
Residential Units (#)	32	90		90	32
Uses Incentives?	No	Yes		Yes	No
Avg. Unit Size (sf, net)	889	702		702	913
Avg. Rent/unit/month	\$3,298	\$2,758		\$3,342	\$4,391
Site Size (acres)	0.30	0.50		0.50	0.30
Zoning	R4-1			C2-1	R4-1
Affordable Units (#)	0	9		9	0
Gross Building Area (sf)	33,193	71,761		71,761	33,193
Parking Ratio	0.80	0.80		0.80	1.25

Notes:
 (a) Wilshire CPA percentiles based on 13,457 units in 276 projects built from 2019-2026. Citywide percentiles based on 61,106 units in 1,483 projects from 2019-2026.
 Source: CoStar, 2026; BAE, 2026.

Figure 6: Asking Rents per sf, Multifamily Projects in City of LA, Q1 2026



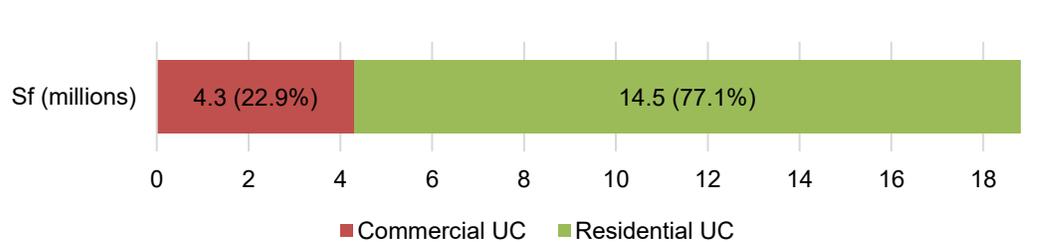
Sources: CoStar, 2026; BAE, 2026.

Commercial Projects

Residential construction activity in the City of Los Angeles currently far exceeds commercial construction activity. Approximately 4.3 million square feet of net leasable commercial space is currently classified as under construction according to CoStar (Figure 7). This compares to approximately 18,107 multifamily units, or 14.5 million square feet of net leasable residential space classified as under construction.⁹

⁹ Assumes average unit size of 800 square feet based on sample and includes all unit types, including market-rate, mixed-income, and 100% affordable projects under construction.

Figure 7: Multifamily Residential vs Commercial sf Under Construction, Q1 2026



Sources: CoStar, 2026. BAE, 2026.

The largest commercial “subtype” currently under construction is office space (1.86 million sf); followed by specialty space (1.13 million sf) and industrial/logistics (527,000 sf). However, it is likely that some office space classified as under construction is no longer active, with some building permits issued as far back as 2019.¹⁰

20,000 sf Retail Project: To this end, the commercial scenario consists of a hypothetical 20,000 sf project located on 0.50 acres in a commercial zone. The project would include a single-story of retail/flex space with surface parking.

Excluded Projects

Excluded from the analysis are new multifamily development scenarios that might be exempt from the ULA tax, such as:

- **New units in 100% affordable housing projects** (e.g., non-profit entity, Community Land Trust, or Limited-Equity Housing Cooperative) that are purchased by a qualified nonprofit affordable housing organization or government entity.
- **Small Projects with 10 or fewer units:** The median sales price for newly-built multifamily projects paying the ULA tax was \$451,000 per unit. Assuming a higher sales price of \$500,000 per unit, a ten unit-building that transacted in 2026 would likely be exempt from paying the ULA tax, based on the assumed sales price of \$5,000,000.

Static Financial Feasibility

Key findings from the static pro-forma analysis include the following:

¹⁰ Office vacancies across the City of Los Angeles remain elevated, and have continued to trend upward in recent years. Conventional construction financing is currently difficult to obtain for ground-up office construction, significantly impacting feasibility.

- Studied multifamily projects with asking rents in the 50th percentile for the Wilshire CPA are not likely feasible based on static pro-forma analysis. The project generates a negative-return-on-cost, assuming existing market conditions including land prices, construction and financing costs, cap rates, and other factors. They are also likely infeasible whether or not the full ULA tax is paid, based on cash flow analysis.
- Studied multifamily projects with asking rents in the 75th percentile for the Wilshire CPA generate a positive return-on-cost based on static pro-forma analysis. These are the type of projects that are more likely to move forward.

Table 5: Summary of Financial Feasibility by Scenario, Static Pro-Forma

	Medium-Project 50th percentile	Larger-Project 66th percentile	Larger-Project 75th percentile	Medium-Project 75th percentile
Location	Wilshire CPA	City of LA	Wilshire CPA	Wilshire CPA
Asking Rent per sf (a)	\$3.71	\$3.93	\$4.76	\$4.76
Residential Units (#)	32	90	90	32
Capitalized Value	\$14,032,462	\$33,401,608	\$36,776,402	\$18,741,850
Total Dev Cost (TDC)	\$15,865,923	\$36,276,801	\$35,393,656	\$17,337,789
Return-on-Cost	(\$1,833,460)	(\$2,875,193)	\$1,382,746	\$1,404,061
Return-on-Cost (%)	-11.56%	-7.93%	3.91%	8.10%

>>>> Continuum of Feasibility >>>>

Note:

(a) Wilshire CPA percentiles based on 13,457 units in 276 projects built from 2019-2026.

Citywide percentiles based on 61,106 units in 1,483 projects built from 2019-2026.

Capitalized value calculated by dividing the property's net-operating-income (NOI) by the assumed exit capitalization rate, which is 5.47 percent.

Source: CoStar, 2026; BAE, 2026.

Impact of Holding Period

Figure 8 analyzes the comparative impact of the ULA tax on a project's unleveraged IRR by holding period assuming the **full ULA tax is paid** based on cash flow analysis.

- For studied projects with asking rents in the 75th percentile for the Wilshire CPA, achieving a target IRR threshold (e.g., 200 basis points above the cap rate) is possible assuming the full ULA tax if held for 8 years or longer. These scenarios are shown in bold.
- For projects with asking rents in the 50th percentile for the Wilshire CPA (also roughly corresponding with 50th percentile rents Citywide), there is no studied exemption period in which a target IRR threshold can be achieved.
- For larger projects with asking rents in the 66th percentile for the City of LA, there is no studied exemption period in which a target IRR threshold can be achieved.

Figure 8: Full ULA Tax: Unleveraged IRR by Possible Holding / Exemption Period

	5	7	8	10	11	12	13	14	15
<i>Wilshire 75th percentile rents</i>									
Medium Project	6.63%	7.24%	7.50%	7.69%	7.78%	7.86%	7.93%	7.98%	8.03%
<i>Citywide 66th percentile rents</i>									
Larger Project	3.63%	4.96%		5.97%					6.53%
<i>Wilshire 50th percentile rents</i>									
Medium Project	2.52%	4.13%		5.34%					6.27%
Commercial Project		-5.09%							

Notes: Figures shown in bold meet threshold of 200 basis points above the exit cap rate of 5.47 percent, or 7.47 percent.

Sources: CoStar, 2025; BAE, 2026

Impact of Providing a Full ULA Tax Exemption

Figure 9 analyzes the comparative impact that providing a full ULA tax exemption might have on a project’s unleveraged internal rate of return (IRR) by holding period.

- For multifamily projects with rents in the 50th percentile for the Wilshire CPA (also corresponding with 50th percentile rents Citywide), waiving the ULA tax alone is not sufficient to help achieve a target return threshold for any tested exemption period.
- For multifamily projects with rents in the 66th percentile Citywide, waiving the ULA tax alone is not sufficient to help achieve a target return threshold for any tested exemption period.
- Eliminating the ULA tax does not help either scenario achieve a target IRR threshold.

Figure 9: Impact of Exempting ULA Tax in Full by Holding Period

	5	6	7	10	11	12	13	14	15
<i>Wilshire 75th percentile rents</i>									
Medium Project	7.77%								
Larger Project	7.45%	7.64%	7.77%						
<i>Citywide 66th percentile rents</i>									
Larger Project	4.65%		5.67%	6.42%	6.58%	6.72%	6.83%	6.93%	7.01%
<i>Wilshire 50th percentile rents</i>									
Medium Project	3.54%		4.83%	5.80%					6.54%
Commercial Project			-4.46%						

Notes: Figures shown in bold meet threshold of 200 basis points above the exit cap rate of 5.47 percent, or 7.47 percent.

Sources: CoStar, 2025; BAE, 2026.

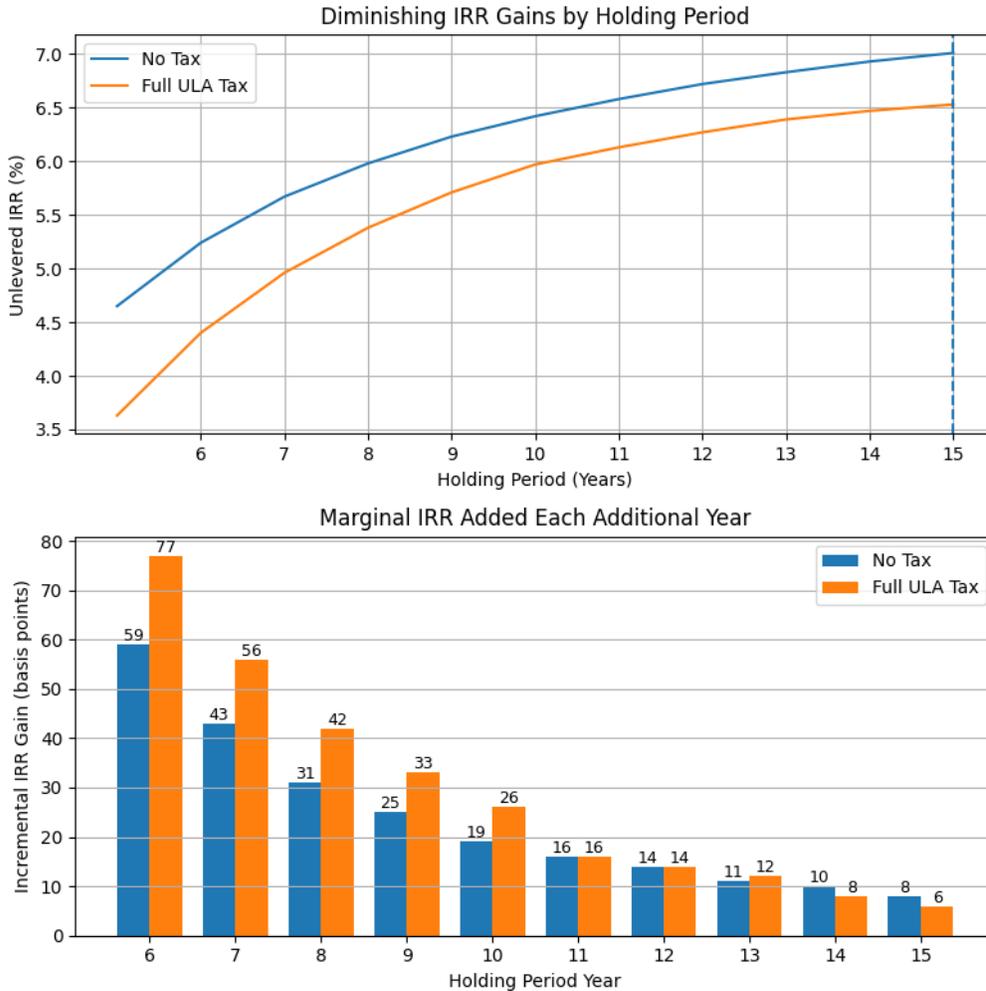
Magnitude of Incremental Impact

Figure 10 below illustrates how unleveraged IRR increases most rapidly during the earlier holding period years.

In the case of the multifamily scenario with rents in the 66th percentile paying the full ULA tax (shown in orange), unlevered IRR rises by about 77 basis points from year 5 to 6. Incremental IRR gains drop quickly thereafter, rising by 26 basis points between years 9 and 10; and by single digits (six basis points) between years 14 and 15.

The multifamily scenario paying the full ULA tax shows larger increases in incremental IRR early on because the tax is a one-time cost realized at sale.

Figure 10: Relationship between Holding Period and Marginal IRR Increment



Sources: CoStar, 2025; BAE, 2026,

Comparative Impact of Other Factors

Table 6 analyzes impact of larger macroeconomic forces not directly related to the ULA tax impacting financial feasibility; specifically, the role that the capitalization rate has on a project's unleveraged IRR.

The exit cap rate utilized in the cash-flow pro-formas is 5.47 percent, as reflected in rates analyzed for multifamily sales in the ULA sample. Capitalization rates are at historic highs, both in the City of Los Angeles as well as other urban markets, impacting project valuations. When cap rates rise, the price investors are willing to pay for the same income falls, reducing project feasibility and development activity. This analysis applies the historical average cap rate of 4.73 percent over the most recent ten-year period.¹¹

- For projects with rents in the 50th percentile for the Wilshire CPA, the impact of an improved cap rate has a larger impact than the reduction/elimination of the ULA tax.
- A reduced exit cap rate alone increases unlevered IRR by 193 basis points, assuming a seven year holding period.
- By contrast, the exemption of the ULA tax rate alone increases unlevered IRR by 70 basis points, assuming the same holding period.

Table 6: Impact of Reduced Exit Cap Rate by Holding Period

	5	6	7	8	9	10	15
<i>Wilshire 50th percentile rents</i>							
Medium Project	5.32%	5.75%	6.06%	6.29%	6.47%	6.61%	7.04%
<i>BP increase from Cap Rate Reduction alone</i>							
	280	229	193	166	144	127	76
<i>BP increase from ULA Tax Exemption alone</i>							
	102	83	70	60	52	46	27

Sources: CoStar, 2025; BAE, 2025

¹¹ Based on quarterly data for multifamily projects in the City of LA from Q1 2016 to Q1 2026.

Cumulative Impact of ULA Tax Exemption

New Starts Not Likely Directly Assisted

- Multifamily Units in 100% Affordable Projects¹²
 - In a given year in the City of Los Angeles, the share of multifamily units under construction in 100% Affordable Projects has historically ranged from 20 to 30 percent.
- Multifamily Units in Projects with fewer than 10 units
 - The share of multifamily units currently under construction in projects with fewer than 10 units was approximately 5.6 percent as of Q1 2026.¹³
- Commercial Projects
 - The share of commercial building area under construction represents approximately 22.9 percent of new commercial and multifamily space combined. Commercial projects do not generate a positive return-on-cost, and a ULA tax exemption alone is unlikely to directly spur new development under current market conditions.

New Starts Potentially Directly Assisted

- Multifamily Starts in Projects with Shorter Holding Periods
 - Approximately 17.4 percent of multifamily unit sales occurred in properties with a holding period of 10 years or less. Annualized, this suggests that approximately 6.3 percent of such multifamily unit sales could be expected to trade in a typical year, assuming transactions are evenly distributed over time.
 - However, only a small subset of these transactions are likely to fall within the asking rent percentile bands where a Measure ULA exemption could meaningfully affect project feasibility.
- Multifamily Starts in Projects with Medium-High Asking Rents
 - For multifamily projects with rents around the 66th percentile Citywide, waiving the ULA tax alone is not likely sufficient to help projects achieve a target return threshold, even assuming a 15 year holding period.
 - A narrower band of projects with somewhat higher asking rents (e.g., ranging between the 67th and the 80th percentile) may be closer to

¹² Unless the buyer is not a qualified nonprofit affordable housing organization or government entity.

¹³ Based on an analysis of LADBS data for active multifamily building permits, including those with a building permit issued 2022 or later, and *without* an issued C/O.

financial feasibility, where a Measure ULA exemption could help close the return gap.

- A small share of multifamily projects within this range, however, are likely to have holding periods that would benefit from the ULA tax exemption. As a result, the number of multifamily starts that could be expected to respond to a ULA tax exemption in a given year is likely to be limited relative to the overall development pipeline.

APPENDIX: ASSUMPTIONS AND METHODOLOGY

Hard Costs: Hard cost assumptions are based on information provided by local developers, as well as other studies conducted during the past year. The study also relies on published sources such as RSMeans, as well as BAE’s experience with recent projects in Southern California to cross-check the information provided by developers. BAE included parking as a separate cost item to estimate the specific cost of building parking.

Soft Costs: This analysis assumes that soft costs are equal to approximately 15 percent of hard costs. This soft cost estimate includes engineering, architecture, and CEQA costs, as well as City cost-recovery fees for planning, permitting, and entitlements.

Financing Costs: This analysis assumes a 7.0 percent interest rate on construction loans, or 300 basis points above the Secured Overnight Financing Rate (SOFR) in December 2025, as well as loan fees equal to 2.0 percent of the loan amount. These assumptions are consistent with information provided by developers interviewed for this study as well as BAE’s experience with recent projects in the region.

Rental Revenue: This analysis utilizes rental rates for market-rate units as shown below, with some variation in rent per square foot based on unit size. Asking rents are based on 276 projects and 13,457 units built from 2019-2026 in the Wilshire CPA; Citywide rents are based on 1,483 projects and 61,106 units built from 2019-2026 across the City.

Table 7: Asking Rent Assumptions, Wilshire CPA and City of Los Angeles

Wilshire CPA		
Percentile	Per Unit	PSF
25th	\$2,550	\$3.37
50th	\$3,066	\$3.71
75th	\$3,790	\$4.76
City of LA		
Percentile	Per Unit	PSF
25th	\$2,594	\$3.12
50th	\$3,117	\$3.60
66th	\$3,566	\$3.93

Note: Wilshire CPA percentiles based on 13,457 units in 276 projects from 2019-2026. Citywide percentiles based on 61,106 units in 1,483 projects from 2019-2026. Source: CoStar, 2026; BAE, 2026.

Land Value Assumptions Land valuation assumption data is based on commercial sales data within the Wilshire CPA as pulled by CoStar, as shown in the table below.

Table 8: Land Price per Acre in Wilshire CPA by Underlying Zone, 2022-2025

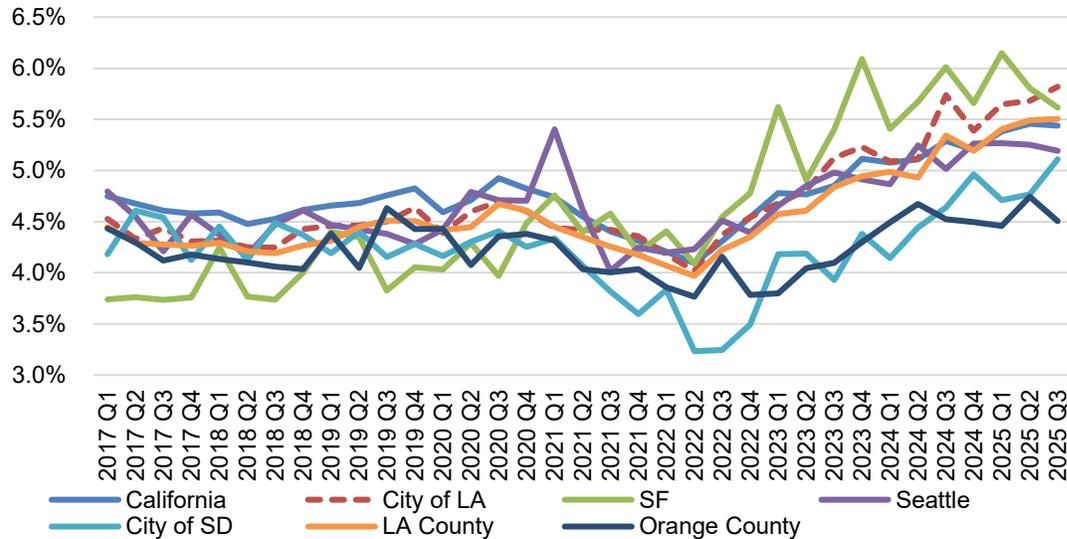
R-4	\$ 8,976,504
C-2	\$ 10,909,091

Note: Includes 10 transactions associated with R-4 zoning, and 11 transactions associated with C-2 zoning.
Sources: CoStar, 2025; BAE, 2026.

Cap Rate: For new multifamily projects, the analysis assumes an exit cap rate of 5.47 percent, as reflected in rates analyzed for multifamily sales in the ULA sample. This represents a higher cap rate than has been observed historically in the City of Los Angeles, which was 4.73 percent over the most recent ten-year period, as reported by CoStar. For new commercial projects, the analysis assumes an exit cap rate of 7.0 percent

Note that cap rates are volatile and subject to change. Figure 11 compares historical cap rates across multiple jurisdictions including the City of Los Angeles; Los Angeles County (excluding the City of LA); Orange County; and the cities of San Francisco, Seattle, and San Diego.

Figure 11: Multifamily Cap Rates by City, 2017 to 2025



Source: CoStar, 2025; BAE, 2025

IRR Threshold: The discount rate for the cash flows assumes 200 basis points over the cap rates noted above. The cash flow analyses utilize unleveraged returns as the baseline feasibility metric. Unleveraged returns receive particular attention from appraisers and institutional investors.

Cash-Flow Pro-Formas

Figure 12: Med-Sized Scenario Wilshire CPA Asking Rents in 75th percentile, 10-year holding period, Full ULA Tax

Year		Predevelopment	1	2	3	4	5	6	7	8	9	10
Income												
Gross Potential Rental Income			\$1,674,330	\$1,724,560	\$1,776,297	\$1,829,586	\$1,884,473	\$1,941,007	\$1,999,238	\$2,059,215	\$2,120,991	\$2,184,621
Vacancy Year 1	35%		(\$586,016)	(\$86,228)	(\$88,815)	(\$91,479)	(\$94,224)	(\$97,050)	(\$99,962)	(\$102,961)	(\$106,050)	(\$109,231)
Vacancy Stabilized (Res)	5%		\$1,088,315	\$1,638,332	\$1,687,482	\$1,738,106	\$1,790,250	\$1,843,957	\$1,899,276	\$1,956,254	\$2,014,942	\$2,075,390
Effective Gross Income (EGI)												
Expenses												
Management Fee	3%		\$32,649	\$49,150	\$50,624	\$52,143	\$53,707	\$55,319	\$56,978	\$58,688	\$60,448	\$62,262
Operating Expenses	30%		\$326,494	\$517,368	\$532,889	\$548,876	\$565,342	\$582,302	\$599,771	\$617,764	\$636,297	\$655,386
Reserves	3%		<u>\$32,649</u>	<u>\$51,737</u>	<u>\$53,289</u>	<u>\$54,888</u>	<u>\$56,534</u>	<u>\$58,230</u>	<u>\$59,977</u>	<u>\$61,776</u>	<u>\$63,630</u>	<u>\$65,539</u>
Total Expenses			\$391,793	\$618,255	\$636,802	\$655,906	\$675,584	\$695,851	\$716,727	\$738,228	\$760,375	\$783,187
NOI (Net Operating Income)			\$696,521	\$1,020,077	\$1,050,679	\$1,082,200	\$1,114,666	\$1,148,106	\$1,182,549	\$1,218,026	\$1,254,566	\$1,292,203
Hold Period (Years) 10												
Exit Cap Rate	5.47%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,623,460
Cost of Sales (Excluding	2.0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$472,469)
Cost of ULA	5.50%		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,299,290)</u>
Net Sales Proceeds			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,851,700
Net Cash Flow Before Debt		(\$17,734,837)	\$696,521	\$1,020,077	\$1,050,679	\$1,082,200	\$1,114,666	\$1,148,106	\$1,182,549	\$1,218,026	\$1,254,566	\$23,143,904
Discount Rate	7.00%											
Net Present Value	\$881,364											
Unlevered IRR	7.69%											
Yield on Cost (Unlevered Return on Equity)			3.9%	5.8%	5.9%	6.1%	6.3%	6.5%	6.7%	6.9%	7.1%	130.5%

Sources: CoStar, 2025; BAE, 2025.

Figure 13: Med-Sized Scenario, Wilshire CPA Asking Rents in 50th percentile, 10-year holding period, Full ULA Tax

Year		Predevelopment	1	2	3	4	5	6	7	8	9	10
Income												
Gross Potential Rental Income			\$1,262,460	\$1,300,334	\$1,339,344	\$1,379,524	\$1,420,910	\$1,463,537	\$1,507,443	\$1,552,667	\$1,599,247	\$1,647,224
Vacancy Year One / Stabilized	35%	5%	(\$441,861)	(\$65,017)	(\$66,967)	(\$68,976)	(\$71,045)	(\$73,177)	(\$75,372)	(\$77,633)	(\$79,962)	(\$82,361)
Effective Gross Income (EGI)			\$820,599	\$1,235,317	\$1,272,377	\$1,310,548	\$1,349,864	\$1,390,360	\$1,432,071	\$1,475,033	\$1,519,284	\$1,564,863
Expenses												
Management Fee	3%		\$24,618	\$37,060	\$38,171	\$39,316	\$40,496	\$41,711	\$42,962	\$44,251	\$45,579	\$46,946
Operating Expenses	30%		\$378,738	\$390,100	\$401,803	\$413,857	\$426,273	\$439,061	\$452,233	\$465,800	\$479,774	\$494,167
Reserves	3%		\$37,874	\$39,010	\$40,180	\$41,386	\$42,627	\$43,906	\$45,223	\$46,580	\$47,977	\$49,417
Total Expenses			\$441,230	\$466,170	\$480,155	\$494,559	\$509,396	\$524,678	\$540,418	\$556,631	\$573,330	\$590,530
NOI (Net Operating Income)			\$379,369	\$769,147	\$792,222	\$815,989	\$840,468	\$865,682	\$891,653	\$918,402	\$945,954	\$974,333
Hold Period (Years) 10												
Exit Cap Rate	5.47%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,812,303
Cost of Sales (Excluding ULA)	2.0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$356,246)
Cost of ULA	5.5%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$979,677)
Net Sales Proceeds			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,476,380
Net Cash Flow Before Debt		(\$15,865,923)	\$379,369	\$769,147	\$792,222	\$815,989	\$840,468	\$865,682	\$891,653	\$918,402	\$945,954	\$17,450,713
Discount Rate	7.00%											
Net Present Value		(\$1,793,359)										
Unlevered IRR	5.34%											
Yield on Cost (Unlevered Return on Equity)			2.4%	4.8%	5.0%	5.1%	5.3%	5.5%	5.6%	5.8%	6.0%	110.0%

Sources: CoStar, 2025; BAE, 2025.

Figure 14: Med-Sized Wilshire CPA 50th percentile, 15 year holding period, NO ULA Tax

Year		Predevelopment	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Income																	
Gross Potential Rental Income			\$1,262,460	\$1,300,334	\$1,339,344	\$1,379,524	\$1,420,910	\$1,463,537	\$1,507,443	\$1,552,667	\$1,599,247	\$1,647,224	\$1,696,641	\$1,747,540	\$1,799,966	\$1,853,965	\$1,909,584
Vacancy Year One / Stabilized	35%	5%	(\$441,861)	(\$65,017)	(\$66,967)	(\$68,976)	(\$71,045)	(\$73,177)	(\$75,372)	(\$77,633)	(\$79,962)	(\$82,361)	(\$84,832)	(\$87,377)	(\$89,998)	(\$92,698)	(\$95,479)
Effective Gross Income (EGI)			\$820,599	\$1,235,317	\$1,272,377	\$1,310,548	\$1,349,864	\$1,390,360	\$1,432,071	\$1,475,033	\$1,519,284	\$1,564,863	\$1,611,809	\$1,660,163	\$1,709,968	\$1,761,267	\$1,814,105
Expenses																	
Management Fee	3%		\$24,618	\$37,060	\$38,171	\$39,316	\$40,496	\$41,711	\$42,962	\$44,251	\$45,579	\$46,946	\$48,354	\$49,805	\$51,299	\$52,838	\$54,423
Operating Expenses	30%		\$378,738	\$390,100	\$401,803	\$413,857	\$426,273	\$439,061	\$452,233	\$465,800	\$479,774	\$494,167	\$508,992	\$524,262	\$539,990	\$556,190	\$572,875
Reserves	3%		\$37,874	\$39,010	\$40,180	\$41,386	\$42,627	\$43,906	\$45,223	\$46,580	\$47,977	\$49,417	\$50,899	\$52,426	\$53,999	\$55,619	\$57,288
Total Expenses			\$441,230	\$466,170	\$480,155	\$494,559	\$509,396	\$524,678	\$540,418	\$556,631	\$573,330	\$590,530	\$608,246	\$626,493	\$645,288	\$664,646	\$684,586
NOI (Net Operating Income)			\$379,369	\$769,147	\$792,222	\$815,989	\$840,468	\$865,682	\$891,653	\$918,402	\$945,954	\$974,333	\$1,003,563	\$1,033,670	\$1,064,680	\$1,096,620	\$1,129,519
Hold Period (Years)			15														
Exit Cap Rate	5.47%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,649,341
Cost of Sales (Excluding ULA)	2.0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$412,987)
Cost of ULA	0.0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Sales Proceeds			\$0	\$0	\$0	\$0	\$20,236,354										
Net Cash Flow Before Debt		(\$15,865,923)	\$379,369	\$769,147	\$792,222	\$815,989	\$840,468	\$865,682	\$891,653	\$918,402	\$945,954	\$974,333	\$1,003,563	\$1,033,670	\$1,064,680	\$1,096,620	\$21,365,873
Discount Rate	7.00%																
Net Present Value		(\$698,911)															
Unlevered IRR	6.54%																
Yield on Cost (Unlevered Return on Equity)			2.4%	4.8%	5.0%	5.1%	5.3%	5.5%	5.6%	5.8%	6.0%	6.1%	6.3%	6.5%	6.7%	6.9%	134.7%

Sources: CoStar, 2025; BAE, 2025.

Static Pro-Formas

Figure 15: Med-Sized Scenario, Wilshire CPA Asking Rents in 75th percentile

Site Area		Building			
Site Area, Acres	0.30	Total Floors	4	Parking Ratio	1.25
Site Area, S.F.	12,800	Residential Floors	4	Total Parking Space:	40
Land Assumption/acre	\$8,976,504	Height	61	Gross Res sf	33,193
Land Assumption	\$2,692,951	Density	107	Net Res sf	29,210
Avg. Unit Size (sf)	913				

Unit Size	# Units	Unit Size (sf)	Rent/sf	Rent/Month	Total Annual Rent
Studio	5	540	\$5.50	\$2,970	\$178,200
1	7	780	\$5.00	\$3,900	\$327,600
2	15	970	\$4.75	\$4,608	\$829,350
3	5	1,300	\$4.50	\$5,850	\$351,000
Total	32				\$1,686,150

NOI Calculation		Cost Assumptions			
Gross Potential Rev		\$1,686,150	Hard Cost/sf	\$310	\$10,289,886
Less Vacancy	5%	-\$84,308	Parking/space	\$40,000	\$1,600,000
EGI		\$1,601,843	Total Hard		\$11,889,886
Expenses			Soft Costs (% hard)	15%	\$1,783,483
Management Fee	3%	\$48,055	Subtotal Hard + Soft		\$13,673,369
Op Ex	30%	\$480,553	Construction Loan Fees		\$224,902
Reserves	3%	\$48,055	Construction Loan Interest		\$746,566
Total Expenses		\$576,663	Total Dev Costs (exc. land and profit)		\$14,644,837
NOI		\$1,025,179	Project Value		\$18,741,850
Cap Rate	5.47%	\$18,741,850	(minus) TDC including Land		-\$17,337,789
Low Cap Scenario	4.73%	\$21,673,979	Developer Profit		\$1,404,061
Construction Loan		<u>w/ ULA</u>	ROC %		8.10%
MR Loan-to-Value		60%			
Loan Fees		2%			
Drawdown Factor		65%			
Interest rate		7.00%			
Loan Term (months)		24			

Sources: CoStar, 2025; BAE, 2025

Figure 16: Med-Sized Scenario, Wilshire CPA Asking Rents in 50th percentile

Site Area		Building			
Site Area, Acres	0.30	Total Floors	4	Parking Ratio	0.80
Site Area, S.F.	12,800	Residential Floors	4	Total Parking Space:	26
Land Assumption/acre	\$8,976,504	Height	61	Gross Res sf	32,330
Land Assumption	\$2,692,951	Density	107	Net Res sf	28,450
Avg. Unit Size (sf)	889				

Unit Size	# Units	Unit Size (sf)	Rent/sf	Rent/Month	Total Annual Rent
Studio	5	500	\$4.00	\$2,000	\$120,000
1	7	700	\$3.80	\$2,660	\$223,440
2	15	970	\$3.70	\$3,589	\$646,020
3	5	1,300	\$3.50	\$4,550	\$273,000
Total	32				\$1,262,460

NOI Calculation		Cost Assumptions			
Gross Potential Rev		\$1,262,460	Hard Cost/sf	\$300	\$9,698,864
Less Vacancy	5%	-\$63,123	Parking/space	\$40,000	\$1,024,000
EGI		\$1,199,337	Total Hard		\$10,722,864
Expenses			Soft Costs (% hard)	15%	\$1,608,430
Management Fee	3%	\$35,980	Subtotal Hard + Soft		\$12,331,293
Op Ex	30%	\$359,801	Construction Loan Fees		\$168,390
Reserves	3%	\$35,980	Construction Loan Interest		\$673,289
Total Expenses		\$431,761	Total Dev Costs (exc. land and profit)		\$13,172,971
NOI		\$767,576	Project Value		\$14,032,462
Cap Rate	5.47%	\$14,032,462	(minus) TDC including Land		-\$15,865,923
Low Cap Scenario	4.73%	\$16,227,816	Developer Profit		-\$1,833,460
Construction Loan		<u>w/ ULA</u>	ROC %		-11.56%
MR Loan-to-Value		60%			
Loan Fees		2%			
Drawdown Factor		65%			
Interest rate		7.00%			
Loan Term (months)		24			

Sources: CoStar, 2025; BAE, 2026.

