EXECUTIVE SUMMARY & CONCLUSIONS

A. Project Summary

The Subject (Leisure Terrace Apartments) is located at 1638 E Street, Hayward, Alameda County, California 94541. Currently, the Subject is a 68-unit market rate property, with studio, one, and two-bedroom units. The Subject will be renovated with LIHTC equity with proposed rents at the 2018 maximum allowable limits. The client was unsure of the number of tenants that are anticipated to remain income-qualified post-renovation due to a current lack of mandate for income verification. However, post-renovation it is assumed that some of the existing tenants will be income-qualified.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent
@50%						
1BR / 1BA	700	2	$1,090	$0	$1,090	$1,090
2BR / 2BA	896	4	$1,307	$0	$1,307	$1,307
@60%						
0BR / 1BA	700	3	$1,221	$0	$1,221	$1,221
1BR / 1BA	700	16	$1,308	$0	$1,308	$1,308
1BR / 1BA	800	2	$1,308	$0	$1,308	$1,308
2BR / 2BA	896	41	$1,569	$0	$1,569	$1,569
		68				

Notes (1) According to the developer, all utilities are included in the asking rent.

Overall, the Subject improvements appear in average overall condition. According to the client, the total renovation cost is estimated to be approximately $3,060,000, or $45,000 per unit. According to information provided by the developer, the Subject's scope of renovation will include, but will not be limited to the following: roof replacement, window replacement, stucco repair and exterior paint, landscaping upgrades, concrete repairs, fencing/gate repairs and replacement, pool repairs, renovation of clubhouse, new signage, new kitchen cabinets, new bathroom vanities, new countertops, new appliances, new flooring, new lighting fixtures, new plumbing fixtures, and new door hardware. Post-renovation the Subject will exhibit good condition.

B. Description of Site and Adjacent Parcels

The development is located at 1638 E Street, Hayward, Alameda County, California 94541, within census tract 4364.01, which is not a 2018 or 2019 Qualified Census Tract. The site is 2.7 acres, irregular in shape, slopes downward from south to north, then levels out, zoned High-Density Residential (RH), and has frontage along the north side of E Street.

The Subject is located in the Upper B Street neighborhood in northern Hayward, which is a mixed-use neighborhood primarily consisting of residential, commercial, and recreational uses. Land use to the north of the Subject consists of single-family homes and scattered multifamily developments including Ridgecrest Apartments, all of which are in average condition. Ridgecrest Apartments is a 103-unit market rate development in average condition and is 99 percent occupied; thus, we have utilized it as a rental comparable in our analysis. Land use south is single-family homes in fair to average condition. Land use to the east of the Subject is wooded land, followed by single-family homes in average condition. Further east is the Don Castro Regional Recreation Area. Land uses to the west of the Subject consist of wooded land and single-family homes in average to good condition. Overall, surrounding land uses range in condition from fair to good, with the majority in average condition. According to Zillow.com,

single-family and condominium residences in the Subject's zip code are for sale for between $407,000 and $1,099,950, with a majority between $600,000 and $700,000.

Surrounding land immediately to the north is zoned RH (Medium Density Residential) and RS (Single-family Residential). Land use to the immediate south, east, and west is zoned RS.

C. Primary Market Area

For the purpose of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much "neighborhood oriented" and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents. The primary market area (PMA) for the Subject generally consists of the cities of Hayward, Castro Valley, Ashland, Carpenter, and parts of San Leandro and Union City. The approximate PMA boundaries for the Subject are defined as follows:

North:	Davis Street/Lake Chabot Regional Park
South:	Alvarado Niles Road
East:	Crow Canyon Road, Grove Way, Maud Avenue, Fairview Avenue, and Mission Boulevard
West:	Hesperian Boulevard and Interstate 880 to the west

The PMA boundaries and overall market health assessment are based upon an analysis of demographic and socioeconomic characteristics, target tenant population, political jurisdictional boundaries, natural boundaries, experience of nearby comparable developments, accessibility to mass transit or key transportation corridors and commute patterns, and market perceptions. We recognize several sub-markets exist within this PMA; however, market data demonstrates that a significant amount of the renter base considers housing opportunities within these boundaries. Given the opportunity to locate good quality affordable housing, the renter base will move within these areas. We anticipate the majority of demand will be generated from this geographic area. However, leakage is expected from outside the PMA from other parts of the greater metropolitan area, and surrounding communities.

There are no natural boundaries in Hayward that would inhibit anyone from relocating to the Subject. The market area boundaries identified are a reasonable approximation regarding the potential renter market for the Subject. Rental housing of all types is in strong demand. Housing in this market is at a premium, with few vacancies.

The secondary market area (SMA) for the Subject is the San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area (MSA), which consists of Alameda, Contra Costa, San Francisco, San Mateo, and Marin Counties. A map outlining the PMA can be found following, along with maps of the MSA, comparable properties, and locational amenities.

Photographs of Subject Site and Neighborhood:

Exterior of Subject

Exterior of Subject

Exterior of Subject and typical tuck-under tenant parking

Exterior of Subject and typical tenant parking

Exterior of Subject

Exterior of Subject

Ridgecrest Apartments north of the Subject

View north from Subject

Single-family home south of the Subject and Subject signage

Single-family home south of the Subject site

Single-family homes east of the Subject along E Street

Single-family homes east of the Subject along E Street

Single-family home west of the Subject along E Street

Single-family homes west of the Subject along E Street

Access and Traffic Flow

The Subject is accessed via the north side of E Street, which is a two-lane lightly traveled neighborhood street traversing east and west. E Street provides access to 2nd Street located 0.4 miles to the west of the Subject. 2nd Street is also a two-lane lightly traveled neighborhood street traversing north and south providing access to D Street. D Street is a two-lane moderately traveled road traversing east and west which provides access to Foothill Boulevard located 0.6 miles west of the Subject. Foothill Boulevard is a four-lane major thoroughfare that generally traverses north throughout the region and provides access to Interstates 238 and 580 located 1.8 miles to the northwest. Overall, access is considered good, and traffic flow is light in the Subject's immediate area.

Visibility/Views

The site has fair visibility from E Street. Views to the north include single-family homes in average condition and Ridgecrest Apartments. Views to the south include single-family homes in fair to average condition. Views to the east of the Subject include wooded land, followed by single-family homes in average condition. Views to the west include single-family homes in average to good condition. Overall, visibility is considered fair and views are considered average.