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DEVELOPMENT OPTIONS STUDY

OF THE

EAST CAMPUS, MAINTENANCE FACILITY, WEST
CAMPUS AND HILLSIDE SCHOOL SITES

Prepared For

THE BERKELEY SCHOOL FINANCING CORPORATION

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DRAFT FOR DISCUSSION

Report Section VI. - Hillside Site

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Evaluation Values

The following values were used in preparing the preliminary proformas:

1. Cap Rates for Multi-family Residential in Berkeley Area: 7% - 8%.
2. Cap Rates for Retail Commercial/ Mixed Use in Berkeley Area: 8% - 9%.
3. Gross Rent Multiplier for Multi-family Residential in Berkeley Area: Small project: 8, Large project: 7. Gross Rent Multiplier for Retail Commercial: 7.
4. Loan to Net Income Ratio: .80, Loan to Project Cost Ratio: .80
5. Operating Expenses: 28% - 35% of Adjusted Gross Income.
6. Construction Costs Budget Values:

Garden Apartment Construction, parking at grade: \$65 - \$85 per SF, \$75 Ave.
Garden Apartment over parking garage: \$85 - \$115 per SF, \$100 Ave.
Townhouse Construction: \$85 - \$115 per SF, \$100 Ave.
Single Family/Duplex: \$100 - \$150 per SF, \$125 Ave.
Commercial/Retail: \$55 - \$75 per SF, \$65 Ave.
Offices: \$75 - \$90, \$83 Ave.
Restaurant/Fast Food: \$95 - \$115, \$105 Ave.
School, Higher Education: \$110 - \$150, \$130 Ave.

7. Rents per Square Foot (from Sedway & Associates Report, 4/9/91):

	Low	High	Ave.
Market-Rate Apartments			
Studio	\$1.15	\$1.32	\$1.29
One Bedroom	\$0.85	\$1.55	\$1.20
Two Bedroom	\$0.70	\$1.39	\$2.09
Average	\$0.89	\$1.20	
Student-Oriented Apartments			
	\$1.40	\$2.18	\$2.00
Office, Class A	\$1.65	\$1.80	\$1.73

8. Raw Land Value per Square Foot (from telephone survey of local real estate agents and current listings):

Flatland Residential Areas: \$10.00 - \$12.00
Hillside Residential Areas: \$17.00 - \$22.00

9. New Residential Sale Price per Square Foot: Approx. \$200 per S.F.

Evaluation Formulas

The following formulas were used in preparing the preliminary proformas:

1. Property Value (V) = Income (I) / Cap Rate (R). Property Residual process.
2. Property Value (V) = Income (Gross Income) * Gross Rent Multiplier (GRM).
3. Cap Rate = Net Income of Comparable Project / Sales Price of A Comparable Project. (Also the rate of return an investor expects to receive on the purchase price.)
4. Rate of Return = (Net Income-Debt Service)/(Project Costs-Less Loans)
5. Maximum Loan Amount, Income Limited = Debt to Income Ratio (MN) * Net Income (N) / Annual Loan Constant (A)
6. Maximum Loan Amount, Cost Limited = Loan to Project Cost Ratio (MC) * Project Cost (C).
7. Annual Land Lease = 10% of Land Value.

VI. HILLSIDE SCHOOL SITE

Summary

Hillside School has been closed as an active B.U.S.D elementary school site for several years. A recent fault hazard evaluation by Harding/Lawson Associates (June 11, 1991) provided evidence for the existence of traces of the Hayward Fault under and near the existing structure and concluded that a moderate to high potential for surface rupture exists. The existence of the fault trace through the site effectively precludes any future use of the site as an active public school site or administrative facility under state law.

The existing R-1 single family zoning is restrictive. Uses permitted under this zone include single family dwellings, (including a second subsidiary unit not greater than 640 square feet, subject to securing a Use Permit), public parks, playgrounds, playlots, daycare facilities, churches, community centers, schools and libraries.

In general, the options available for alternate uses of the property under current zoning include:

1. Continued use of the existing building and grounds for compatible, non-residential uses, such as schools, daycare, art studios, and other low-intensity commercial and public uses, for income to the school district. (As-is Conditions)
2. Conversion of the existing building to a housing use, either as rental units or for-sale condominium units, retaining the balance of the site for community access and park use. (Option 1)
3. Develop all or portions of the property as single family homes, with the balance being used for community use, such as park, playground, community center, or daycare facility. (Options 2, 3, 4, 5)
4. Develop all or portions of the property as medium density, attached residences (townhomes) with the balance being used for community use, such as park, playground, community center, or daycare. (Option 6)

It should be noted that while a scheme can be developed for medium density, attached townhomes (Option 6) with architectural character and building mass compatible with the surrounding residential neighborhood, this use is not generally permitted under R-1 zoning, and would require a zoning variance.

Conclusions and Recommendations

The Alquist-Priolo Special Studies Zone Act of 1972, Section 2621.9 requires full disclosure of the existence of any seismic hazards to any potential purchaser of the property. In the case of the development of single family homes or townhomes on the site, there is also the issue as to whether either construction financing or permanent financing would be available from conventionally lending sources for projects constructed over or in close proximity to known fault traces. However, apart from this consideration, project economics, the restrictive R-1 zoning, and the attachment of the community to the current building and to access to the site for community use make single family homes the most developable project type with the possible retention of the all or part of the existing building for community use. The economics of single family home development run counter to the objective of long-term income generation and would require sale of the land rather than long term lease. Since this also is contrary to stated district policy to retain all sites in district ownership, the following courses of action are recommended, in rank order:

1. Sell the property to generate revenue and reinvest capital in the acquisition of a site more suited to long-term income generation or school use.
2. Trade the property for other property which could be used for school purposes or long-term development and income production.
3. Joint development of all of the property with professional developer for one-time sale profits.
4. Invest adequate resources to repair deteriorating building systems and finishes and correct structural deficiencies identified in Shapiro, Okino and Hom structural evaluation; establish a rent base sufficient to subsequently maintain property in good condition; and continue to lease property to one or more tenants for uses compatible with the site zoning and district policy.

The following courses of action are not recommended:

Sell portions of the property for one-time revenue generation, and retain the remainder for long-term revenue generation.

Joint development of the property for long-term ground lease and/or revenue participation.

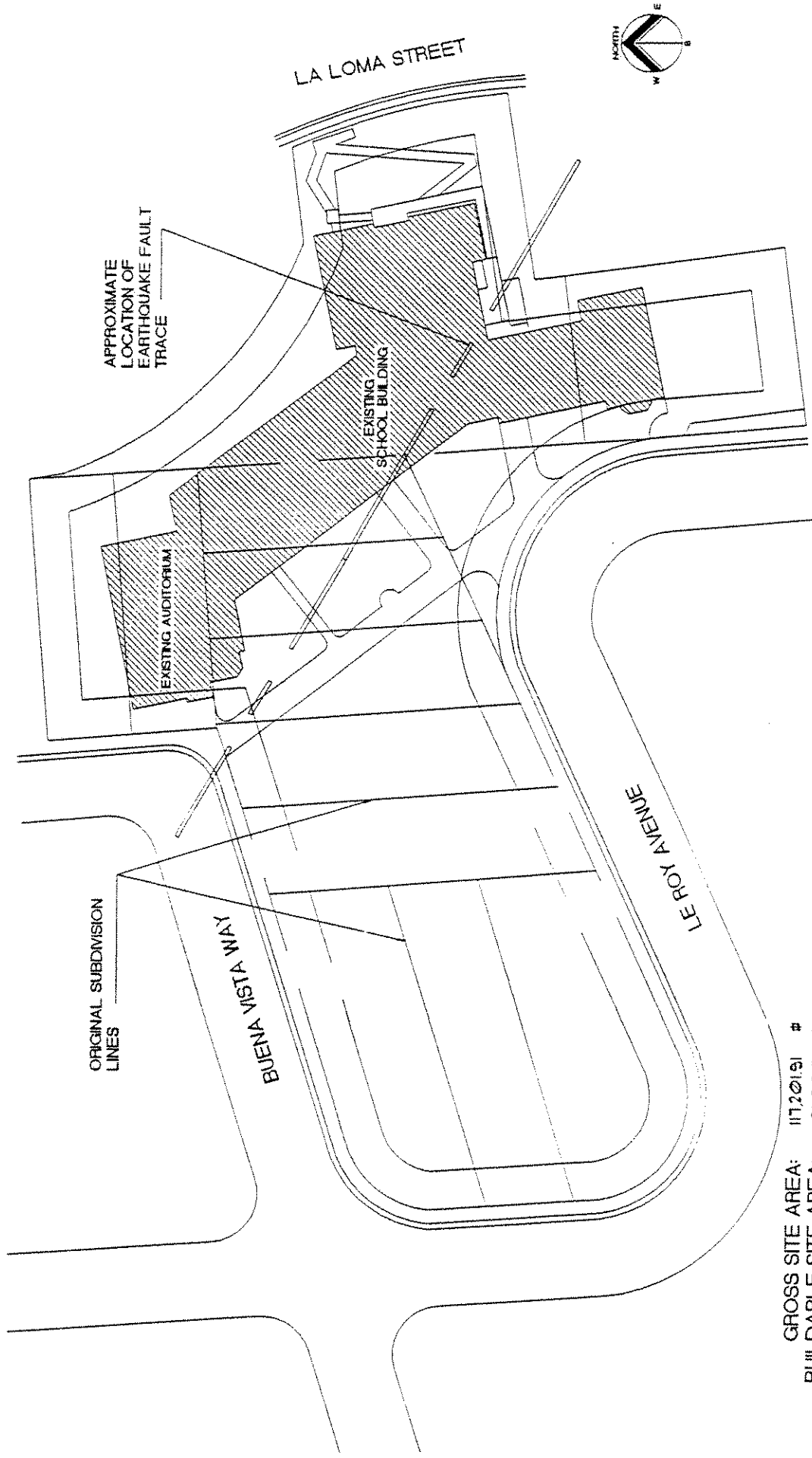
Sell the property, as-is, to the City of Berkeley for adaptive re-use of the existing building for community use.

HILLSIDE SCHOOL SITE						
	Criteria	Option 1	Option 2-5	Option 6		
1	Does the development concept provide for a 10% minimum annual return to the District on the value of the land?	YES	NO	YES		
2	Can project income to District exceed the maximum possible income from unimproved (status quo) site?	YES	YES	YES		
3	Is market demand strong, moderate or weak for the proposed use?	STR	STR	STR		
4	Can the concept yield a 15% minimum ROI under current market conditions?	NO	SALE ONLY	NO		
5	Can the concept yield a 15% minimum ROI under foreseeable market conditions?	NO	SALE ONLY	NOT CLEAR		
6	Can project economics work without sale of the land?	NO	NO	YES		
6	Can concept be built within existing zoning regulations?	NO	YES	NO		
8	Could the project be detrimental to the neighborhood or environment?	NO	NO	NOT CLEAR		
9	Is the project consistent with City area plans and economic development goals?	YES	YES	YES		

OPTION 1: Adaptive Re-use of Existing Building to Housing

OPTIONS 2-5: Single Family Homes

OPTION 6: Attached Single Family Townhouses



GROSS SITE AREA: 117,201.91 #
 BUILDABLE SITE AREA: 81,000.475 #
 TOTAL EXISTING BUILDING: 39,448.40 # (INCLUDES AUDITORIUM)

HILLSIDE SITE

EXISTING CONDITIONS

HILLSIDE SCHOOL SITE

OPTION 1: Multi-family Residential, Adaptive Re-use of Existing Building.

Description: Adaptive re-use of existing school building to rental apartments or for sale condominiums. Parking is provided uncovered, on site. The remaining peninsular portion of the site is dedicated to community use as a playground or park. Units are assumed to be 2 and 3 bedrooms.

Comments: This option explores the preservation of an existing building of architectural and historical merit, and, (other than simple rehabilitation of existing finishes and systems), represents the least physical change to the site. We estimate that 15 to 20 apartment or condominium units could be developed within the envelope of the existing structure.

The preliminary project proforma developed for this options indicates that rental apartments, (long-term income generation), would be a poor project under the market rate rents indicated in the Sedway Report. Even increasing rents to \$2.20 per square foot and reducing rehabilitation costs to \$50 per square foot would not make the project better than marginal.

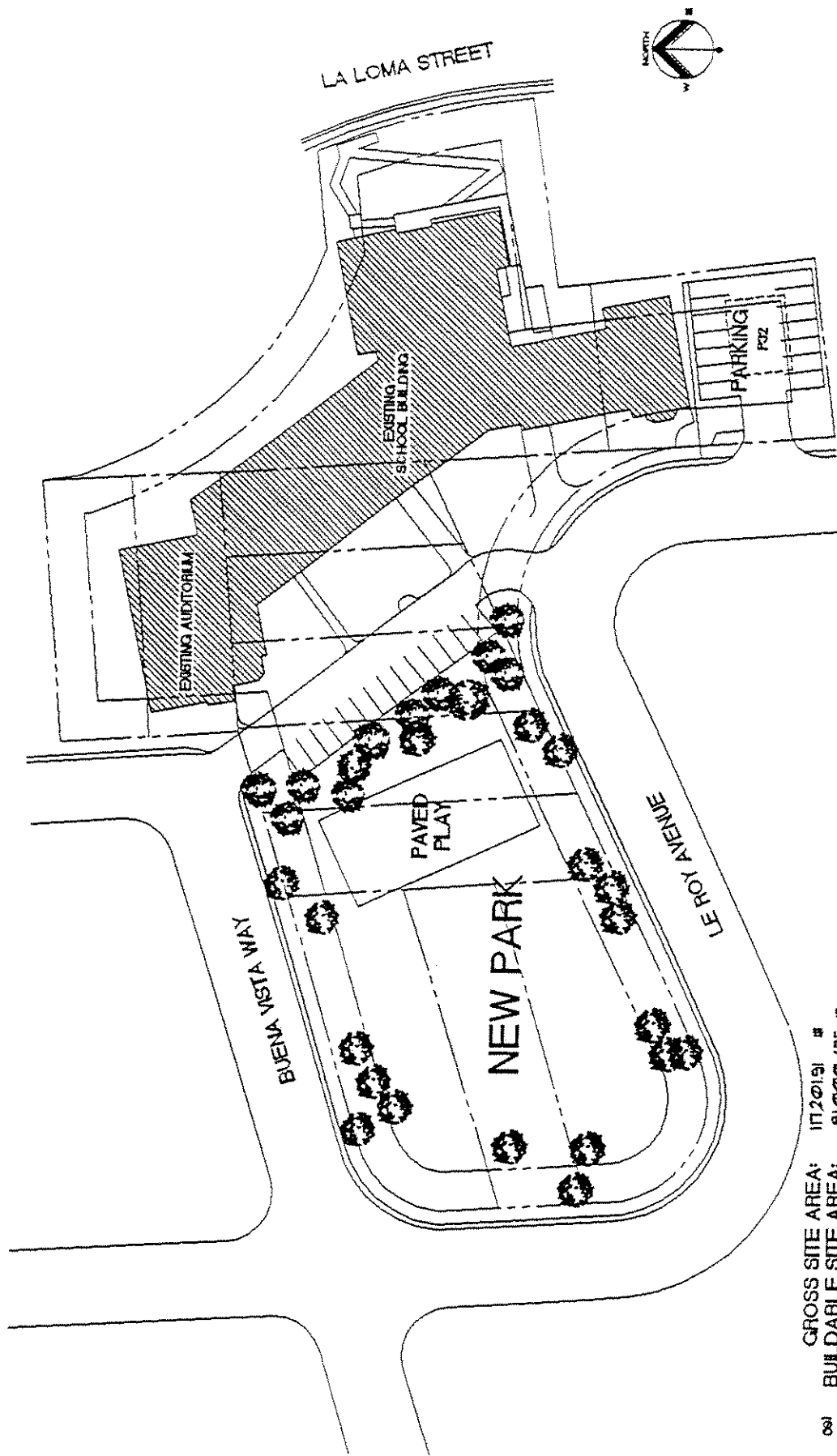
As a condominium, (one-time sale project), the adaptive re-use of the existing building could be profitable. Assuming a land value between \$17 and \$22 per square foot, one-time revenues to the district would be between \$2,110,000 and \$2,731,000 dollars for land, plus the value of the structure, \$1,500,000 to \$2,000,000, (replacement costs less rehabilitation costs and depreciation.)

The location of the fault trace through the building may make project financing difficult or impossible. Further consideration of the requirements of the Alquist-Priolo Special Studies Zones Act of 1972 and conventional lending practices would be required prior to proceeding with this type of project.

PROJECTED LONG-TERM ANNUAL INCOME TO DISTRICT: \$220,500 - \$275,000

PROJECTED BONDABLE VALUE: \$2.7 - \$3.4 Million

ONE-TIME SALE REVENUE: \$3.6 - 4.7 Million



OPTION 1

NEW PARK, RESIDENTIAL
IN EXISTING BUILDING

GROSS SITE AREA:	117,201.91 #
BUILDABLE SITE AREA:	81,000.475 #
RESIDENTIAL IN EXISTING BUILDING:	23,664.00 #
RESIDENTIAL UNIT SIZE:	1200 TO 1600# (18 TO 20 UNITS)

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 '11/5/92

OPTIONS STUDY: HILLSIDE SITE, OPTION 1

DESCRIPTION: Apartment or Condominium units developed in existing building.
 Parking uncovered on grade. Building 2 floors, wood frame construction.

ZONING INFORMATION:

	PROPOSED	R-2A REQUIRED
SITE ACREAGE	2.85 ACRES	N.A.
GROSS SITE AREA:	124,146 S.F.	25,839 S.F.
BUILDABLE SITE AREA:	81,000 S.F.	N.A.
PERCENT LOT COVERAGE:	15%	40% Maximum
BUILDING FOOTPRINT	18,488 S.F.	49,658 S.F.
BUILDING HEIGHT:	35 FEET	28 FEET
OPEN SPACE:	99,081 S.F.	4,698 S.F.
OFFSTREET PARKING:	19 SPACES	19 SPACES
AREA PER PARKING SPACE:	350 S.F.	

BUILDING AREA

FLR	USE	MAX LOT COVERAGE	FACTOR A	GROSS FLR. AREA	FACTOR B	NET LEASE FLR. AREA
4	HOUSING	81,000	0.00	0	1.00	0
3	HOUSING	81,000	0.00	0	1.00	0
2	HOUSING	81,000	0.15	11,745	0.80	9,396
1	HOUSING	81,000	0.15	11,745	0.80	9,396
Subtotal Housing				23,490		18,792
1	GARAGE	81,000	0.00	0	1.00	0
	GARAGE	0	1.00	0	1.00	0
Subtotal Parking				0		0
TOTAL AREAS				23,490		18,792

UNIT MIX	AVE. RENT	FL. AREA	UNIT SIZE	UNITS	AN. INCOME
ST 0%	\$1.24	0	400	0	\$0
1-BR 0%	\$1.20	0	610	0	\$0
2-BR 100%	\$1.24	18,792	1,200	16	\$279,625
3-BR 0%	\$0.85	0	1,800	0	\$0
4-BR 0%	\$0.85	0	2,050	0	\$0
100%	\$1.24	18,792	1,200	16	\$279,625
				Ave. Mos. Rent	\$1,488

PROPOSED DENSITY: 5.49 Units per Acre

REQUIRED PARKING:

MDU, < = 10 Units	1 per D.U.	REQUIRED
MDU, > 10 Units	1,000	16

PROPOSED PARKING:

	PROPOSED	AREA
GARAGE PARKING	0	0
UNCOVERED PARKING	19	6,577
TOTAL PARKING	19	6,577

USEABLE OPEN SPACE:

Site Area	Building	Parking	Other	Open Space	Required
124,146	-18,488	-6,577	0	99,081	4,698

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OPTIONS STUDY: HILLSIDE SITE, OPTION 1

PLANNING ASSUMPTIONS:

VARIABLES	COLUMN 1	COLUMN 2
CAP RATE:	0.07	0.07
GROSS RENT MULT. (GRM):	7.00	7.00
PROJECTED RENTS	\$1.24 Per S.F.	\$2.20 Per S.F.
VACANCY FACTOR:	5% of Gross	5% of Gross
OPERATING EXPENSES:	\$2,500 Per Unit 30% of Gross	\$2,400 Per Unit 28% of Gross
LAND ACQUISITION:		
Approx. Developed Value	\$2,000,000	\$3,300,000
Land Value/Acre	\$631,579 Per Acre	\$926,316 Per Acre
Land Value/SF	\$14.50 Per SF	\$21.27 Per SF
Land Value/Unit	\$114,943 Per Unit	\$168,582 Per Unit
Land Value	\$1,800,000	\$2,640,000
Acquisition Payment	\$180,000	\$264,000
Lease or Loan Rate:	10.00% (Interest Only)	10.00% (Interest Only)
Annual Payment	\$180,000	\$264,000
PROJECT PARTICIPATION:	0% Gross Income	0% Gross Income
DEVELOPMENT COSTS		
Building Construction	\$75 Per S.F.	\$50 Per S.F.
On & Offsite Construction	\$7 Per S.F. Site	\$4 Per S.F. Site
A/E & other costs	33% of Bldg. Cost	33% of Bldg. Cost
Soft Costs	15% of Bldg. Cost	15% of Bldg. Cost
LOAN TO VALUE RATIO:	80%	75%
LOAN TO COST RATIO:	80%	70%
INTEREST RATE:	9.75%	9.75%
AMORTIZATION PERIOD:	30 Years	30 Years
ANNUAL CONSTANT (A):	10.39%	10.39%
GROSS BUILDING AREA:	23,490 s.F.	23,490 s.F.
NET RENTABLE AREA:	18,792 s.F.	18,792 s.F.
PROPOSED UNITS	16	16

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OPTIONS STUDY: HILLSIDE SITE, OPTION 1
 '11/5/92

	COLUMN 1	COLUMN 2
PROJECTED ANNUAL REVENUES TO BUSD		
Annual Land Lease	\$180,000	\$264,000
Project Participation	\$0	\$0
	<hr/>	<hr/>
	\$180,000	\$264,000
Bondable Value at 8.00%	\$2,250,000	\$3,300,000
 PRELIMINARY PROJECT PROFORMA		
ANNUAL GROSS INCOME	\$279,625	\$496,109
Less Vacancy	(\$13,981)	(\$24,805)
Less Operating Expenses	(\$39,150)	(\$37,584)
Less Land Payment	(\$180,000)	(\$264,000)
Less Participation	\$0	\$0
NET INCOME	<hr/>	<hr/>
	\$46,494	\$169,719
 CAPITALIZED VALUE	 \$664,196	 \$2,424,562
GRM VALUE	\$1,957,375	\$3,472,762
 PROJECT COST DETAIL		
Land Acquisition Cost	\$180,000	\$264,000
Building Construction	\$1,761,750	\$1,174,500
On & Offsite Construction	\$869,022	\$496,584
A/E & other costs	\$581,378	\$387,585
Soft Costs	\$264,263	\$176,175
	<hr/>	<hr/>
	\$3,656,412	\$2,498,844
 LOAN, INCOME LIMITED	 \$358,080	 \$1,225,430
LOAN, COST LIMITED	\$2,925,130	\$1,749,191
LOAN AMOUNT	\$358,080	\$1,225,430
 ANNUAL DEBT SERVICE	 \$37,195	 \$127,290
CASH FLOW	\$9,299	\$42,430
INVESTMENT	\$3,298,332	\$1,273,414
RATE OF RETURN	0.28%	3.33%

Notes:

Column 1: Represents current economic conditions and marketplace.

Column 2: Represents more favorable economic conditions,
 such as lower interest rates, construction costs, cap rates or
 higher rent revenues, etc., needed to approach a 15% return on investment.

HILLSIDE SCHOOL SITE

OPTIONS 2 - 5: Single Family Residential

Description: These options explore various possible development schemes for single family homes (Including an attached subsidiary second unit). Option 2 develops a site plan utilizing the entire site for single family homes and using the existing underlying original subdivision where possible. Option 3 assumes that the seismically suspect portion of the site would be left undeveloped as a park with the Auditorium from the original building being retained for community use. The remainder of the site is developed as single family homes. Option 4 is similar to Option 3, except the existing building is retained for a compatible non-residential use. Option 5 explores the development of a Community Child Care Facility on the western portion of the site, with the playground available for community use, and single family residential developed on the eastern hill slope.

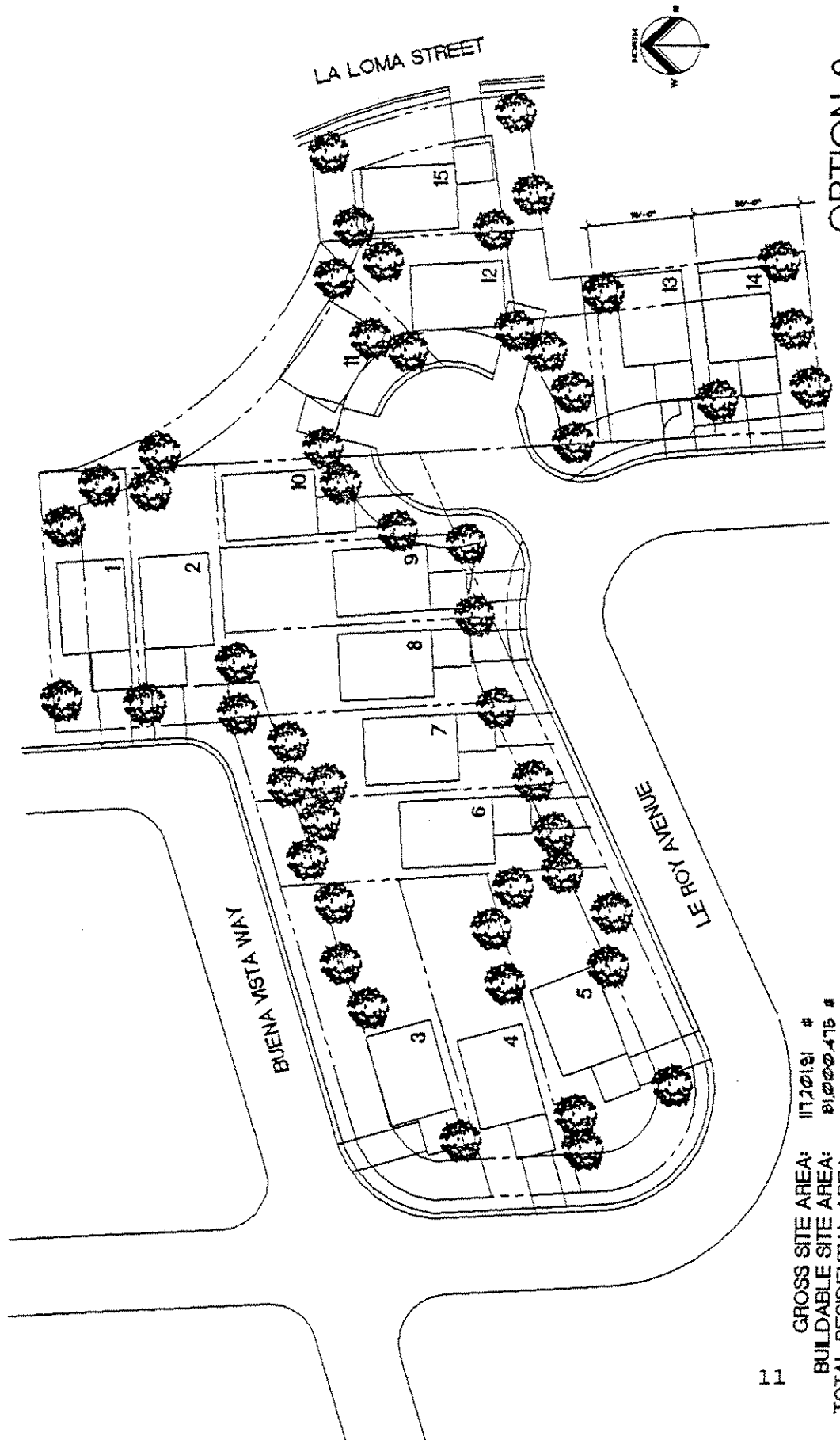
Comments: These single family options have the greatest potential for community acceptance and zoning approval. As high quality single family homes, they would not be profitable long-term rental units charging market rate rents. Because of the excellent location, higher than normal rents could be expected, but even with elevated rents, an attractive rate of return (at least 15%) would be very difficult to achieve.

Single family development for sale could be very profitable for a developer, and therefore the most attractive development opportunity lies with sale rather than lease. Sale of the improvements (house) and lease of the land is rare and difficult to finance. The preliminary project proforma was developed for Option 2, and is included.

Assuming a land value between \$17 and \$22 per square foot, one-time revenues to the district could be between \$2,110,000 and \$2,731,000 dollars for land.

The location of the fault trace through the building areas may make project financing difficult or impossible for some lots. Further consideration of the requirements of the Alquist-Priolo Special Studies Zones Act of 1972 and conventional lending practices would be required prior to proceeding with this type of project.

PROJECTED LONG-TERM ANNUAL INCOME TO DISTRICT: \$200,000 - \$275,000
(Depending on project and establish land value.)
PROJECTED BONDABLE VALUE: \$2.5 - \$3.4 Million
ONE-TIME SALE REVENUE: \$2.1 - 2.7 Million (Land Value Only)

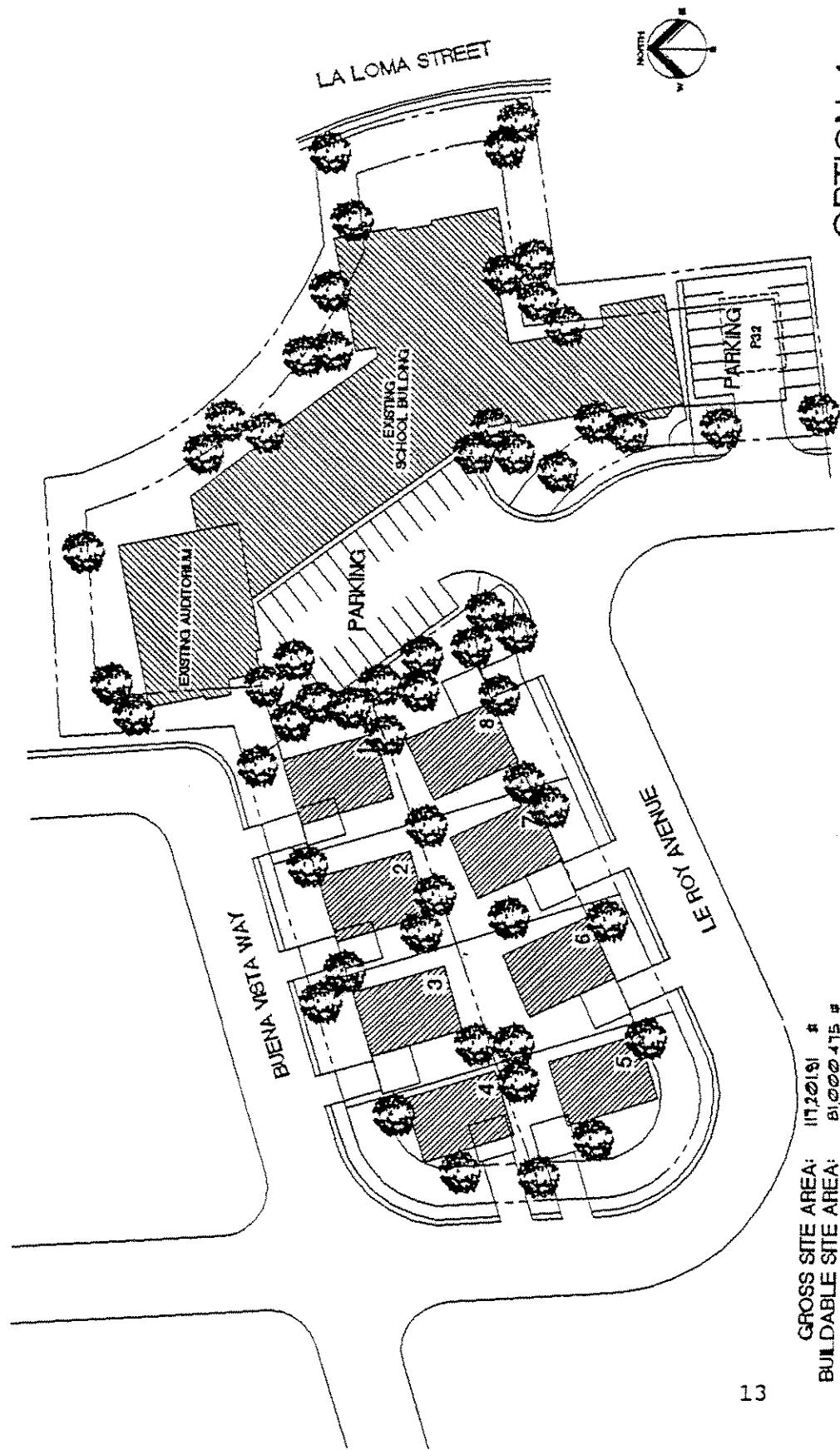


GROSS SITE AREA: 117,201.91 #
 BUILDABLE SITE AREA: 81,000.475 #
 TOTAL RESIDENTIAL AREA: #

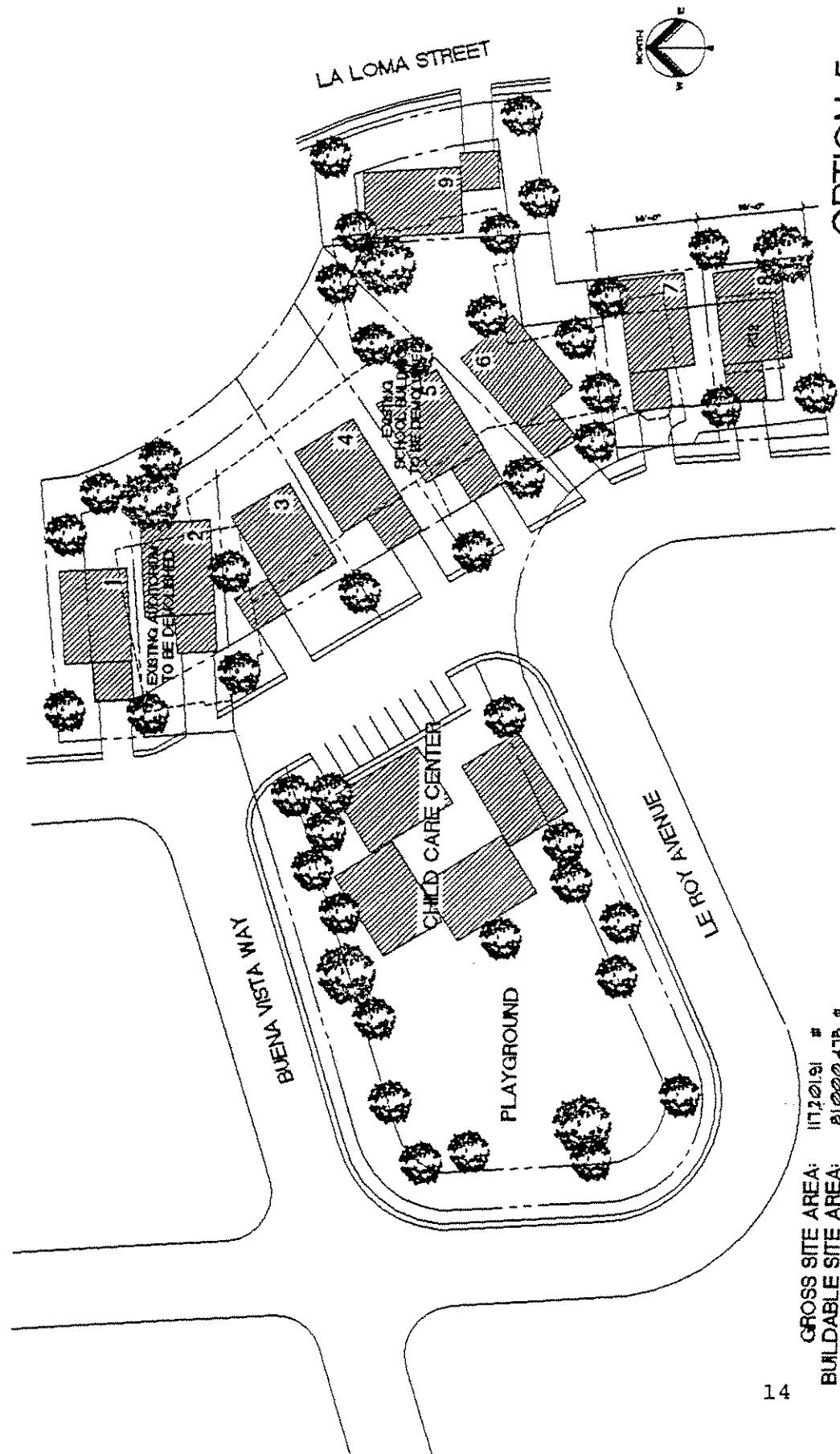


OPTION 3

GROSS SITE AREA:	117,201.91	#
BUILDABLE SITE AREA:	81,000.475	#
TOTAL RESIDENTIAL AREA:	27,300.00	# (2 FLOOR)
RESIDENTIAL UNIT SIZE:		



GROSS SITE AREA: 117,201 SQ. FT.
 BUILDABLE SITE AREA: 81,000,475 SQ. FT.
 TOTAL AREA: 198,201,676 SQ. FT.



GROSS SITE AREA: 117,201 sq. ft.
 BUILDABLE SITE AREA: 81,000 sq. ft.
 TOTAL DEPARTMENTAL...

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OPTIONS STUDY: HILLSIDE SITE, OPTION 2

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	COLUMN 1	COLUMN 2
PROJECTED ANNUAL REVENUES TO BUSD		
Annual Land Lease	\$228,000	\$200,000
Project Participation	\$0	\$0
	<hr/> \$228,000	<hr/> \$200,000
Bondable Value at 8.00%	\$2,850,000	\$2,500,000
 PRELIMINARY PROJECT PROFORMA		
ANNUAL GROSS INCOME	\$796,068	\$1,224,720
Less Vacancy	(\$39,803)	(\$61,236)
Less Operating Expenses	(\$37,390)	(\$35,894)
Less Land Payment	(\$228,000)	(\$200,000)
Less Participation	\$0	\$0
NET INCOME	<hr/> \$490,875	<hr/> \$927,590
 CAPITALIZED VALUE	 \$7,012,493	 \$13,251,279
GRM VALUE	\$5,572,476	\$8,573,040
 PROJECT COST DETAIL		
Land Acquisition Cost	\$228,000	\$200,000
Building Construction	\$7,654,500	\$6,378,750
On & Offsite Construction	\$820,414	\$468,808
A/E & other costs	\$2,525,985	\$2,104,988
Soft Costs	\$1,148,175	\$956,813
	<hr/> \$12,377,074	<hr/> \$10,109,358
 LOAN, INCOME LIMITED	 \$3,780,561	 \$7,144,003
LOAN, COST LIMITED	\$9,901,659	\$8,087,486
LOAN AMOUNT	\$3,780,561	\$7,144,003
 ANNUAL DEBT SERVICE	 \$392,700	 \$742,072
CASH FLOW	\$98,175	\$185,518
INVESTMENT	\$8,596,513	\$2,965,355
RATE OF RETURN	1.14%	6.26%

Notes:

Column 1: Represents current economic conditions and marketplace.

Column 2: Represents more favorable economic conditions, such as lower interest rates, construction costs, cap rates or higher rent revenues, etc., needed to approach a 15% return on investment.

Berkeley School Financing Corporation

'11/5/92

OPTIONS STUDY: HILLSIDE SITE, OPTION 2

DESCRIPTION: Detached Single Family Homes.

Parking in attached garages. Building 2 floors, wood frame construction.

ZONING INFORMATION:

	PROPOSED	R-2A REQUIRED
SITE ACREAGE	2.69 ACRES	N.A.
GROSS SITE AREA:	117,202 S.F.	24,677 S.F.
BUILDABLE SITE AREA:	81,000 S.F.	N.A.
PERCENT LOT COVERAGE:	16%	40% Maximum
BUILDING FOOTPRINT	18,488 S.F.	46,881 S.F.
BUILDING HEIGHT:	35 FEET	28 FEET
OPEN SPACE:	80,854 S.F.	4,487 S.F.
OFFSTREET PARKING:	51 SPACES	51 SPACES
AREA PER PARKING SPACE:	350 S.F.	

BUILDING AREA

FLR	USE	MAX LOT COVERAGE	FACTOR A	GROSS FLR. AREA	FACTOR B	NET LEASE FLR. AREA
4	HOUSING	81,000	0.00	0	1.00	0
3	HOUSING	81,000	0.00	0	1.00	0
2	HOUSING	81,000	0.32	25,515	1.00	25,515
1	HOUSING	81,000	0.32	25,515	1.00	25,515
Subtotal Housing				51,030		51,030
1	GARAGE	81,000	0.00	0	1.00	0
	GARAGE	0	1.00	0	1.00	0
Subtotal Parking				0		0
TOTAL AREAS				51,030		51,030

UNIT MIX	AVE. RENT	FL. AREA	UNIT SIZE	UNITS	AN. INCOME
ST 0%	\$1.24	0	400	0	\$0
1-BR 0%	\$1.20	0	610	0	\$0
2-BR 0%	\$1.24	0	894	0	\$0
3-BR 0%	\$0.85	0	1,800	0	\$0
4-BR 100%	\$1.30	51,030	3,412	15	\$796,068
100%	\$1.30	51,030	3,412	15	\$796,068
				Ave. Mos. Rent	\$4,436

PROPOSED DENSITY: 5.56 Units per Acre

REQUIRED PARKING:

MDU, < = 10 Units 1 per D.U. 15
 MDU, > 10 Units 1 per 1,000 51

PROPOSED PARKING:

	PROPOSED	AREA
GARAGE PARKING	0	0
UNCOVERED PARKING	51	17,861
TOTAL PARKING	51	17,861

USEABLE OPEN SPACE:

Site Area	Building	Parking	Other	Open Space	Required
117,202	-18,488	-17,861	0	80,854	4,487

Berkeley School Financing Corporation

'11/5/92

OPTIONS STUDY: HILLSIDE SITE, OPTION 2

PLANNING ASSUMPTIONS:

VARIABLES	COLUMN 1	COLUMN 2
CAP RATE:	0.07	0.07
GROSS RENT MULT. (GRM):	7.00	7.00
PROJECTED RENTS	\$1.30 Per S.F.	\$2.00 Per S.F.
VACANCY FACTOR:	5% of Gross	5% of Gross
OPERATING EXPENSES:	\$2,500 Per Unit 30% of Gross	\$2,400 Per Unit 28% of Gross
LAND ACQUISITION:		
Approx. Developed Value	\$6,000,000	\$10,000,000
Land Value/Acre	\$847,584 Per Acre	\$743,494 Per Acre
Land Value/SF	\$19.45 Per SF	\$17.06 Per SF
Land Value/Unit	\$152,447 Per Unit	\$133,725 Per Unit
Land Value	\$2,280,000	\$2,000,000
Acquisition Payment	\$228,000	\$200,000
Lease or Loan Rate:	10.00% (Interest Only)	10.00% (Interest Only)
Annual Payment	\$228,000	\$200,000
PROJECT PARTICIPATION:	0% Gross Income	0% Gross Income
DEVELOPMENT COSTS		
Building Construction	\$150 Per S.F.	\$125 Per S.F.
On & Offsite Construction	\$7 Per S.F. Site	\$4 Per S.F. Site
A/E & other costs	33% of Bldg. Cost	33% of Bldg. Cost
Soft Costs	15% of Bldg. Cost	15% of Bldg. Cost
LOAN TO VALUE RATIO:	80%	80%
LOAN TO COST RATIO:	80%	80%
INTEREST RATE:	9.75%	9.75%
AMORTIZATION PERIOD:	30 Years	30 Years
ANNUAL CONSTANT (A):	10.39%	10.39%
GROSS BUILDING AREA:	51,030 s.F.	51,030 s.F.
NET RENTABLE AREA:	51,030 s.F.	51,030 s.F.
PROPOSED UNITS	15	15

HILLSIDE SCHOOL SITE

OPTIONS 6: Attached Single Family Residential Townhouses

Description: This option explores the development of moderate density townhouses on the western portion of the site while retaining the existing building for compatible non-residential use.

Comments: This type of single family home is not permitted under the existing R-1 zoning and would require a zoning variance. Never-the-less, it was prepared to demonstrate that buildings of this nature could be compatible with the existing neighborhood character and building scale. Residential developments of greater density have more potential to be viable, long-term rental projects. However, given the aesthetic values and attendant construction costs for a project in this location, an attractive rate of return would be difficult at market rate rents.

Additional analysis and research with developers specializing in this type and scale of project to determine whether the return would warrant the added difficult in a achieving community acceptance, zoning approval and project financing.

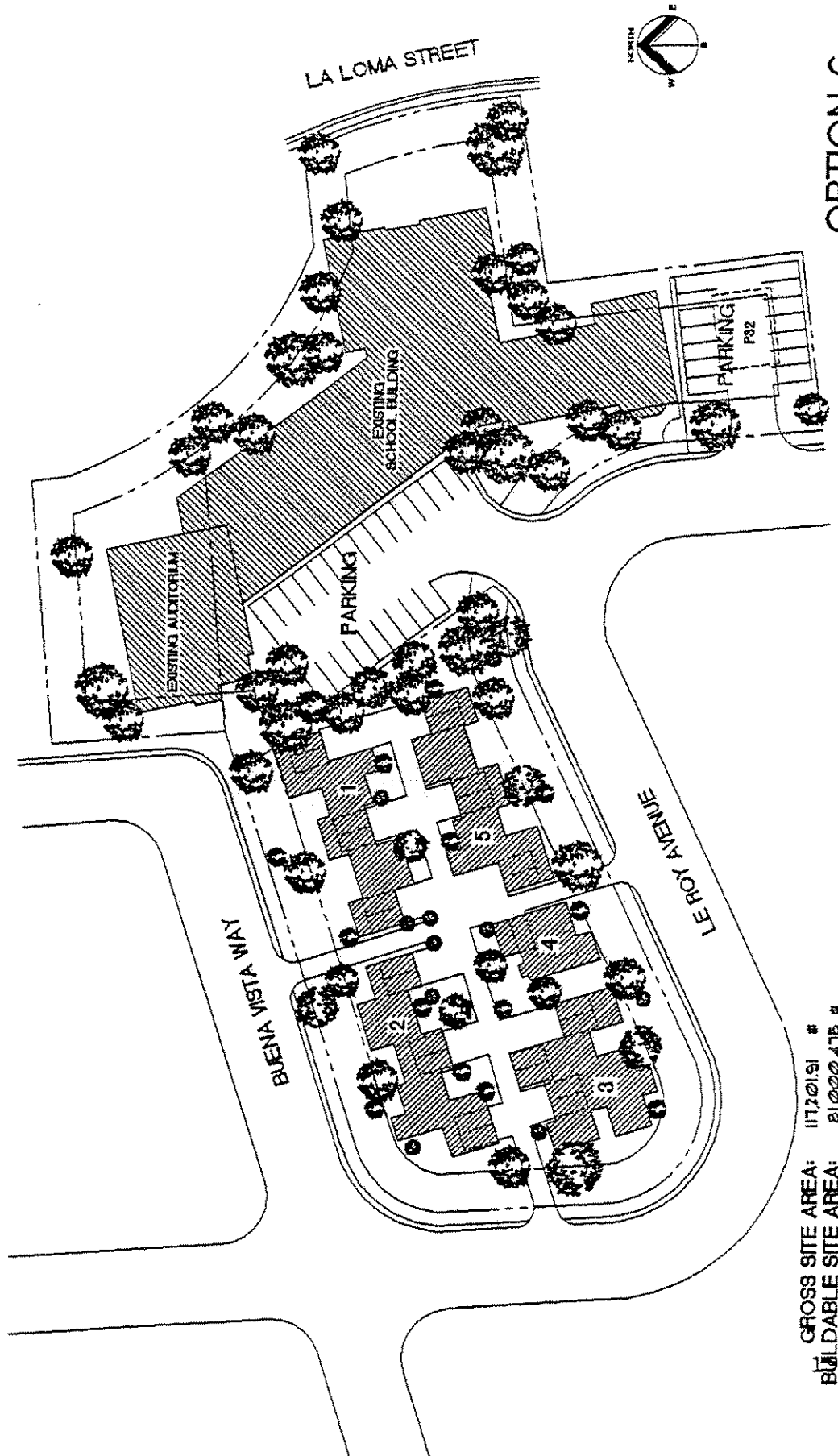
Assuming a land value between \$17 and \$22 per square foot, one-time revenues to the district could be between \$807,000 and \$1,045,000 dollars for land.

The location of the fault trace through the building areas may make project financing difficult or impossible for some lots. Further consideration of the requirements of the Alquist-Priolo Special Studies Zones Act of 1972 and conventional lending practices would be required prior to proceeding with this type of project.

PROJECTED LONG-TERM ANNUAL INCOME TO DISTRICT: \$ 95,000 - \$100,000
(West portion of the site only.)

PROJECTED BONDABLE VALUE: \$1.1 - \$1.2 Million

ONE-TIME SALE REVENUE: \$.8 - 1.04 Million (Land Value Only)



GROSS SITE AREA:	117,201.91	#
BUILDABLE SITE AREA:	81,000.475	#
TOTAL TOWNHOUSE AREA:	27,450.04	# (2 FLOORS)
TOWNHOUSE LEASABLE AREA:	23,230.04	#
TOWNHOUSE UNIT SIZE:	4647.7	#

HILL SIDE SITE

OPTION 6
TOWNHOUSES (PARKING BELOW)

Berkeley School Financing Corporation

OPTIONS STUDY: HILLSIDE SITE, OPTION 6

'11/5/92

	COLUMN 1	COLUMN 2
PROJECTED ANNUAL REVENUES TO BUSD		
Annual Land Lease	\$95,000	\$100,000
Project Participation	\$0	\$0
	<hr/>	<hr/>
	\$95,000	\$100,000
Bondable Value at 8.00%	\$1,187,500	\$1,250,000
 PRELIMINARY PROJECT PROFORMA		
ANNUAL GROSS INCOME	\$344,918	\$611,952
Less Vacancy	(\$17,246)	(\$30,598)
Less Operating Expenses	(\$64,821)	(\$62,228)
Less Land Payment	(\$95,000)	(\$100,000)
Less Participation	\$0	\$0
	<hr/>	<hr/>
NET INCOME	\$167,851	\$419,126
 CAPITALIZED VALUE	 \$2,397,878	 \$5,987,517
GRM VALUE	\$2,414,429	\$4,283,664
 PROJECT COST DETAIL		
Land Acquisition Cost	\$95,000	\$100,000
Building Construction	\$3,154,000	\$2,680,900
On & Offsite Construction	\$332,549	\$190,028
A/E & other costs	\$1,040,820	\$884,697
Soft Costs	\$473,100	\$402,135
	<hr/>	<hr/>
	\$5,095,469	\$4,257,760
 LOAN, INCOME LIMITED	 \$1,292,739	 \$3,227,979
LOAN, COST LIMITED	\$4,076,375	\$3,406,208
LOAN AMOUNT	\$1,292,739	\$3,227,979
 ANNUAL DEBT SERVICE	 \$134,281	 \$335,301
CASH FLOW	\$33,570	\$83,825
INVESTMENT	\$3,802,730	\$1,029,781
RATE OF RETURN	0.88%	8.14%

Notes:

Column 1: Represents current economic conditions and marketplace.

Column 2: Represents more favorable economic conditions,

such as lower interest rates, construction costs, cap rates or

higher rent revenues, etc., needed to approach a 15% return on investment. 20

Berkeley School Financing Corporation
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OPTIONS STUDY: HILLSIDE SITE, OPTION 6

DESCRIPTION: Attached Apartment or Condominium units developed on west site.
 Parking in attached garages. Building 2 floors, wood frame construction.

ZONING INFORMATION:

	PROPOSED	R-2A REQUIRED
SITE ACREAGE	1.09 ACRES	N.A.
GROSS SITE AREA:	47,507 S.F.	42,782 S.F.
BUILDABLE SITE AREA:	38,000 S.F.	N.A.
PERCENT LOT COVERAGE:	39%	40% Maximum
BUILDING FOOTPRINT	18,488 S.F.	19,003 S.F.
BUILDING HEIGHT:	35 FEET	28 FEET
OPEN SPACE:	29,266 S.F.	7,779 S.F.
OFFSTREET PARKING:	23 SPACES	23 SPACES
AREA PER PARKING SPACE:	350 S.F.	

BUILDING AREA

FLR	USE	MAX LOT COVERAGE	FACTOR A	GROSS FLR. AREA	FACTOR B	NET LEASE FLR. AREA
4	HOUSING	38,000	0.00	0	1.00	0
3	HOUSING	38,000	0.00	0	1.00	0
2	HOUSING	38,000	0.31	11,590	1.00	11,590
1	HOUSING	38,000	0.31	11,590	1.00	11,590
Subtotal Housing				23,180		23,180
1	GARAGE	38,000	0.22	8,360	1.00	8,360
	GARAGE	0	1.00	0	1.00	0
Subtotal Parking				8,360		8,360
TOTAL AREAS				31,540		31,540

UNIT MIX	AVE. RENT	FL. AREA	UNIT SIZE	UNITS	AN. INCOME
ST 0%	\$1.24	0	400	0	\$0
1-BR 0%	\$1.20	0	610	0	\$0
2-BR 100%	\$1.24	23,180	894	26	\$344,918
3-BR 0%	\$0.85	0	1,800	0	\$0
4-BR 0%	\$0.85	0	2,050	0	\$0
100%	\$1.24	23,180	894	26	\$344,918
				Ave. Mos. Rent	\$1,109

PROPOSED DENSITY: 23.79 Units per Acre

REQUIRED PARKING:	REQUIRED	AREA
MDU, < = 10 Units	1 per D.U.	26
MDU, > 10 Units	1,000	23
PROPOSED PARKING:	PROPOSED	AREA
GARAGE PARKING	24	8,360
UNCOVERED PARKING	-1	-247
TOTAL PARKING	23	8,113

USEABLE OPEN SPACE:

Site Area	Building	Parking	Other	Open Space	Required
47,507	-18,488	247	0	29,266	7,779

Berkeley School Financing Corporation

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OPTIONS STUDY: HILLSIDE SITE, OPTION 6

PLANNING ASSUMPTIONS:

VARIABLES	COLUMN 1	COLUMN 2
CAP RATE:	0.07	0.07
GROSS RENT MULT. (GRM):	7.00	7.00
PROJECTED RENTS	\$1.24 Per S.F.	\$2.20 Per S.F.
VACANCY FACTOR:	5% of Gross	5% of Gross
OPERATING EXPENSES:	\$2,500 Per Unit 30% of Gross	\$2,400 Per Unit 28% of Gross
LAND ACQUISITION:		
Approx. Developed Value	\$2,500,000	\$5,000,000
Land Value/Acre	\$871,560 Per Acre	\$917,431 Per Acre
Land Value/SF	\$20.00 Per SF	\$21.05 Per SF
Land Value/Unit	\$36,639 Per Unit	\$38,568 Per Unit
Land Value	\$950,000	\$1,000,000
Acquisition Payment	\$95,000	\$100,000
Lease or Loan Rate:	10.00% (Interest Only)	10.00% (Interest Only)
Annual Payment	\$95,000	\$100,000
PROJECT PARTICIPATION:	0% Gross Income	0% Gross Income
DEVELOPMENT COSTS		
Building Construction	\$100 Per S.F.	\$85 Per S.F.
On & Offsite Construction	\$7 Per S.F. Site	\$4 Per S.F. Site
A/E & other costs	33% of Bldg. Cost	33% of Bldg. Cost
Soft Costs	15% of Bldg. Cost	15% of Bldg. Cost
LOAN TO VALUE RATIO:	80%	80%
LOAN TO COST RATIO:	80%	80%
INTEREST RATE:	9.75%	9.75%
AMORTIZATION PERIOD:	30 Years	30 Years
ANNUAL CONSTANT (A):	10.39%	10.39%
GROSS BUILDING AREA:	31,540 s.f.	31,540 s.f.
NET RENTABLE AREA:	23,180 s.f.	23,180 s.f.
PROPOSED UNITS	26	26