

CITY OF MONTEREY PARK
INTEROFFICE MEMO

88479A

Date

JUNE 9, 1988

TO DAVID BENTZ, INTERIM CITY MANAGER
FROM M. MARGO WHEELER, PLANNING ADMINISTRATOR
SUBJECT MORATORIUM ON MULTI-FAMILY ZONES

On May 10, 1988, the City Council imposed a moratorium on properties in the R-2 and R-3 zones in the northeastern section of the City.

DISCUSSION

The major issues to be considered in relation to the current moratorium are:

- (1) instruction to staff regarding areas of possible rezoning, types of design and zoning development standard changes
- (2) exemptions of geographical areas or types of development
- (3) extension of the moratorium

1. Rezoning/Code Amendments

In order to give the City Council the data necessary to direct staff regarding those areas they wish to have considered for rezoning, twenty-two subareas have been defined (see map). The original 199 acres identified for possible zone change have been studied in addition to one twenty-one acre area (#10) identified for study by the City Council at their meeting of May 10, 1988.

Staff has undertaken a study of size of lots, degrees of nonconformity, location and proximity to services in making recommendations (see Table 2). These areas have been studied to determine the percentage of properties on which the existing development would become nonconforming if zone changes were to be accomplished (see Table 1).

This study has necessitated at least three changes to the original rezoning proposal. Areas 4A, 6F and 8A are now recommended to retain their current zoning designation.

(Many units also become nonconforming when density changes are enacted. Zone changes enacted in 1976 created many non-conforming units. These units are subject to abatement in 1991.)

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Those housing units that became non-conforming in 1987 have a 25-year abatement period. They are, therefore, currently legally non-conforming and subject to abatement in 2012. (Table 3 shows the changes in density made since 1976. Density changes may be approved by the City Council at any time, following public hearings. No election is required for density changes.

In undertaking a major rezoning effort, the issues of concern most often expressed are the effects on property values, refinancing of non-conforming structures and fairness.

During the process of public hearings additional information regarding the specific nature of development in these areas will come to light. (Please note that although field study and cross-referencing of current files has been conducted, all unit counts have not been confirmed through a search of Building Division files for records of permits.)

A City estimate made in 1982 of maximum holding capacity showed an ultimate population for Monterey Park of 66,615 with medium growth under growth control. Assuming the growth rate experienced in the period 1960-1980, the maximum population for 2000 was estimated at 74,562. With the 1980-1982 growth rate of 2% per year, the 1982 estimate for the year 2000 population was 81,515.

The growth rate continues at more than 2% annually (see Tables 4 and 5) and the population for 2000 is estimated to be 80,743 under a continuation of current trends. This is the case even though there was a one-year building moratorium and growth restrictions have been in place since 1983.

The water study recently completed and presented to City Council on May 10, 1988 assumed a maximum population of 78,750 which can be accommodated with required improvements. The sewer study assumed a build out population of over 90,000 and it was concluded that the needs of housing could be met.

As can be seen on Table 4, the City of Monterey Park is growing at a rate of 60% higher than that of the County average for the period of the 80's. The 16.9% rate of growth is also higher than that of most comparably sized cities in the area. It should be noted that in some respects this is a regional trend as other cities in the West San Gabriel Valley have a higher growth rate than the County average. By using data shown on Tables 6 and 7, estimate of City build-out have been derived.

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A change of 199 acres to R-1 zoning will reduce the number of units by 2,210 and population by 7,008. A change of 29 acres to R-2 will reduce the number of units by 189 and population by approximately 600 persons.

Therefore, it may be assumed that the zone changes as currently proposed would result in an approximately 8,000 person decrease in build-out population.

Proposed density reductions can be expected to reduce population an additional 1,788. Therefore, instead of the projected build-out of 80,743, it may be expected to be approximately 71,000, which would be well within the number that could be accommodated by the City's water system, for example.

Proposition "L", the requirement that all changes in General Plan and use designation and rezoning of over one acre be approved by the voters, is in effect until voted out. There is no expiration. Therefore, it is important that elections be held only when thorough consideration has been given to all of the City's goals. An election, especially a special election, is a very expensive endeavor both in terms of staff time and City funds.

A final issue regarding another rezoning election is that the City Council may wish to consider residential areas which may be better zoned for commercial uses.

Areas of interest as commercial zoning include:

- ° north side of East Mabel
- ° New Avenue
- ° west side of Lincoln between Emerson and Newmark
- ° west side of North Chandler
- ° Hathaway Avenue
- ° east side of Baltimore
- ° southside of Avondale
- ° Ynez and St. Stephen's schools

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Ample time is available to hold hearings on the issues that require voter approval. For an election to be held December 6, 1988, action would have to be taken by the City Council on rezoning and General Plan Amendment issues by August 22. Planning Commission hearings may be held during July. The Design Review Board may wish to schedule a special meeting the last two weeks in June or utilize their July 6 meeting to discuss these issues.

Work continues to be done regarding refinement of the recommended code amendments and design changes. The Design Review Board has specifically requested that they participate in the formation of criteria by which competitive development allotment applications are rated.

Staff also will be making recommendations regarding the procedure to follow in processing allotments. It is desired to have input from all departments and the public at the initial stages of planning a project. The allotment procedure as currently implemented does not adequately address these concerns.

Issues to be raised include a Conditional Use Permit hearing for all multi-family residential projects of a certain number of units, and allowing projects to be submitted throughout the year for Design Review Board approval. These two changes would allow a more thorough and orderly review by all concerned parties.

2. Exemptions

Some types of development were specifically exempted from the moratorium imposed May 10, 1988 (see Ordinance 1751). These exemptions were very minimal however.

Requests have been made to add bedrooms to single-family homes. Since this is still permitted in R-1 zones and single-family homes are the desired housing type for the community, it is appropriate that the upgrading of this housing type be permitted. (Additional parking requirements for single-family homes over a certain size is an R-1 development standard being considered.)

Guest houses and second unit housing units are also permitted on lots developed with single-family homes. Such structures are allowed in R-1 zones, second unit housing with a Conditional Use Permit and are considered appropriate uses for single-family neighborhoods.

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There are currently five two-unit projects which have received development allotments and/or a Conditional Use Permit to allow a maximum two units on a property. Of these, one would conform to new zoning and density as proposed, two remain multi-family zoning and two are in areas proposed to be changed to R-1 (see Table 8).

Lastly, senior citizen housing homes for the aged and low-moderate income housing may also be considered for exemption. Senior citizen and low-moderate income housing, for instance, are exempted from the restrictions imposed by "Proposition K".

These exemptions have been added to the draft ordinance before the City Council at this time. It should be emphasized that separate motions may be made on any or all of these issues.

3. Extension

In order to allow staff to prepare amendments and hold all necessary hearings, the moratorium at this time may be extended an additional ten months and sixteen days -to May 10, 1989. If all code amendments have been approved and the election has been held, it may be lifted sooner.

RECOMMENDATION

1. Make the following exemptions to the moratorium:

- ° projects which received 1988 competitive development allotments
- ° projects which received non-competitive allotments or a Conditional Use Permit for 2 units prior to May 10, 1988
- ° home for the aged
- ° senior citizen housing
- ° additional bedrooms to single family housing
- ° second unit housing units
- ° guest houses

2. Extend the moratorium in selected areas until May 10, 1989, or the effective date of a municipal election.

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3. Direct staff to continue study towards recommendation which will result in zoning and development standard changes for R-2 and R-3 zones.

MMW:rae

Attachments:
Ordinance 1751
Maps

TABLE 1

<u>PHYSICAL CHARACTERISTICS</u>					
<u>AREA</u>	<u>MOST COMMON LOT SIZE</u>	<u>AVERAGE SQ.FT.</u>	<u>UNIT RANGE</u>	<u>MOST COMMON # UNITS</u>	<u>AVE. # UNITS</u>
1	50 X 100	10,393	1-30	1	3
2	50 X 181.5	9,755	1-3	1	1.75
3A	50 X 185	9,035	1-10	1	2.4
3B	50 X 115	5,675	1-4	1	1.6
<u>4A</u>	45 X 196	9,999	1-20	1	3
<u>4B</u>	60 X 102	10,776	1-25	1	3.9
<u>4C</u>	N.A.	13,253	1	1	1
<u>5A</u>	50 X 150	8,144	1-26	1	2.8
<u>5B</u>	50 X 150	8,197	1-16	1	2.6
6A	60 X 120	8,886	1-2	1	1.2
6B	50 X 200	9,351	1-10	1	1.8
6C	50 X 221	9,899	1-7	1	2.2
6D	50 X 132	14,957	1-14	1	2.2
6E	50 X 188	5,766	1-5	1	1.8
6F	62 X 235	9,704	1-8	1	2.5
<u>7A</u>	59 X 199	11,659	1-36	1	4.3
<u>7B</u>	60 X 300	12,476	1-43	1	4.8
<u>7C</u>	60 X 300	12,314	1-20	1	5.2
<u>8A</u>	50 X 188	19,269	1-20	4	6.3
<u>8B</u>	N.A.	7,837	1-11	1	3.8
9A	50 X 140	8,369	1-8	1	1.6
9B	50 X 152	9,233	1-6	1	1.6
9C	50 X 158	8,065	1-10	1	1.6
<u>10</u>	52 x 192	9,577	1-16	1	3.6

TABLE 2

<u>REZONING</u>			
<u>AREA</u>	<u>NON-CONFORMING PROJECTS</u>	<u>% OF TOTAL PROJECTS</u>	<u>NON-CONFORMING UNITS</u>
1	20	43.5	53
*2	7	53.3	9
3A	19	47.5	57
3B	2	28.6	4
**4A	38	60.3	124
*4B	45	54.2	212
<u>4C</u>	0	0	0
<u>5A</u>	32	45.7	101
<u>5B</u>	25	49	88
6A	2	11.1	2
6B	33	39.8	123
6C	19	48.7	45
6D	72	49.7	170
6E	21	16.3	34
**6F	16	61.5	48
<u>7A</u>	25	41.7	93
<u>7B</u>	101	46.8	442
<u>7C</u>	14	50	70
**8A	25	69.4	132
<u>8B</u>	7	43.8	25
9A	28	40	50
9B	12	34.3	19
9C	77	47	118
**10	59	67	221

* Over 50% of properties with non-conforming units

** Over 60% of properties with non-conforming units

Underlined Areas proposed for R-2 (all others R-1)

TABLE 3

<u>DENSITIES</u>					
	<u>UNITS/ ACRE</u>	<u>UNIT/ SQ. FT.</u>	<u>LOT SIZE IN SQ. FT.</u>		
2/23/76 -	R-2 - (14.5)	1/3000	< 10,000		
	(17)	1/2500	10,000-18,000		
	(22)	1/2000	> 18,000		
	R-3 - (29)	1/1500	< 10,000		
	(35)	1/1250	> 10,000		
	R-4 - (44)	1/1000	< 20,000		
	(55)	1/800	> 20,000		
	<hr/>				
	9/26/79 -	R-2 - (12)	1/3500	< 10,000	
(14.5)		1/3000	10,000-18,000		
(16)		1/2725	> 18,000		
R-3 - (22)		1/2000	< 10,000		
(25)		1/1750	> 10,000		
<hr/>					
2/24/86 -	R-2 - (12)	1/3500	< 10,000		
	(14.5)	1/3000	> 10,000		
	R-3 - (17)	1/2500	< 10,000		
	(19)	1/2250	10,000-30,000		
	(22)	1/2000	> 30,000		
	<hr/>				
1988				<u>FRONTAGE</u>	
Proposed - R-2 -	(7)	1/6000	6,000-15,000	< 50	
	(10)	1/4356	15,000-30,000	and < 100	
	(12)	1/3500	< 30,000	and > 100	
R-3 -	(7)	1/6000	6,000-15,000	< 50	
	(12)	1/3500	15,000-30,000	and < 100	
	(22)	1/2000	> 30,000	and > 150	
	(25)	1/1750	> 50,000	and > 200	

TABLE 4

<u>SOURCE</u>	<u>DATE</u>	<u>POPULATION</u>	<u>HOUSING UNITS</u>	<u>PERSONS/ HOUSEHOLD</u>
L.A. County	7/1/87	63,557	20,698	3.09
State Dept of Finance	5/1/88	63,882	19,936	3.171
County growth rate:	1980 - 7/1/87		10.5%	Annual Rate 1.3%
City growth rate:	1980 - 7/1/88		16.9%	Annual Rate 2.0%
Compares with other cities: (over same period)				
	1. Alhambra		15.0%	
	2. Claremont		17.7%	
	3. Covina		26.4%	
	4. Monrovia		9.7%	
	5. Montebello		6.1%	
	6. Pasadena		9.2%	
	7. Rosemead		14.8%	
	8. San Gabriel		11.5%	
	9. South Gate		14.2%	
	10. West Covina		12.9%	

TABLE 5

	<u>POPULATION</u>	<u>GROWTH %</u>
1980	54,338	---
1981	54,936	1.1
1982	56,280	2.5
1983	57,715	2.6
1984	58,524	1.4
1985	59,256	1.3
1986	60,874	2.7
1987	62,877	3.3
1988	63,882	1.6

TABLE 6A

	<u>POPULATION INCREASE</u>	<u>IN MIGRATION</u>
80-81	598	84
82	1,642	1,060
83	1,137	534
84	809	238
85	732	*
86	1,618	*
87	2,003	*
88	1,005	*

*Not yet available

TABLE 6B

	<u>BIRTHS</u>		<u>DEATHS</u>		
	<u>No.</u>	<u>Rate/1000</u>	<u>No.</u>	<u>Rate/1000</u>	
1981	861	15.8	347	6.4	514
1982	977	18.0	395	7.3	582
1983	948	17.4	345	6.3	603
1984	928	15.5	357	6.0	571

TABLE 7

<u>BUILDING PERMITS</u>													
	1980 Permits/Unit		1981 Permits/Unit		1982 Permits/Unit		1983 Permits/Unit		1984 Permits/Unit		1985 Permits/Unit		1986 Permits/Unit
SF	11	11	9	9	48	48	13	13	4	4	9	9	16
MF	<u>83</u>	<u>351</u>	<u>50</u>	<u>193</u>	<u>72</u>	<u>325</u>	<u>7</u>	<u>24</u>	<u>21</u>	<u>69</u>	<u>40</u>	<u>141</u>	<u>21</u>
	94	362	59	202	120	373	20	37	25	73	49	150	37

TABLE 8

<u>1987-1988</u> <u>NON-COMPETITIVE ALLOTMENTS</u>	
	<u>Proposed Change</u>
703 E. Emerson	R-2
621 W. Newmark	R-3 to R-2
401 Florence	R-2 to R-1
511 N. Huntington*	R-2
327 E. Mooney	R-2 to R-1

*Project conforms to new standards.

ORDINANCE NO. 1751

INTERIM ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF MONTEREY PARK PLACING RESTRICTIONS ON
THE ISSUANCE OF CERTAIN PERMITS IN CONNECTION
WITH CONSTRUCTION IN CERTAIN AREAS IN THE
MULTI-FAMILY ZONES

WHEREAS, the City of Monterey Park has in the past decade experienced tremendous pressures resulting from increased density of multi-family development, including overburdening of the city infrastructure such as to create extensive traffic and parking problems on city streets, and excessive stress on the sewer system serving the City; and

WHEREAS, in an attempt to address that problem the City has in the last two years undertaken extensive study of the problems in the multi-family zones, and has enacted ordinances establishing new standards for such developments; and

WHEREAS, as a result of such studies, certain properties were recommended for a change of zone, but pursuant to Chapter 21.78 of the Monterey Park Municipal Code, any such change of zone exceeding one acre of land must be approved by the voters and additional time is necessary to schedule and complete an election; and

WHEREAS, experience with the new standards enacted in 1987 demonstrates (i) that additional work is necessary to "fine-tune" such standards, and (ii) that an additional, unforeseen problem has arisen in the City, in that new development has increasingly been of such a size and scale as to be available only for upper-income persons; and

WHEREAS, said upper income housing is increasingly replacing the low and moderate income housing available in the City, a problem which this City Council desires to study and possibly address with corrective legislation;

NOW, THEREFORE, the City Council of the City of Monterey Park hereby ordains as follows:

Section 1. The City Council hereby finds and determines the facts set forth in the recitals to this ordinance.

Section 2. Based upon the facts set forth in this ordinance, the Council finds and determines that there is a current and immediate threat to the public health, safety, and welfare, and that the approval of additional subdivisions, use permits, variances, building permits, or any other applicable entitlement for use which is required in order to comply with a zoning ordinance in those multi-family zones (R-2 and R-3)

located within the area from the Easterly City boundary to Marguerita Avenue and from Mooney Drive to Hillman Avenue, as more explicitly set forth on Exhibit "A" attached hereto and incorporated herein by this reference (hereinafter referred to as the "Study Area"), in the City will result in a threat to public health, safety or welfare, if any such entitlement is not issued in accordance with the provisions of this ordinance.

Section 3. In every R-2 and R-3 zone in the Study Area, for the effective period of this ordinance or any extension thereof, no subdivision, use permit, variance, building permit, or other applicable entitlement for use required to comply with a zoning ordinance shall be issued unless and until such entitlement complies with one or more of the following requirements:

a. It authorizes only demolition of an existing structure.

b. It is necessary solely for the repair, maintenance or renovation of an existing structure on the property, provided, however, that any such work shall not increase the total number of bedrooms in any dwelling unit nor increase the size of any structure.

c. It authorizes an addition to any existing structure, provided such addition does not exceed 10% of the existing square footage of the structure(s) on the lot, does not increase the number of dwelling units on the lot, nor increase the total number of bedrooms in any dwelling unit. Additions include, but are not limited to, accessory buildings.

d. It authorizes replacement of an existing structure(s) with an entirely new structure(s), provided all such new structure(s) are at the same or lower density (i.e. number of units per acre) as the structure(s) to be replaced, do not exceed the existing structure(s) in size by more than an additional 10%, and have the same number of bedrooms as in the existing structure(s).

e. The entitlement will lead to an increase in density on the lot, or an increase in the number of bedrooms in an existing or replaced structure on the lot, and a conditional use permit has first been issued in accordance with the provisions of Chapter 21.70 of the Monterey Park

Municipal Code. In addition to the standards set forth in Monterey Park Municipal Code Section 21.70.040 for the issuance of such permit, no such conditional use permit shall be issued unless and until the applicant shows, to the satisfaction of the granting agency, that the development proposed is in substantial conformance with those in the neighborhood of the development, particularly as to density and size of units.

Section 4. The provisions of this ordinance shall not be deemed to prohibit the issuance of development allotments pursuant to Chapter 16.70 of the Monterey Park Municipal Code and any implementing regulations adopted by the City Council pursuant thereto. The issuance of such development allotments have not in the past been and shall not be deemed to vest any right to develop any project nor to obtain any entitlement for use except in compliance with all ordinances and regulations of the City of Monterey Park, including, without limitation, this ordinance.

Section 5. Any lot in the Study Area for which development allotments have been issued by the City Council prior to the effective date of this ordinance shall be exempt from the provisions of the ordinance to the extent necessary to allow the project for which the development allotments were approved to be completed.

Section 6. This ordinance is an urgency ordinance, enacted for the reasons stated in the recitals hereto and in Section 1 hereof, pursuant to Government Code Section 65858. It is adopted by a four-fifths vote, shall be effective immediately, and shall be of no further force and effect 45-days from its date of adoption, unless extended in the manner provided by law.

PASSED, APPROVED AND ADOPTED THIS 10th day of May, 1988.


CHRISTOPHER F. HOUSEMAN
MAYOR OF THE CITY OF
MONTEREY PARK, CALIFORNIA

ATTEST:


CITY CLERK OF THE CITY
OF MONTEREY PARK, CALIFORNIA

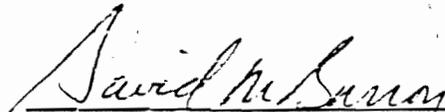
ORDINANCE NO. 1751
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STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF MONTEREY PARK)

I, DAVID M. BARRON, City Clerk of the City of Monterey Park, California, do hereby certify that the foregoing Ordinance No. 1751 was duly adopted and passed at a regular adjourned meeting of the City Council on the 10th day of May, 1988, by the following vote:

AYES: Couch, Chu, Reichenberger, Hatch, Houseman
NOES: None
ABSTAIN None

Dated this 10th day of May, 1988.



CITY CLERK OF THE CITY
OF MONTEREY PARK, CALIFORNIA

KOTIN, REGAN & MOUCHLY, Inc.

Real Estate Consultants

11611 San Vicente Boulevard
Suite 700
Los Angeles, California 90049
213/820-0900

MEMORANDUM

TO: M. Margo Wheeler, City of Monterey Park
FROM: James A. Rabe and David B. Armstrong
SUBJECT: EFFECTS OF PROPOSED RESIDENTIAL REZONING
DATE: December 14, 1988

At your request, Kotin, Regan & Mouchly, Inc. (KRM) has undertaken an analysis of the effects of the proposed residential rezoning of properties in the City of Monterey Park. It is our understanding that the City is considering residential rezoning that would reduce the allowable residential densities in several areas of northeast Monterey Park.

SUMMARY

The proposed rezoning would affect several areas in northeast Monterey Park. Under the rezoning proposal, these areas would be rezoned from R-3 and R-2 to R-2 or R-1. The rezoning proposal is also associated with a revision in allowable densities under both the R-2 and R-3 zoning classifications. The changes in allowable density effectively limit the maximum density to large, wide lots in excess of 30,000 square feet under the R-2 designation and 50,000 square feet under the R-3 designation. For the typical 7,000 to 12,000-square foot residential lot in the City of Monterey Park, the allowable density would be unaffected by the rezoning, as the allowable density computations limit density on these lots to seven units per acre, the allowable density for R-1 zoning.

Implications of Rezoning

Even though the allowable density on the typical 7,000 to 12,000-square foot lot is limited, the landowner would set his initial asking price based on either the current use of the property or at the land value of the highest allowable density under R-2 or R-3 use. In the case of a single-family residence, this means that the owner would price the property at either the resale value of the home or at the underlying land value under an R-2 zone at 12 units per acre or R-3 zoning at 25 units per acre, as appropriate.

A developer attempting to buy the property for redevelopment would initially be willing to pay only for the density that is actually allowed on the property, in this case, seven units per acre. This is based on the assumption that any increases in value associated with higher densities are the result of the developer's activities to assemble the property and that he is entitled to that value rather than the original landowner. In reality, the actual price paid to the landowner is likely to be somewhere between what the developer wants to pay and what the landowner is asking.

Using the conservative assumption that the landowner is, in fact, able to achieve his asking price for R-2 or R-3 land, the owner receives a higher price on the typical 7,000 to 12,000-foot lot with a single-family home than from the sale of the property for R-2 or R-3 development. As shown below, an average home price in Monterey Park is \$200,000 per unit and the land values associated with R-3 development would range from approximately \$125,000 for a 7,000-square foot lot to approximately \$210,000 for a 12,000-square foot lot.

<u>Lot Size</u>	<u>Average Sale Price of Residential Unit</u>	<u>Maximum Number of Units</u>	<u>Value of Land</u>
7,000 sf	\$200,000	4	\$124,000
8,500 sf	\$200,000	5	\$155,000
12,000 sf	\$200,000	7	\$210,000

As noted above, the density restrictions would make it unlikely that the landowner would be able to achieve the high land value price. This makes it all the more likely that the rezoning from R-3 and R-2 to R-2 or R-1 will not lower the underlying values in Monterey Park, as the current R-1 single-family home use appears to be the highest-valued use.

PROPOSED REZONING

The City is proposing to rezone several areas of Monterey Park from R-3 and R-2 zoning to R-2 or R-1 zoning. These properties are located in the northeast quadrant of the City.

Allowable Density

Associated with the proposed rezoning is a proposed revision in allowable densities. Under the proposed density revision, the allowable number of units for R-2 and R-3 zoned lots would be a function of both the lot size and street frontage. Larger size lots with larger amounts of street frontage would be allowed a greater number of units per acre than smaller lots with less street frontage. Proposed densities for the R-2 and R-3 zoning are provided as Exhibit 1. The allowable density for R-1 zoning is seven units to the acre.

As noted in Exhibit 1, the allowable densities for R-2 zoned properties range from seven to 12 units per acre. The upper end of the density range for each zoning classification is likely to be achieved only in the cases where two or more lots are "assembled" to form a developable parcel. Allowable densities under R-3 zoning range from seven units up to 25 units per acre. The highest density is only available for parcels that are in excess of 50,000 square feet and have more than 200 feet of street frontage.

Scale of Rezoning

The City is considering both minimum and maximum amounts of acreage to be rezoned. The amounts of rezoning are summarized in Exhibit 2. Under the minimum scenario, Alternative A, a total of 77 acres would be rezoned with the majority (51 acres) being rezoned from R-2 to R-1. Under the maximum alternative, Alternative B, a total of 214 acres is proposed for rezoning. Again, the majority of the affected areas (117 acres) is to be rezoned from R-2 to R-1.

In the event that all of this acreage was capable of being developed under the current zoning designation and the proposed highest density designation, then the maximum reduction in dwelling units in the City would be approximately 633 units under Alternative A and nearly 1,900 under Alternative B. This is likely to be a significant overstatement of the reduction in dwelling units. As noted previously, the highest densities are available only for large lot developments which would require the consolidation of two or more parcels. Previous City staff analysis has indicated that the probable reduction in dwelling units would be approximately one-half of the maximum cited here (see Planning Commission memo dated July 21, 1988).

DERIVATION OF LAND VALUES

In preparing this analysis, KRM has examined current land values in Monterey Park based on patterns of recent sales and a residual land value analysis. This latter approach provides a measure of what developers are willing to pay for the property for immediate development. It does not take into account, however, any speculative reasons for holding land.

Vacant Land Sales

In examining recent land sales and single-family residential sales, KRM has utilized both the DAMAR on-line computer service and published data from California Market Data Cooperative (CMDC). Information gathered from these sources is summarized in Attachment 1.

In a developed city such as Monterey Park, there are few vacant land sales that occur in any given year. In this case, a total of 15 land sales in all three of the zoning designations were identified since mid-1985. All of these sales

were adjusted to late-1988 values assuming a 6% annual appreciation rate for land values. The average land values by type of zoning are summarized below on both a per square foot and a per unit basis:

	<u>Price Per Sq. Ft.</u>	<u>Price Per Unit</u>
R-1	\$ 7.00	\$ 54,100
R-2	\$ 9.10	\$ 33,800
R-3	\$ 17.80	\$ 30,300

Residual Land Value Analysis

KRM has prepared residual land value analyses for the R-2 and R-3 land uses at the various allowable densities under each zoning classification. The residual analysis examines current rental market conditions and current construction costs to determine what a developer would be willing to pay for land zoned R-2 or R-3.

Computer printouts of the residual analyses for R-2 and R-3 uses are provided as Attachment 2. This analysis generally confirms the land sale data derived from existing sales as shown below:

	<u>Price Per Sq. Ft.</u>	<u>Price Per Unit</u>
R-2 - 10 units per acre	\$ 7.40	\$ 27,000
R-2 - 12 units per acre	\$ 8.90	\$ 32,400
R-3 - 22 units per acre	\$ 16.40	\$ 28,500
R-3 - 25 units per acre	\$ 18.60	\$ 32,400

As noted above, the residual analysis generally confirms the actual sales data. This also implies that land is not being sold for speculative purposes, but is being sold for immediate redevelopment. If the existing land sales had significantly exceeded the residual land values, then it could be argued that land was being bought on a speculative basis for future development.

Single-Family Home Prices

KRM also examined data from DAMAR and CMDC for recent sales of single-family homes. Single-family homes on the typical 7,000-square foot R-1 lot ranged in price from \$160,000 per unit to \$256,000 per unit. The average sales value was approximately \$200,000 per home in the northeast section of Monterey Park.

Apartment Sale Prices

KRM also reviewed apartment sales data from the DAMAR database. The DAMAR data indicates that apartment projects have been selling for, on average, \$80,000 per unit. The range in unit prices spanned from \$62,000 to \$104,000.

IMPLICATIONS OF THE PROPOSED REZONING

The majority of the northeast quadrant of Monterey Park has already been developed, so there are few vacant parcels of land to be considered in the rezoning. The appropriate basis for comparison, therefore, of any implications of rezoning are: "What are the current values of the property in current use versus what would the land be worth under the old zoning and proposed density classifications?" For example, the appropriate base for evaluating a rezoning from R-3 to R-1 is: "What is the value of R-3 land versus what is the value of the single-family residential housing unit?" It is not appropriate to compare R-3 land values to R-1 land values unless the land is vacant.

Another factor to be recognized is that under the proposed densities for each zoning classification the allowable density is reduced for smaller parcels. The maximum allowable densities are only achieved on lots larger than 30,000 square feet under R-2 zoning and 50,000 square feet under R-3 zoning. This means that in nearly all cases no individual lot can be developed to the highest zoning allowed under either R-2 or R-3, but must be consolidated with other adjoining lots to allow for the highest development level.

In terms of land valuation, this means that the highest valuation of the property will be achieved by those individuals who can consolidate several parcels. Unless individuals already own several adjacent lots, it is logical to assume that the values associated with increasing density will be achieved by future buyers who can consolidate holdings rather than by the existing landowners.

Comparison to Current Housing Prices

In order to be conservative, KRM has assumed that even the smallest parcels would sell, or might be sold or valued, as if they could be developed at the maximum density level. Even with this assumption, as shown in Exhibit 3, the current value of single-family housing units is greater for all but the largest parcels than the underlying value of the land if it were zoned R-2 or R-3.

As can be seen in Exhibit 3, for lot sizes of 7,000 to 8,500 square feet with a house valued at \$200,000, the value of the sale price of the housing unit is significantly above the R-2 or R-3 land value. The R-2 and R-3 land values are based on the current land sale data from DAMAR, rounded to the nearest \$1,000 per unit. Only in the case of a single-family home on a large 12,000-foot lot would the R-3 zoning value begin to approach the current house value.

In this latter case, assuming that the parcel could be sold on the assumption of a 25-unit per acre density, the parcel would be worth over \$200,000 both as an R-1 housing unit or R-3 land. However, single-family properties on larger lots tend to sell for more than those on smaller parcels, so it is likely that the larger R-1 lots would sell for more than the \$200,000 average. KRM did not examine the change in housing prices associated with lot size due to the few data points for large lot sales and the fact that the amenities, bedrooms and other factors have more of an impact on price than does the lot size.

Comparison to Current Apartment Prices

As is the case with single-family properties, existing apartment projects are likely to have a greater value than the underlying land at a higher density. Exhibit 4 compares existing R-2 apartment projects built-out at a density of 10 units per acre as compared to R-3 zoned land at 25 units per acre. As shown, the existing projects have the same or higher values regardless of lot size.

Again, the R-3 land values are likely to be somewhat overstated, as the highest densities can only be achieved on large lots. It seems likely that existing owners would not be able to achieve values associated with the highest densities unless they already own several adjacent parcels. Therefore, as is the case with single-family properties, it appears that existing apartment uses represent a higher value than does the underlying land.

Enclosures

MON126:JAR:lgp

Exhibit 1

ALLOWABLE DENSITIES FOR R-2 AND R-3 ZONING

R-2 ZONING

<u>Lot Size</u>		<u>Street Frontage</u>	<u>Units per Acre</u>
Greater than 6,000 sf		Less than 50 feet	7 units
Greater than 15,000 sf	and	Less than 100 feet	10 units
Greater than 30,000 sf	and	Greater than 100 feet	12 units

R-3 ZONING

<u>Lot Size</u>		<u>Street Frontage</u>	<u>Units per Acre</u>
Greater than 6,000 sf		Less than 50 feet	7 units
Less than 30,000 sf	and	Less than 150 feet	12 units
Greater than 30,000 sf	and	Greater than 150 feet	22 units
Greater than 50,000 sf	and	Greater than 200 feet	25 units

SOURCE: M. Wheeler memo dated June 9, 1988.

Exhibit 2
PROPOSED REZONING

<u>Alternative A</u>	<u>Reduction in Maximum Units/Acre (1)</u>	<u>Acres</u>	<u>Maximum Reduction in Units (2)</u>
R-3 to R-1	18	8	144
R-2 to R-1	5	51	255
R-3 to R-2	13	<u>18</u>	<u>234</u>
Total		77	633
<u>Alternative B</u>			
R-3 to R-1	18	8	144
R-2 to R-1	5	117	585
R-3 to R-2	13	<u>89</u>	<u>1,157</u>
Total		214	1,886

1. Assumes maximum densities per acre: R-1, 7 units per acre; R-2, 12 units per acre; and R-3, 25 units per acre.
2. Overstates reduction in units because no allowance is given to lower allowable densities on "smaller" lots.

SOURCE: Kotin, Regan & Mouchly, Inc. and M. Wheeler memo dated June 9, 1988.

Exhibit 3

COMPARISON OF RESIDENTIAL VALUE BASED ON ZONING

<u>Lot Size</u>	<u>R-1 Zoning</u>		<u>R-2 Zoning</u>		<u>R-3 Zoning</u>	
	<u>Units per Lot</u>	<u>Value Including House (1)</u>	<u>Maximum Units per Lot (2)</u>	<u>Value of Land (3)</u>	<u>Maximum Units per Lot (2)</u>	<u>Value of Land (5)</u>
7,000 sf	1	\$200,000	2	\$ 68,000	4	\$124,000
8,500 sf	1	\$200,000	2	\$ 68,000	5	\$155,000
12,000 sf	1	\$200,000	3	\$102,000	7	\$210,000

1. An average value of \$200,000 for homes on 7,000-square foot lots. Prices range from \$160,000 to \$256,000.
2. Assumes the maximum density of 12 units per acre even though smaller lots have lower allowable densities.
3. Based on \$34,000 per unit or approximately \$9.00 per square foot of land.
4. Assumes the maximum density of 25 units per acre even though smaller lots have lower allowable densities.
5. Based on \$30,000 per unit or approximately \$18.00 per square foot of land.

SOURCE: Kotin, Regan & Mouchly, Inc.

Exhibit 4

COMPARISON OF RESIDENTIAL VALUE BASED ON ZONING

<u>Lot Size</u>	<u>R-2 ZONING</u>		<u>R-3 ZONING</u>	
	<u>Maximum Units per Lot (1)</u>	<u>Value in Current Use (2)</u>	<u>Maximum Units per Lot (3)</u>	<u>Value of Land (4)</u>
8,500 sf	2	\$160,000	4	\$120,000
15,000 sf	3	\$240,000	8	\$240,000
30,000 sf	7	\$560,000	17	\$510,000

1. Assumes 10 units per acre.
2. Based on \$80,000 per apartment unit.
3. Assumes 25 units per acre.
4. Based on \$30,000 per unit.

SOURCE: Kotin, Regan & Mouchly, Inc.

Attachment 1

**DATA ON RECENT RESIDENTIAL LAND SALES
AND SINGLE-FAMILY HOME SALES**

Exhibit 1

RECENT RESIDENTIAL LAND SALES IN MONTEREY PARK

R-1 LAND SALES

<u>Date</u>	<u>Price</u>	<u>6% Time Adjustment</u>	<u>Adjusted Price</u>	<u>Sq. Ft.</u>	<u>Price/ Sq. Ft.</u>	<u>Unit Total*</u>	<u>Price/ Unit</u>	
June 86	\$103,000	114.50%	\$117,935	15,000	\$7.86	2.00	\$58,968	
April 87	30,000	109.50%	32,850	5,690	5.77	1.00	32,850	
June 87	75,000	108.50%	81,375	7,428	10.96	1.00	81,375	
Oct. 87	35,000	106.50%	37,275	6,800	5.48	1.00	37,275	
May 88	60,000	103.00%	61,800	12,390	4.99	2.00	30,900	
June 88	51,000	102.50%	52,275	7,110	7.35	1.00	52,275	
					Average		\$7.00	\$48,900

* 7 Units per Acre

R-2 LAND SALES

<u>Date</u>	<u>Price</u>	<u>6% Time Adjustment</u>	<u>Adjusted Price</u>	<u>Sq. Ft.</u>	<u>Price/ Sq. Ft.</u>	<u>Unit Total*</u>	<u>Price/ Unit</u>	
Aug. 87	\$80,000	107.50%	\$86,000	10,000	\$8.60	3.00	\$28,667	
March 88	75,000	104.00%	78,000	8,058	9.68	2.00	39,000	
					Average		\$9.10	\$33,800

* 12 Units per Acre

R-3 LAND SALES

<u>Date</u>	<u>Price</u>	<u>6% Time Adjustment</u>	<u>Adjusted Price</u>	<u>Sq. Ft.</u>	<u>Price/ Sq. Ft.</u>	<u>Unit Total*</u>	<u>Price/ Unit</u>	
Aug. 85	\$135,000	119.50%	\$161,325	9,024	\$17.88	5.00	\$32,265	
Aug. 85	300,000	119.50%	358,500	19,734	18.17	11.00	32,591	
Oct. 85	109,500	118.50%	129,758	7,200	18.02	4.00	32,439	
Dec. 85	300,000	117.50%	352,500	21,726	16.22	12.00	29,375	
Feb. 86	94,000	116.50%	109,510	8,256	13.26	5.00	21,902	
March 86	596,500	116.00%	691,940	34,090	20.30	20.00	34,597	
May 88	85,000	103.00%	87,550	5,950	14.71	3.00	29,183	
					Average		\$17.80	\$30,300

* 25 Units per Acre

SOURCE: DAMAR

Exhibit 2
 TYPICAL LOT SIZES

R-1 Lot Sizes

<u>Dimensions</u>	<u>Area (Sq. Ft.)</u>
50*123	6,150
53*108	5,725
64*130	8,320
57*111	6,327
55*125	6,875
84*119	9,996
56*125	7,000
50*107	5,350
46*192	8,832
43*144	6,192
40*154	6,160
54*120	6,480
50*120	6,000
75*113	8,475
130*110	14,300
50*135	6,750
54*100	5,400
67*95	6,365
48*107	5,136
61*119	7,259
34*183	6,222
50*105	5,250
50*160	8,000
60*150	9,000
52*158	8,216
50*150	7,500
49*158	7,742
55*144	7,920
42*170	7,140
50*140	7,000
50*128	6,400
50*100	5,000
50*100	5,000
50*100	5,000
50*100	5,000
50*134	6,700
50*134	6,700
50*135	6,750
<u>50*135</u>	<u>6,750</u>

Typ. 50*140 7,000

SOURCE: CMDC

R-2 Lot Sizes

<u>Dimensions</u>	<u>Area (Sq. Ft.)</u>
N/A	9,356
N/A	5,318
N/A	7,496
51*158	8,058
<u>50*200</u>	<u>10,000</u>

Typ. 50*160 8,000

SOURCE: DAMAR

R-3 Lot Sizes

<u>Dimensions</u>	<u>Area (Sq. Ft.)</u>
	21,726
	9,024
43*192	8,256
	4,573
	4,438
	15,583
	19,734
	18,564
	9,360
63*137	8,674
63*273	17,199
70*150	10,500
80*120	9,600
	17,119
43*108	4,644
58*276	16,008
99*60	5,950
	7,200
125*81	10,125
	34,090
	<u>6,899</u>

Typ. 65*190 12,350

SOURCE: DAMAR

Exhibit 3

SINGLE-FAMILY HOME PRICES FOR A TYPICAL R-1 LOT

<u>Grid</u>	<u>Lot s.f.</u>	<u>Sales Price</u>	<u>Home s.f.</u>
B-1	6,150	\$182,500	1,308
B-1	6,327	\$215,000	2,340
B-1	6,875	\$172,000	908
B-1	7,000	\$195,000	1,672
B-2	8,832	\$230,000	1,196
B-2	7,100	\$251,000	2,222
B-2	6,000	\$183,000	1,392
B-2	6,750	\$168,000	1,472
C-1	6,365	\$256,500	1,512
C-2	6,222	\$180,000	1,154
D-1	8,216	\$191,000	1,028
D-1	7,920	\$165,000	1,432
D-1	7,140	\$210,000	1,684
D-2	6,400	\$190,000	1,271
D-2	6,700	\$195,000	1,380
D-2	6,700	\$207,500	1,485
D-2	<u>6,750</u>	<u>\$160,000</u>	<u>1,002</u>
	6,909	\$197,147	1,439
Typical		\$195,750	1,450

SOURCE: CMDC

Exhibit 4

RECENT APARTMENT SALES IN MONTEREY PARK

<u>Date</u>	<u>Price</u>	<u>6% Time Adjustment</u>	<u>Adjusted Price</u>	<u>Number of Units</u>	<u>Price/ Unit</u>
06/88	\$970,000	102.50%	\$994,250	16	\$62,141
05/88	536,000	103.00%	552,080	6	92,013
04/88	320,000	103.50%	331,200	5	66,240
12/87	435,000	105.50%	458,925	5	91,785
11/87	510,000	106.00%	540,600	7	77,229
09/87	2,080,000	107.00%	2,225,600	28	79,486
09/87	585,000	107.00%	625,950	6	104,325
06/87	511,000	108.50%	554,435	6	92,406
			Average		79,500

Attachment 2

RESIDUAL LAND VALUE COMPUTATIONS

RESIDUAL LAND VALUE COMPUTATIONS

R-2 ZONING

7 units per acre

10 units per acre

12 units per acre

PREPARED FOR: Monterey Park
 PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
 DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
 RUN DESCRIPTION: R2.7 - 18 acres of R2 land with a density of 7 units/acre

STATEMENT OF ASSUMPTIONS:

PROJECT TITLE	Monterey Park	PROJTITLE
*** GENERAL ECONOMIC PARAMETERS ***		
BASE YEAR	1988	BASEYR
ANNUAL INFLATION RATE (%)	4.0%	INFLATE
DISCOUNT RATE (%)	8.0%	DISCOUNT
*** LAND LEASE TERMS ***		
INTERIM RENT RATE (% OF LAND VALUE)	2.0%	INTMRENT
BASE LEASE RATE (% OF LAND VALUE)	8.0%	BASERENT
BASE RENT ADJUSTMENT INTERVAL (YEARS)	2	ADJUSTYR
ANNUAL NON-COMPOUNDING CAP ON BASE ADJUSTMENT (%)	4.0%	ADJUSTPT
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (MONTH)	1	DFMFRST
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (YEAR)	1990	DFIFRST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (MONTH)	10	DFMBRST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (YEAR)	1990	DFIBRST
PARTICIPATION RATE (% OF GROSS REVENUES)	6.0%	DFPTRENT
*** BUILDING SPECIFICATIONS ***		
NUMBER OF UNITS	126	NUMUNITS
AVERAGE UNIT SIZE (S.F.)	900	AVGSIZE
BUILDING EFFICIENCY (% OF GROSS BUILDING AREA)	100.0%	DFINBLDG
ANNUAL ABSORPTION (UNITS)	168	DFABSORB
STABILIZED OCCUPANCY (% OF RENTABLE AREA)	95.0%	DFOCCUPY
RENT (\$/RENTABLE S.F. OR \$/UNIT)	\$800.00	DFSBRENT
RENT INCREASE FACTOR THRU COMPLETION (% OF INFLATION)	100.0%	RNTINCFC
*** APARTMENT DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PERMANENT LOAN POINTS (%)	2.0%	PPNTS
PERMANENT LOAN INTEREST RATE (%)	10.5%	PRATE
PERMANENT LOAN TERM	30	PTERM
DEBT SERVICE COVERAGE (RATIO BASED ON NET OPERATING INCOME)	115.0%	DSC
VARIABLE EXPENSES (% OF RENT OR \$/UNIT)	0.20	OFFEXP
PROPERTY TAX RATE (%)	1.2%	PTAX
MANAGEMENT FEE (%)	4.0%	MGTFFEE
REPLACEMENT RESERVES (%)	2.0%	RESERVE
REQUIRED INITIAL RETURN ON EQUITY (%)	3.0%	RE
CAPITALIZATION RATE (%)	8.0%	CAPRATE
BUILDING SHELL (\$ / S.F.)	35	OFFCOST
AMENITIES (BUDGET)	\$0	AMENITIES
COST INCREASE FACTOR UP TO CONSTRUCTION START (% OF INFLATION)	100.0%	CSTINCFC
CONTINGENCY (%)	5.0%	CONTINGT
INTERIM LOAN POINTS (%)	2.0%	IPNTS
INTERIM LOAN INTEREST (%)	11.0%	IRATE
MARKETING (BUDGET OR # OF MONTHS RENT)	3,150	MARKETING
DEVELOPER FEE (%)	10.0%	DEVFEE
*** PRIVATE PARKING DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PARKING TYPE (SUBTERRANEAN, STRUCTURE OR SURFACE)	Sur	PTYPE
ON-SITE PARKING SPACES	252	SPACES
ON-SITE HARD COST (\$ PER SPACE)	\$1,750	PRKCSSTP
COMPUTED RESIDUAL LAND VALUE (\$ 000 AT TIME OF COMPLETION)	\$4,083	OFLNDVAL

PREPARED FOR: Monterey Park
 PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
 DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
 RUN DESCRIPTION: R2.7 - 18 acres of R2 land with a density of 7 units/acre

RESIDUAL LAND VALUE FOR APARTMENT BUILDING WITH PARKING (\$000):

	UNIT INFO	TOTAL		UNIT INFO	TOTAL
BUILDING SIZE			DEVELOPMENT COST		
COMPLETION YEAR		1990	BUILDING SHELL (RENTABLE S.F.)	\$37.86	\$4,293
NUMBER OF UNITS		126	PARKING (PER SPACE)	\$1,893	477
AVERAGE UNIT SIZE		900	AMENITIES (PER UNIT)	\$0	0
BUILDING EFFICIENCY		100.0%	TOTAL HARD COST		\$4,770
OPERATING REVENUES			CONTINGENCY	5.0%	\$238
GROSS RENT (MONTHLY RENT PER UNIT)	\$865	\$1,308	TOTAL CONSTRUCTION COST		\$5,008
LESS: VACANCY	5.0%	65	INTERIM LOAN POINTS	2.0%	\$100
EFFECTIVE GROSS		\$1,243	INTERIM LOAN INTEREST ON 55%	11.0%	227
OPERATING EXPENSES			PERMANENT LOAN POINTS	2.0%	134
VARIABLE (MONTHLY EXP. PER UNIT)	\$173	\$262	TOTAL FINANCING COST		\$462
PROPERTY TAX RATE (%)	1.2%	60	MARKETING (PER UNIT)	\$27	\$3
MANAGEMENT FEE (%)	4.0%	50	RENT-UP DEFICITS		258
RESERVES (%)	2.0%	25	TOTAL MARKETING COST		\$261
TOTAL EXPENSES		\$396	COST PRIOR TO DEVELOPER FEE		\$5,731
CAPITALIZED VALUES			DEVELOPER FEE	10.0%	\$573
NET OPERATING INCOME		\$847	TOTAL DEVELOPMENT COST		\$6,304
DEBT SERVICE COVERAGE	115.0%		RESIDUAL LAND VALUE		
SUPPORTABLE PERMANENT LOAN		6,706	TOTAL STATIC VALUE		\$10,387
REQUIRED INITIAL RETURN ON EQUITY	3.0%		TOTAL DEVELOPMENT COST		6,304
SUPPORTABLE EQUITY		3,681	LAND VALUE		\$4,083
TOTAL STATIC VALUE		\$10,387	VALUE/SQ. FT.		\$5.21
CAPITALIZATION RATE	8.0%		VALUE/UNIT		\$18,901
ALL CASH VALUE		\$10,582			

PREPARED FOR: Monterey Park
 PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
 DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
 RUN DESCRIPTION: R2.10 - 18 acres of R2 land with a density of 10 units/acre

STATEMENT OF ASSUMPTIONS:

PROJECT TITLE	Monterey Park	PROJTITLE
*** GENERAL ECONOMIC PARAMETERS ***		
BASE YEAR	1988	BASEYR
ANNUAL INFLATION RATE (%)	4.0%	INFLATE
DISCOUNT RATE (%)	8.0%	DISCOUNT
*** LAND LEASE TERMS ***		
INTERIM RENT RATE (% OF LAND VALUE)	2.0%	INTMRENT
BASE LEASE RATE (% OF LAND VALUE)	8.0%	BASERENT
BASE RENT ADJUSTMENT INTERVAL (YEARS)	2	ADJUSTYR
ANNUAL NON-COMPOUNDING CAP ON BASE ADJUSTMENT (%)	4.0%	ADJUSTPT
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (MONTH)	1	DFMFRTST
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (YEAR)	1990	DF1FRTST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (MONTH)	10	DFMBRTST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (YEAR)	1990	DF1BRTST
PARTICIPATION RATE (% OF GROSS REVENUES)	6.0%	DFPTRENT
*** BUILDING SPECIFICATIONS ***		
NUMBER OF UNITS	180	NUMUNITS
AVERAGE UNIT SIZE (S.F.)	900	AVGSIZE
BUILDING EFFICIENCY (% OF GROSS BUILDING AREA)	100.0%	DFINBLD6
ANNUAL ABSORPTION (UNITS)	240	DFABSORB
STABILIZED OCCUPANCY (% OF RENTABLE AREA)	95.0%	DFOCCUPY
RENT (\$/RENTABLE S.F. OR \$/UNIT)	\$800.00	DFSBRENT
RENT INCREASE FACTOR THRU COMPLETION (% OF INFLATION)	100.0%	RNTINCFC
*** APARTMENT DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PERMANENT LOAN POINTS (%)	2.0%	PPNTS
PERMANENT LOAN INTEREST RATE (%)	10.5%	PRATE
PERMANENT LOAN TERM	30	PTERM
DEBT SERVICE COVERAGE (RATIO BASED ON NET OPERATING INCOME)	115.0%	DSC
VARIABLE EXPENSES (% OF RENT OR \$/UNIT)	0.20	OFFEXP
PROPERTY TAX RATE (%)	1.2%	PTAX
MANAGEMENT FEE (%)	4.0%	MGTFFEE
REPLACEMENT RESERVES (%)	2.0%	RESERVE
REQUIRED INITIAL RETURN ON EQUITY (%)	3.0%	RE
CAPITALIZATION RATE (%)	8.0%	CAPRATE
BUILDING SHELL (\$ / S.F.)	35	OFFCOST
AMENITIES (BUDGET)	\$0	AMENITIES
COST INCREASE FACTOR UP TO CONSTRUCTION START (% OF INFLATION)	100.0%	CSTINCFC
CONTINGENCY (%)	5.0%	CONTINGT
INTERIM LOAN POINTS (%)	2.0%	IPNTS
INTERIM LOAN INTEREST (%)	11.0%	IRATE
MARKETING (BUDGET OR # OF MONTHS RENT)	4,500	MARKETING
DEVELOPER FEE (%)	10.0%	DEVFEE
*** PRIVATE PARKING DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PARKING TYPE (SUBTERRANEAN, STRUCTURE OR SURFACE)	Sur	PTYPE
ON-SITE PARKING SPACES	360	SPACES
ON-SITE HARD COST (\$ PER SPACE)	\$1,750	PRKCSSTP
COMPUTED RESIDUAL LAND VALUE (\$ 000 AT TIME OF COMPLETION)	\$5,832	OFLNDVAL

PREPARED FOR: Monterey Park
 PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
 DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
 RUN DESCRIPTION: R2.10 - 18 acres of R2 land with a density of 10 units/acre

RESIDUAL LAND VALUE FOR APARTMENT BUILDING WITH PARKING (\$000):

	UNIT INFO	TOTAL		UNIT INFO	TOTAL
	-----	-----		-----	-----
BUILDING SIZE			DEVELOPMENT COST		
COMPLETION YEAR		1990	BUILDING SHELL (RENTABLE S.F.)	\$37.86	\$6,133
NUMBER OF UNITS		180	PARKING (PER SPACE)	\$1,893	681
AVERAGE UNIT SIZE		900	AMENITIES (PER UNIT)	\$0	0
BUILDING EFFICIENCY		100.0%			-----
			TOTAL HARD COST		\$6,814
OPERATING REVENUES			CONTINGENCY	5.0%	\$341
GROSS RENT (MONTHLY RENT PER UNIT)	\$865	\$1,869	TOTAL CONSTRUCTION COST		\$7,155
LESS: VACANCY	5.0%	93			-----
EFFECTIVE GROSS		\$1,776	INTERIM LOAN POINTS	2.0%	\$143
			INTERIM LOAN INTEREST ON 55%	11.0%	325
OPERATING EXPENSES			PERMANENT LOAN POINTS	2.0%	192
VARIABLE (MONTHLY EXP. PER UNIT)	\$173	\$374			-----
PROPERTY TAX RATE (%)	1.2%	86	TOTAL FINANCING COST		\$659
MANAGEMENT FEE (%)	4.0%	71	MARKETING (PER UNIT)	\$27	\$5
RESERVES (%)	2.0%	36	RENT-UP DEFICITS		368
TOTAL EXPENSES		\$566			-----
CAPITALIZED VALUES			TOTAL MARKETING COST		\$373
NET OPERATING INCOME		\$1,209	COST PRIOR TO DEVELOPER FEE		\$8,187
DEBT SERVICE COVERAGE	115.0%		DEVELOPER FEE	10.0%	\$819
SUPPORTABLE PERMANENT LOAN		9,580	TOTAL DEVELOPMENT COST		\$9,006
REQUIRED INITIAL RETURN ON EQUITY	3.0%		RESIDUAL LAND VALUE		-----
SUPPORTABLE EQUITY		5,258			-----
TOTAL STATIC VALUE		\$14,838	TOTAL STATIC VALUE		\$14,838
CAPITALIZATION RATE	8.0%		TOTAL DEVELOPMENT COST		9,006
ALL CASH VALUE		\$15,117	LAND VALUE		-----
			VALUE/SQ. FT.		\$7.44
			VALUE/UNIT		\$27,001

PREPARED FOR: Monterey Park
 PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
 DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
 RUN DESCRIPTION: R2.12 - 18 acres of R2 land with a density of 12 units/acre

STATEMENT OF ASSUMPTIONS:

PROJECT TITLE	Monterey Park	PROJTITLE
*** GENERAL ECONOMIC PARAMETERS ***		
BASE YEAR	1988	BASEYR
ANNUAL INFLATION RATE (%)	4.0%	INFLATE
DISCOUNT RATE (%)	8.0%	DISCOUNT
*** LAND LEASE TERMS ***		
INTERIM RENT RATE (% OF LAND VALUE)	2.0%	INTMRENT
BASE LEASE RATE (% OF LAND VALUE)	8.0%	BASERENT
BASE RENT ADJUSTMENT INTERVAL (YEARS)	2	ADJUSTYR
ANNUAL NON-COMPOUNDING CAP ON BASE ADJUSTMENT (%)	4.0%	ADJUSTPT
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (MONTH)	1	OFMFRST
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (YEAR)	1990	OF1FRTST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (MONTH)	10	OFMBRTST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (YEAR)	1990	OF1BRTST
PARTICIPATION RATE (% OF GROSS REVENUES)	6.0%	OPPTRENT
*** BUILDING SPECIFICATIONS ***		
NUMBER OF UNITS	216	NUMUNITS
AVERAGE UNIT SIZE (S.F.)	900	AVGSIZE
BUILDING EFFICIENCY (% OF GROSS BUILDING AREA)	100.0%	OFINBLDG
ANNUAL ABSORPTION (UNITS)	288	OFABSORB
STABILIZED OCCUPANCY (% OF RENTABLE AREA)	95.0%	OFDCUPY
RENT (\$/RENTABLE S.F. OR \$/UNIT)	\$800.00	OFBSRENT
RENT INCREASE FACTOR THRU COMPLETION (% OF INFLATION)	100.0%	RNTINCFC
*** APARTMENT DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PERMANENT LOAN POINTS (%)	2.0%	PPNTS
PERMANENT LOAN INTEREST RATE (%)	10.5%	PRATE
PERMANENT LOAN TERM	30	PTERM
DEBT SERVICE COVERAGE (RATIO BASED ON NET OPERATING INCOME)	115.0%	DSC
VARIABLE EXPENSES (% OF RENT OR \$/UNIT)	0.20	OFFEXP
PROPERTY TAX RATE (%)	1.2%	PTAX
MANAGEMENT FEE (%)	4.0%	MGTFFEE
REPLACEMENT RESERVES (%)	2.0%	RESERVE
REQUIRED INITIAL RETURN ON EQUITY (%)	3.0%	RE
CAPITALIZATION RATE (%)	8.0%	CAPRATE
BUILDING SHELL (\$ / S.F.)	35	OFFCOST
AMENITIES (BUDGET)	\$0	AMENITIES
COST INCREASE FACTOR UP TO CONSTRUCTION START (% OF INFLATION)	100.0%	CSTINCFC
CONTINGENCY (%)	5.0%	CONTINGT
INTERIM LOAN POINTS (%)	2.0%	IPNTS
INTERIM LOAN INTEREST (%)	11.0%	IRATE
MARKETING (BUDGET OR # OF MONTHS RENT)	5,400	MARKETING
DEVELOPER FEE (%)	10.0%	DEVFEE
*** PRIVATE PARKING DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PARKING TYPE (SUBTERRANEAN, STRUCTURE OR SURFACE)	Sur	PTYPE
ON-SITE PARKING SPACES	432	SPACES
ON-SITE HARD COST (\$ PER SPACE)	\$1,750	PRKCSTSP
COMPUTED RESIDUAL LAND VALUE (\$ 000 AT TIME OF COMPLETION)	\$6,999	OFLNVAL

PREPARED FOR: Monterey Park
 PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
 DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
 RUN DESCRIPTION: R2.12 - 18 acres of R2 land with a density of 12 units/acre

RESIDUAL LAND VALUE FOR APARTMENT BUILDING WITH PARKING (\$000):

	UNIT INFO	TOTAL		UNIT INFO	TOTAL
	-----	-----		-----	-----
BUILDING SIZE			DEVELOPMENT COST		
-----			-----		
COMPLETION YEAR		1990	BUILDING SHELL (RENTABLE S.F.)	\$37.86	\$7,359
NUMBER OF UNITS		216	PARKING (PER SPACE)	\$1,893	818
AVERAGE UNIT SIZE		900	AMENITIES (PER UNIT)	\$0	0
BUILDING EFFICIENCY		100.0%			
			TOTAL HARD COST		\$8,177
OPERATING REVENUES			CONTINGENCY	5.0%	\$409

GROSS RENT (MONTHLY RENT PER UNIT)	\$865	\$2,243	TOTAL CONSTRUCTION COST		\$8,586
LESS: VACANCY	5.0%	112			
			INTERIM LOAN POINTS	2.0%	\$172
EFFECTIVE GROSS		\$2,131	INTERIM LOAN INTEREST ON 55%	11.0%	390
OPERATING EXPENSES			PERMANENT LOAN POINTS	2.0%	230

VARIABLE (MONTHLY EXP. PER UNIT)	\$173	\$449	TOTAL FINANCING COST		\$791
PROPERTY TAX RATE (%)	1.2%	103	MARKETING (PER UNIT)	\$27	\$6
MANAGEMENT FEE (%)	4.0%	85	RENT-UP DEFICITS		442
RESERVES (%)	2.0%	43			
			TOTAL MARKETING COST		\$448
TOTAL EXPENSES		\$679	COST PRIOR TO DEVELOPER FEE		\$9,825
CAPITALIZED VALUES			DEVELOPER FEE	10.0%	\$982

NET OPERATING INCOME		\$1,451	TOTAL DEVELOPMENT COST		\$10,807
DEBT SERVICE COVERAGE	115.0%		RESIDUAL LAND VALUE		
SUPPORTABLE PERMANENT LOAN		11,496	-----		
REQUIRED INITIAL RETURN ON EQUITY	3.0%		TOTAL STATIC VALUE		\$17,806
SUPPORTABLE EQUITY		6,310	TOTAL DEVELOPMENT COST		10,807
TOTAL STATIC VALUE		\$17,806	LAND VALUE		\$6,999
CAPITALIZATION RATE	8.0%		VALUE/SQ. FT.		\$8.93
ALL CASH VALUE		\$18,140	VALUE/UNIT		\$32,401

RESIDUAL LAND VALUE COMPUTATIONS

R-3 ZONING

7 units per acre

12 units per acre

22 units per acre

25 units per acre

PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
RUN DESCRIPTION: R3.7 - 18 acres of R3 land with a density of 7 units/acre

STATEMENT OF ASSUMPTIONS:

PROJECT TITLE	Monterey Park	PROJTITLE
*** GENERAL ECONOMIC PARAMETERS ***		
BASE YEAR	1988	BASEYR
ANNUAL INFLATION RATE (%)	4.0%	INFLATE
DISCOUNT RATE (%)	8.0%	DISCOUNT
*** LAND LEASE TERMS ***		
INTERIM RENT RATE (% OF LAND VALUE)	2.0%	INTMRENT
BASE LEASE RATE (% OF LAND VALUE)	8.0%	BASERENT
BASE RENT ADJUSTMENT INTERVAL (YEARS)	2	ADJUSTYR
ANNUAL NON-COMPOUNDING CAP ON BASE ADJUSTMENT (%)	4.0%	ADJUSTPT
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (MONTH)	1	OFMFRST
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (YEAR)	1990	QF1FRTST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (MONTH)	10	QFMBRST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (YEAR)	1990	QF1BRTST
PARTICIPATION RATE (% OF GROSS REVENUES)	6.0%	QFPTRENT
*** BUILDING SPECIFICATIONS ***		
NUMBER OF UNITS	126	NUMUNITS
AVERAGE UNIT SIZE (S.F.)	900	AVGSSIZE
BUILDING EFFICIENCY (% OF GROSS BUILDING AREA)	100.0%	OF1NBLDG
ANNUAL ABSORPTION (UNITS)	168	QFABSORB
STABILIZED OCCUPANCY (% OF RENTABLE AREA)	95.0%	QFOCCUPY
RENT (\$/RENTABLE S.F. OR \$/UNIT)	\$900.00	QFSBRENT
RENT INCREASE FACTOR THRU COMPLETION (% OF INFLATION)	100.0%	RNTINCFC
*** APARTMENT DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PERMANENT LOAN POINTS (%)	2.0%	PPNTS
PERMANENT LOAN INTEREST RATE (%)	10.5%	PRATE
PERMANENT LOAN TERM	30	PTERM
DEBT SERVICE COVERAGE (RATIO BASED ON NET OPERATING INCOME)	115.0%	DSC
VARIABLE EXPENSES (% OF RENT OR \$/UNIT)	0.20	OFFEXP
PROPERTY TAX RATE (%)	1.2%	PTAX
MANAGEMENT FEE (%)	4.0%	MGTTEE
REPLACEMENT RESERVES (%)	2.0%	RESERVE
REQUIRED INITIAL RETURN ON EQUITY (%)	3.0%	RE
CAPITALIZATION RATE (%)	8.0%	CAPRATE
BUILDING SHELL (\$ / S.F.)	35	OFFCOST
AMENITIES (BUDGET)	\$0	AMENITIES
COST INCREASE FACTOR UP TO CONSTRUCTION START (% OF INFLATION)	100.0%	CSTINCFC
CONTINGENCY (%)	5.0%	CONTINGT
INTERIM LOAN POINTS (%)	2.0%	IPNTS
INTERIM LOAN INTEREST (%)	11.0%	IRATE
MARKETING (BUDGET OR # OF MONTHS RENT)	3,150	MARKETING
DEVELOPER FEE (%)	10.0%	DEVFEE
*** PRIVATE PARKING DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PARKING TYPE (SUBTERRANEAN, STRUCTURE OR SURFACE)	Sur	PTYPE
ON-SITE PARKING SPACES	252	SPACES
ON-SITE HARD COST (\$ PER SPACE)	\$1,750	PRKCSSTSP
COMPUTED RESIDUAL LAND VALUE (\$ 000 AT TIME OF COMPLETION)	\$4,083	OFLNDVAL

PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
RUN DESCRIPTION: R3.7 - 18 acres of R3 land with a density of 7 units/acre

RESIDUAL LAND VALUE FOR APARTMENT BUILDING WITH PARKING (\$000):

	UNIT INFO	TOTAL		UNIT INFO	TOTAL
	-----	-----		-----	-----
BUILDING SIZE			DEVELOPMENT COST		
COMPLETION YEAR		1990	BUILDING SHELL (RENTABLE S.F.)	\$37.86	\$4,293
NUMBER OF UNITS		126	PARKING (PER SPACE)	\$1,893	477
AVERAGE UNIT SIZE		900	AMENITIES (PER UNIT)	\$0	0
BUILDING EFFICIENCY		100.0%			-----
			TOTAL HARD COST		\$4,770
OPERATING REVENUES			CONTINGENCY	5.0%	\$238
GROSS RENT (MONTHLY RENT PER UNIT)	\$865	\$1,308	TOTAL CONSTRUCTION COST		\$5,008
LESS: VACANCY	5.0%	65			-----
EFFECTIVE GROSS		\$1,243	INTERIM LOAN POINTS	2.0%	\$100
			INTERIM LOAN INTEREST ON 55%	11.0%	227
OPERATING EXPENSES			PERMANENT LOAN POINTS	2.0%	134
VARIABLE (MONTHLY EXP. PER UNIT)	\$173	\$262			-----
PROPERTY TAX RATE (%)	1.2%	60	TOTAL FINANCING COST		\$462
MANAGEMENT FEE (%)	4.0%	50	MARKETING (PER UNIT)	\$27	\$3
RESERVES (%)	2.0%	25	RENT-UP DEFICITS		258
TOTAL EXPENSES		\$396			-----
CAPITALIZED VALUES			TOTAL MARKETING COST		\$261
NET OPERATING INCOME		\$847	COST PRIOR TO DEVELOPER FEE		\$5,731
DEBT SERVICE COVERAGE	115.0%		DEVELOPER FEE	10.0%	\$573
SUPPORTABLE PERMANENT LOAN		6,706	TOTAL DEVELOPMENT COST		\$6,304
REQUIRED INITIAL RETURN ON EQUITY	3.0%		RESIDUAL LAND VALUE		-----
SUPPORTABLE EQUITY		3,681			
TOTAL STATIC VALUE		\$10,387	TOTAL STATIC VALUE		\$10,387
CAPITALIZATION RATE	8.0%		TOTAL DEVELOPMENT COST		6,304
ALL CASH VALUE		\$10,582			-----
			LAND VALUE		\$4,083
			VALUE/SQ. FT.		\$5.21
			VALUE/UNIT		\$9,072

PREPARED FOR: Monterey Park
 PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
 DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
 RUN DESCRIPTION: R3.12 - 18 acres of R3 land with a density of 12 units/acre

STATEMENT OF ASSUMPTIONS:

PROJECT TITLE	Monterey Park	PROJTITLE
*** GENERAL ECONOMIC PARAMETERS ***		
BASE YEAR	1988	BASEYR
ANNUAL INFLATION RATE (%)	4.0%	INFLATE
DISCOUNT RATE (%)	8.0%	DISCOUNT
*** LAND LEASE TERMS ***		
INTERIM RENT RATE (% OF LAND VALUE)	2.0%	INTMRENT
BASE LEASE RATE (% OF LAND VALUE)	8.0%	BASERENT
BASE RENT ADJUSTMENT INTERVAL (YEARS)	2	ADJUSTYR
ANNUAL NON-COMPOUNDING CAP ON BASE ADJUSTMENT (%)	4.0%	ADJUSTPT
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (MONTH)	1	QFMFRTST
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (YEAR)	1990	QF1FRTST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (MONTH)	10	QFMBRSTST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (YEAR)	1990	QF1BRSTST
PARTICIPATION RATE (% OF GROSS REVENUES)	6.0%	QFPTRNT
*** BUILDING SPECIFICATIONS ***		
NUMBER OF UNITS	216	NUMUNITS
AVERAGE UNIT SIZE (S.F.)	900	AVGSIZE
BUILDING EFFICIENCY (% OF GROSS BUILDING AREA)	100.0%	QF1NBLDG
ANNUAL ABSORPTION (UNITS)	288	QFABSORB
STABILIZED OCCUPANCY (% OF RENTABLE AREA)	95.0%	QFOCCUPY
RENT (\$/RENTABLE S.F. OR \$/UNIT)	\$800.00	QFSBRENT
RENT INCREASE FACTOR THRU COMPLETION (% OF INFLATION)	100.0%	RNTINCFC
*** APARTMENT DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PERMANENT LOAN POINTS (%)	2.0%	PPNTS
PERMANENT LOAN INTEREST RATE (%)	10.5%	PRATE
PERMANENT LOAN TERM	30	PTERM
DEBT SERVICE COVERAGE (RATIO BASED ON NET OPERATING INCOME)	115.0%	DSC
VARIABLE EXPENSES (% OF RENT OR \$/UNIT)	0.20	OFFEXP
PROPERTY TAX RATE (%)	1.2%	PTAX
MANAGEMENT FEE (%)	4.0%	MGTFEE
REPLACEMENT RESERVES (%)	2.0%	RESERVE
REQUIRED INITIAL RETURN ON EQUITY (%)	3.0%	RE
CAPITALIZATION RATE (%)	8.0%	CAPRATE
BUILDING SHELL (\$ / S.F.)	35	OFFCOST
AMENITIES (BUDGET)	\$0	AMENITIES
COST INCREASE FACTOR UP TO CONSTRUCTION START (% OF INFLATION)	100.0%	CSTINCFC
CONTINGENCY (%)	5.0%	CONTINGT
INTERIM LOAN POINTS (%)	2.0%	IPNTS
INTERIM LOAN INTEREST (%)	11.0%	IRATE
MARKETING (BUDGET OR # OF MONTHS RENT)	5,400	MARKETING
DEVELOPER FEE (%)	10.0%	DEVFEE
*** PRIVATE PARKING DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PARKING TYPE (SUBTERRANEAN, STRUCTURE OR SURFACE)	Sur	PTYPE
ON-SITE PARKING SPACES	432	SPACES
ON-SITE HARD COST (\$ PER SPACE)	\$1,750	PRKCSTSP
COMPUTED RESIDUAL LAND VALUE (\$ 000 AT TIME OF COMPLETION)	\$6,999	OFLNDVAL

PREPARED FOR: Monterey Park
 PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
 DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
 RUN DESCRIPTION: R3.12 - 18 acres of R3 land with a density of 12 units/acre

RESIDUAL LAND VALUE FOR APARTMENT BUILDING WITH PARKING (\$000):

	UNIT INFO	TOTAL		UNIT INFO	TOTAL
	-----	-----		-----	-----
BUILDING SIZE			DEVELOPMENT COST		
COMPLETION YEAR		1990	BUILDING SHELL (RENTABLE S.F.)	\$37.86	\$7,359
NUMBER OF UNITS		216	PARKING (PER SPACE)	\$1,893	818
AVERAGE UNIT SIZE		900	AMENITIES (PER UNIT)	\$0	0
BUILDING EFFICIENCY		100.0%			
OPERATING REVENUES			TOTAL HARD COST		\$8,177
GROSS RENT (MONTHLY RENT PER UNIT)	\$865	\$2,243	CONTINGENCY	5.0%	\$409
LESS: VACANCY	5.0%	112	TOTAL CONSTRUCTION COST		\$8,586
EFFECTIVE GROSS		\$2,131	INTERIM LOAN POINTS	2.0%	\$172
OPERATING EXPENSES			INTERIM LOAN INTEREST ON 55%	11.0%	390
VARIABLE (MONTHLY EXP. PER UNIT)	\$173	\$449	PERMANENT LOAN POINTS	2.0%	230
PROPERTY TAX RATE (%)	1.2%	103	TOTAL FINANCING COST		\$791
MANAGEMENT FEE (%)	4.0%	85	MARKETING (PER UNIT)	\$27	\$6
RESERVES (%)	2.0%	43	RENT-UP DEFICITS		442
TOTAL EXPENSES		\$679	TOTAL MARKETING COST		\$448
CAPITALIZED VALUES			COST PRIOR TO DEVELOPER FEE		\$9,825
NET OPERATING INCOME		\$1,451	DEVELOPER FEE	10.0%	\$982
DEBT SERVICE COVERAGE	115.0%		TOTAL DEVELOPMENT COST		\$10,807
SUPPORTABLE PERMANENT LOAN		11,496	RESIDUAL LAND VALUE		
REQUIRED INITIAL RETURN ON EQUITY	3.0%		-----		
SUPPORTABLE EQUITY		6,310	TOTAL STATIC VALUE		\$17,806
TOTAL STATIC VALUE		\$17,806	TOTAL DEVELOPMENT COST		10,807
CAPITALIZATION RATE	8.0%		LAND VALUE		\$6,999
ALL CASH VALUE		\$18,140	VALUE/SQ. FT.		\$8.93
			VALUE/UNIT		\$15,552

PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
RUN DESCRIPTION: R3.22 - 18 acres of R3 land with a density of 22 units/acre

STATEMENT OF ASSUMPTIONS:

PROJECT TITLE	Monterey Park	PROJTITLE
*** GENERAL ECONOMIC PARAMETERS ***		
BASE YEAR	1988	BASEYR
ANNUAL INFLATION RATE (%)	4.0%	INFLATE
DISCOUNT RATE (%)	8.0%	DISCOUNT
*** LAND LEASE TERMS ***		
INTERIM RENT RATE (% OF LAND VALUE)	2.0%	INTMRENT
BASE LEASE RATE (% OF LAND VALUE)	8.0%	BASERENT
BASE RENT ADJUSTMENT INTERVAL (YEARS)	2	ADJUSTYR
ANNUAL NON-COMPOUNDING CAP ON BASE ADJUSTMENT (%)	4.0%	ADJUSTPT
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (MONTH)	1	OFMFRST
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (YEAR)	1990	OF1FRST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (MONTH)	10	OFMBRTST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (YEAR)	1990	OF1BRTST
PARTICIPATION RATE (% OF GROSS REVENUES)	6.0%	OPPTRENT
*** BUILDING SPECIFICATIONS ***		
NUMBER OF UNITS	396	NUMUNITS
AVERAGE UNIT SIZE (S.F.)	900	AVGSIZE
BUILDING EFFICIENCY (% OF GROSS BUILDING AREA)	100.0%	OFINBLDG
ANNUAL ABSORPTION (UNITS)	528	OFABSORB
STABILIZED OCCUPANCY (% OF RENTABLE AREA)	95.0%	OFOCCUPY
RENT (\$/RENTABLE S.F. OR \$/UNIT)	\$800.00	OFBPRENT
RENT INCREASE FACTOR THRU COMPLETION (% OF INFLATION)	100.0%	RNTINCFC
*** APARTMENT DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PERMANENT LOAN POINTS (%)	2.0%	PPNTS
PERMANENT LOAN INTEREST RATE (%)	10.5%	PRATE
PERMANENT LOAN TERM	30	PTERM
DEBT SERVICE COVERAGE (RATIO BASED ON NET OPERATING INCOME)	115.0%	DSC
VARIABLE EXPENSES (% OF RENT OR \$/UNIT)	0.20	OFFEXP
PROPERTY TAX RATE (%)	1.2%	PTAX
MANAGEMENT FEE (%)	4.0%	MGTTEE
REPLACEMENT RESERVES (%)	2.0%	RESERVE
REQUIRED INITIAL RETURN ON EQUITY (%)	3.0%	RE
CAPITALIZATION RATE (%)	8.0%	CAPRATE
BUILDING SHELL (\$ / S.F.)	35	OFFCOST
AMENITIES (BUDGET)	\$0	AMENITIES
COST INCREASE FACTOR UP TO CONSTRUCTION START (% OF INFLATION)	100.0%	CSTINCFC
CONTINGENCY (%)	5.0%	CONTINGT
INTERIM LOAN POINTS (%)	2.0%	IPNTS
INTERIM LOAN INTEREST (%)	11.0%	IRATE
MARKETING (BUDGET OR # OF MONTHS RENT)	9,900	MARKETING
DEVELOPER FEE (%)	10.0%	DEVFEE
*** PRIVATE PARKING DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PARKING TYPE (SUBTERRANEAN, STRUCTURE OR SURFACE)	Sur	PTYPE
ON-SITE PARKING SPACES	792	SPACES
ON-SITE HARD COST (\$ PER SPACE)	\$1,750	PRKOSTSP
COMPUTED RESIDUAL LAND VALUE (\$ 000 AT TIME OF COMPLETION)	\$12,831	OFLNDVAL

PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
RUN DESCRIPTION: R3.22 - 18 acres of R3 land with a density of 22 units/acre

RESIDUAL LAND VALUE FOR APARTMENT BUILDING WITH PARKING (\$000):

	UNIT INFO	TOTAL		UNIT INFO	TOTAL
	-----	-----		-----	-----
BUILDING SIZE			DEVELOPMENT COST		
-----			-----		
COMPLETION YEAR		1990	BUILDING SHELL (RENTABLE S.F.)	\$37.86	\$13,492
NUMBER OF UNITS		396	PARKING (PER SPACE)	\$1,893	1,499
AVERAGE UNIT SIZE		900	AMENITIES (PER UNIT)	\$0	0
BUILDING EFFICIENCY		100.0%			
			TOTAL HARD COST		\$14,991
OPERATING REVENUES			CONTINGENCY	5.0%	\$750

GROSS RENT (MONTHLY RENT PER UNIT)	\$865	\$4,112	TOTAL CONSTRUCTION COST		\$15,741
LESS: VACANCY	5.0%	206			
			INTERIM LOAN POINTS	2.0%	\$315
EFFECTIVE GROSS		\$3,906	INTERIM LOAN INTEREST ON 55%	11.0%	714
			PERMANENT LOAN POINTS	2.0%	422
OPERATING EXPENSES					
-----			TOTAL FINANCING COST		\$1,451
VARIABLE (MONTHLY EXP. PER UNIT)	\$173	\$822	MARKETING (PER UNIT)	\$27	\$11
PROPERTY TAX RATE (%)	1.2%	189	RENT-UP DEFICITS		811
MANAGEMENT FEE (%)	4.0%	156			
RESERVES (%)	2.0%	78	TOTAL MARKETING COST		\$821
TOTAL EXPENSES		\$1,246	COST PRIOR TO DEVELOPER FEE		\$18,012
			DEVELOPER FEE	10.0%	\$1,801
CAPITALIZED VALUES					
-----			TOTAL DEVELOPMENT COST		\$19,814
NET OPERATING INCOME		\$2,661	RESIDUAL LAND VALUE		

DEBT SERVICE COVERAGE	115.0%		TOTAL STATIC VALUE		\$32,645
SUPPORTABLE PERMANENT LOAN		21,077	TOTAL DEVELOPMENT COST		19,814
REQUIRED INITIAL RETURN ON EQUITY	3.0%				
SUPPORTABLE EQUITY		11,568	LAND VALUE		\$12,831
TOTAL STATIC VALUE		\$32,645	VALUE/SQ. FT.		\$16.36
			VALUE/UNIT		\$28,513
CAPITALIZATION RATE	8.0%				
ALL CASH VALUE		\$33,257			

PREPARED BY: KOTIN, REGAN & MOUCHLY, INC.

FILE: RESIDAPT
DATE: 07-Dec-88

MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
RUN DESCRIPTION: R3.25 - 18 acres of R3 land with a density of 25 units/acre

STATEMENT OF ASSUMPTIONS:

PROJECT TITLE	Monterey Park	PROJTITLE
*** GENERAL ECONOMIC PARAMETERS ***		
BASE YEAR	1988	BASEYR
ANNUAL INFLATION RATE (%)	4.0%	INFLATE
DISCOUNT RATE (%)	8.0%	DISCOUNT
*** LAND LEASE TERMS ***		
INTERIM RENT RATE (% OF LAND VALUE)	2.0%	INTMRENT
BASE LEASE RATE (% OF LAND VALUE)	8.0%	BASERENT
BASE RENT ADJUSTMENT INTERVAL (YEARS)	2	ADJUSTYR
ANNUAL NON-COMPOUNDING CAP ON BASE ADJUSTMENT (%)	4.0%	ADJUSTPT
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (MONTH)	1	OFMFRST
CONSTRUCTION START & PARTIAL LEASE PAYMENT BEGINS (YEAR)	1990	OFIFRST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (MONTH)	10	OFMBRST
CONSTRUCTION COMPLETION & FULL BASE RENT BEGINS (YEAR)	1990	OFIBRST
PARTICIPATION RATE (% OF GROSS REVENUES)	6.0%	OPPTRENT
*** BUILDING SPECIFICATIONS ***		
NUMBER OF UNITS	450	NUMUNITS
AVERAGE UNIT SIZE (S.F.)	900	AVGSIZE
BUILDING EFFICIENCY (% OF GROSS BUILDING AREA)	100.0%	OFINBLDG
ANNUAL ABSORPTION (UNITS)	600	OFABSORB
STABILIZED OCCUPANCY (% OF RENTABLE AREA)	95.0%	OFOCCUPY
RENT (\$/RENTABLE S.F. OR \$/UNIT)	\$800.00	OFBPRENT
RENT INCREASE FACTOR THRU COMPLETION (% OF INFLATION)	100.0%	RNTINCF
*** APARTMENT DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PERMANENT LOAN POINTS (%)	2.0%	PPNTS
PERMANENT LOAN INTEREST RATE (%)	10.5%	PRATE
PERMANENT LOAN TERM	30	PTERM
DEBT SERVICE COVERAGE (RATIO BASED ON NET OPERATING INCOME)	115.0%	DSC
VARIABLE EXPENSES (% OF RENT OR \$/UNIT)	0.20	OFFEXP
PROPERTY TAX RATE (%)	1.2%	PTAX
MANAGEMENT FEE (%)	4.0%	MGTTEE
REPLACEMENT RESERVES (%)	2.0%	RESERVE
REQUIRED INITIAL RETURN ON EQUITY (%)	3.0%	RE
CAPITALIZATION RATE (%)	8.0%	CAPRATE
BUILDING SHELL (\$ / S.F.)	35	OFFCOST
AMENITIES (BUDGET)	\$0	AMENITIES
COST INCREASE FACTOR UP TO CONSTRUCTION START (% OF INFLATION)	100.0%	CSTINCF
CONTINGENCY (%)	5.0%	CONTINGT
INTERIM LOAN POINTS (%)	2.0%	IPNTS
INTERIM LOAN INTEREST (%)	11.0%	IRATE
MARKETING (BUDGET OR # OF MONTHS RENT)	11,250	MARKETING
DEVELOPER FEE (%)	10.0%	DEVFEE
*** PRIVATE PARKING DEVELOPMENT COST AND RESIDUAL LAND VALUE ***		
PARKING TYPE (SUBTERRANEAN, STRUCTURE OR SURFACE)	Sur	PTYPE
ON-SITE PARKING SPACES	900	SPACES
ON-SITE HARD COST (\$ PER SPACE)	\$1,750	PRKCTSTP
COMPUTED RESIDUAL LAND VALUE (\$ 000 AT TIME OF COMPLETION)	\$14,580	OFLNDVAL

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FILE: RESIDAPT
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MODEL SUBJECT: Monterey Park - APARTMENT BUILDING COMPONENT
RUN DESCRIPTION: R3.25 - 18 acres of R3 land with a density of 25 units/acre

RESIDUAL LAND VALUE FOR APARTMENT BUILDING WITH PARKING (\$000):

	UNIT INFO	TOTAL		UNIT INFO	TOTAL
	-----	-----		-----	-----
BUILDING SIZE			DEVELOPMENT COST		
-----			-----		
COMPLETION YEAR		1990	BUILDING SHELL (RENTABLE S.F.)	\$37.86	\$15,332
NUMBER OF UNITS		450	PARKING (PER SPACE)	\$1,893	1,704
AVERAGE UNIT SIZE		900	AMENITIES (PER UNIT)	\$0	0
BUILDING EFFICIENCY		100.0%			-----
			TOTAL HARD COST		\$17,035
OPERATING REVENUES					
-----			CONTINGENCY	5.0%	\$852
GROSS RENT (MONTHLY RENT PER UNIT)	\$865	\$4,673	TOTAL CONSTRUCTION COST		\$17,887
LESS: VACANCY	5.0%	234			
		-----	INTERIM LOAN POINTS	2.0%	\$358
EFFECTIVE GROSS		\$4,439	INTERIM LOAN INTEREST ON 55%	11.0%	812
			PERMANENT LOAN POINTS	2.0%	479
OPERATING EXPENSES					-----
-----			TOTAL FINANCING COST		\$1,648
VARIABLE (MONTHLY EXP. PER UNIT)	\$173	\$935	MARKETING (PER UNIT)	\$27	\$12
PROPERTY TAX RATE (%)	1.2%	215	RENT-UP DEFICITS		921
MANAGEMENT FEE (%)	4.0%	178			-----
RESERVES (%)	2.0%	89	TOTAL MARKETING COST		\$933

TOTAL EXPENSES		\$1,415	COST PRIOR TO DEVELOPER FEE		\$20,469
			DEVELOPER FEE	10.0%	\$2,047
CAPITALIZED VALUES			TOTAL DEVELOPMENT COST		\$22,516
-----			RESIDUAL LAND VALUE		-----
NET OPERATING INCOME		\$3,023	TOTAL STATIC VALUE		\$37,096
DEBT SERVICE COVERAGE	115.0%		TOTAL DEVELOPMENT COST		22,516
SUPPORTABLE PERMANENT LOAN		23,951			-----
REQUIRED INITIAL RETURN ON EQUITY	3.0%		LAND VALUE		\$14,580
SUPPORTABLE EQUITY		13,145			
		-----	VALUE/SQ. FT.		\$18.60
TOTAL STATIC VALUE		\$37,096	VALUE/UNIT		\$32,401
CAPITALIZATION RATE	8.0%				
ALL CASH VALUE		\$37,793			