

ARMBRUSTER GOLDSMITH & DELVAC LLP

LAND USE ENTITLEMENTS □ MUNICIPAL ADVOCACY

DAVE RAND
DIRECT DIAL: (310) 209-8800

12100 WILSHIRE BOULEVARD, SUITE 1600
LOS ANGELES, CA 90025

Tel: (310) 209-8800
Fax: (310) 209-8801

E-MAIL: Dave@AG-LandUse.com

WEB: www.AG-LandUse.com

August 14, 2017

VIA E-MAIL

Mr, Brian James
Director
Planning and Community Department
City of Hawthorne
City Hall
4455 W. 126th Street
Hawthorne, California
90250

**Re: *Response to City Planning Commission Request for Green Line
Mixed Use Specific Plan Affordable Housing Analysis.***

Dear Mr. James:

We represent Hawthorne Realty Partners LLC, the applicant of the proposed Green Line Mixed Use Specific Plan (“GLMUSP”). As you know the GLMUSP would allow development of a mixed-use project with six residential levels (totaling 274 market rate dwelling units) and 2,600 square feet of ground floor commercial use (the “Project”).

On Wednesday August 2, 2017, the Hawthorne City Planning Commission adopted Resolution #2017-15 and recommended approval of the GLMUSP and the proposed Project. The Commission’s recommendation requested that the applicant study and present to the City Council a possible “alternative” that includes deed restricted affordable housing units. Specifically, Section 7 of Resolution #2017-15 recommended that the affordable “alternative” consider the following elements: (1) the financial impact to the applicant, (2) the fiscal benefit to the City, (3) achievement of Housing Element objectives and (4) environmental feasibility. This correspondence briefly addresses each of these four economic and policy considerations.

Mr. Brian James
August 14, 2017
Page 2

I. Economic Feasibility.

The Applicant retained HR&A Advisors – a nationally recognized expert real estate economics consulting firm – to study the financial feasibility of both: (a) including a portion of the Project’s proposed 274 market rate units as deed restricted affordable units (“Affordable Option #1”) and (b) adding a seventh level to the Project to add 31 additional affordable units to the proposed 274 market rate units, for a total of 305 units (i.e., the maximum development potential analyzed by the GLMUSP Environmental Impact Report (“EIR”)) (“Affordable Option #2”). HR&A concludes that both affordable alternatives render the GLMUSP Project economically infeasible, and therefore do not present reasonable or prudent policy options for the City Council. A copy of HR&A’s independent analysis is attached herewith as “Exhibit A.”

II. Fiscal Impact.

HR&A previously produced a study analyzing both the direct and indirect general economic impacts associated with the proposed Project, as well as its net fiscal impacts on the City’s General Fund. The HR&A study concludes that the Project would generate approximately \$10.7 million in net municipal revenue over the course of the Project’s development, lease up and first 20 years of stabilized operation (see July 28, 2017 HR&A Study entitled “Economic Revenue Impact and Net Municipal Revenue Impacts of the Proposed Mixed-Use Project at 12540 Crenshaw Boulevard, attached as “Exhibit B”). The study’s main takeaway is that the proposed Project would result in a substantial net economic and fiscal benefit to the City – especially as compared to the existing light industrial/warehouse use at the site which generates limited employment or other measures of economic impacts, or net municipal revenue.

Affordable Option #1 would maintain the same project density of 274 units, but would convert 10 percent of the proposed market rate units (or 27 units) to deed restricted Low or Moderate-Income units. Affordable Option #1 would not alter the proposed Project’s density, construction or the GLMUSP building envelope. Therefore (putting aside the fact that adding affordable units renders the development infeasible) the economic and fiscal impact of Affordable Option #1 would be generally similar to the proposed Project.

Affordable Option #2 would add density (i.e., an additional 31 units) and increase development costs by requiring construction of a partial seventh building level. If one again ignores economic feasibility, it follows that Affordable Option #2 would theoretically provide a marginal additional fiscal and economic benefit to the City, as compared to the proposed Project.

However, as detailed by HR&A, both Affordable Option #1 and #2 would render the GLMUSP development financially unviable. Therefore, it must be assumed that mandating either Affordable Option would ultimately deprive the City of the entirety of

Mr. Brian James
August 14, 2017
Page 3

the proposed Project's substantial fiscal and economic benefits, as outlined in HR&A's analysis.

III. Housing Element Goals

The 2013-2021 Hawthorne Housing Element outlines various strategies for producing housing for a diversity of income levels and target populations. With regard to affordable housing, the City's Regional Housing Needs Allocation ("RHNA") goals for the 2013-2021 Housing Element period include the production of "Extremely Low Income", "Very Low Income", "Low Income," "Moderate Income" and market rate housing units. (See Housing Element, p. 56).

In addition to the RHNA affordability goals, the Housing Element also highlights the age and "deterioration" of the City's existing housing stock as a policy concern. According to the 2013 Department of Finance and 2000 Census data "approximately three quarters of housing units in Hawthorne were constructed prior to 1980 and therefore are of sufficient age to be highly susceptible to deterioration." (See Housing Element, p. 21). The GLMUSP would produce 274 new, high quality units to help balance the City's aging rental stock.

Notably, the Housing Element also recognizes that Hawthorne has experienced relatively little housing growth since 1990. Housing stock grew by only one percent between 1990-2000 and another anemic one percent between 2000-2013. (See Housing Element, p. 20). The Housing Element cites limited vacant land as an impediment to new housing production – noting that "[f]uture housing growth in the City is likely to come as a result of reuse of former commercial or industrial land." (*Id.*). The proposed GLMUSP advances the goal of increasing the City's housing stock without displacing existing residents, by redeveloping underutilized industrial zoned land that, due to its size and configuration, is unlikely to be reused for industrial purposes.

Affordable Option #1 and #2 would contribute to the City's RHNA goals by adding 27 or 31 affordable units to the City, respectively. However, as indicated by HR&A, neither option is financially feasible and would likely render the GLMUSP Project completely unviable. In light of this overriding economic consideration, the net effect of imposing either Affordable Option would be to undermine the potential for generating the Project's 274 new, high quality market rate housing units. This would squander a prime opportunity to address the Housing Element's goal of modernizing and diversifying Hawthorne's housing stock given the City's high percentage of older "deteriorating" housing units over 30 years in age. It would also frustrate the City's obligation to increase its overall housing supply.

Mr. Brian James
August 14, 2017
Page 4

IV. Environmental Feasibility.

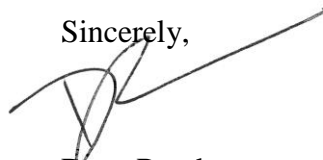
Both Affordable Housing options would be environmentally feasible and would not materially alter the GLMUSP EIR conclusions or impact analysis. As stated above Affordable Option #1 would essentially replace 27 proposed market rate units for affordable low/moderate income units, resulting in negligible environmental effects as compared to the proposed Project.

Affordable Option #2 would add 31 units to the GLMUSP area – but within the 305 unit maximum density studied in the GLMUSP EIR. Accordingly, additional environmental analysis would not be required for Affordable Option #1 or #2. That said, Affordable Option #2 would increase the Project’s density by 31 units and extend the GLMUSP construction schedule by requiring a seventh story and additional parking. Affordable Option #2 would therefore increase various construction and operational environmental impacts as compared to the proposed 274 unit Project, including aesthetics (i.e., seven verses six story building), traffic and circulation, noise, air quality and greenhouse gas emissions, land use and planning, public services, utilities and service systems and water supply.

While my client has developed affordable housing in the past and supports the notion of increasing the affordable housing stock in the region, for reasons discussed above and in the HR&A study, adding affordable housing units to the GLMUSP Project would render the proposed development financially infeasible. Therefore, on balance, the affordable options discussed above would mostly result in negative economic, fiscal and environmental impacts as compared to the proposed Project. The Affordable Options would deprive the City of over \$10.7 million in economic benefit as well as direct and indirect employment opportunities. In the case of this project specifically, the Affordable Options further undermine a key Housing Element goal to modernize and increase the City’s housing stock.

Thank you for your consideration of this analysis and please do not hesitate to contact us with any questions.

Sincerely,



Dave Rand

cc: Melissa M. Crosthwaite
Gilad Ganish
Paul J. Silvern

EXHIBIT A



700 South Flower Street, Suite 2995, Los Angeles, CA 90017
T: 310-581-0900 | F: 310-581-0910 | www.hraadvisors.com

August 14, 2017

Gilad Ganish
Hawthorne Realty Partners LLC
32840 Pacific Coast Highway, Suite Q
Dana Point, California 92629

Re: Affordable Housing Requirement Implications for the 12540 Crenshaw Boulevard Mixed-Use Development in Hawthorne

Dear Mr. Ganish:

Per your request, HR&A Advisors, Inc. (“HR&A”) independently analyzed the financial feasibility implications of including affordable housing units within a multi-family housing/retail development proposed by your company on a 2.53-acre site at 12540 Crenshaw Boulevard (the “Project”) in the City of Hawthorne, California (“City”). The proposed Project includes 274 market rate apartments (studios, 1-BR and 2-BR units), 2,600 square feet of ground floor restaurant use, and a multistory parking garage in a “wrap” configuration. The Project entitlements include a proposed Specific Plan, which would permit development up to a maximum of 305 dwelling units. As part of the City’s Planning Commission recommendation for Project approval, they requested that the developer provide information regarding an alternative to the City Council that would include some amount of “affordable housing” in the Project. This memorandum addresses the financial feasibility implications of doing so. We have reviewed Resolution #2017-15 and understand that your land use counsel is addressing the other three elements of the Resolution.

SUMMARY OF FINDINGS AND CONCLUSIONS

Based on HR&A’s own modeling of Project financial feasibility, as well as review of confidential Project information provided to us by Hawthorne Realty Partners, LLC, we conclude that:

- **Including 10 percent of the proposed Project’s 274 units as “affordable” would render the Project financially infeasible.** We find that that project is marginally feasible as proposed with all market rate units, and substituting units affordable to either low- or moderate-income households would cause the development to fall below market-responsive thresholds of financial feasibility, as measured by return on total development cost and developer margin.
- **Adding another partial story to the proposed Project to accommodate an additional 31 affordable units (i.e., the maximum number of units allowed by the proposed Specific Plan), and associated parking requirements, would also render the proposed project financially infeasible.** This is because the additional cost of constructing another three-quarters of a story and three-quarters of a parking structure level for the additional units would not be offset by the resulting net operating income and net capitalized Project value associated with the additional affordable units. Therefore, this scenario would also not be financially feasible.

The basis for these findings and conclusions is summarized below.

HR&A ANALYSIS APPROACH

To analyze the financial feasibility implications of including affordable housing in the Project, we first analyzed the financial feasibility of the Project as proposed with 100 percent market rate units, using a combination of generally accepted third-party real estate industry data sources,¹ our own expertise and exposure to similar projects, and confidential Project information provided by Hawthorne Realty Partners, LLC (including certain Project costs and operational information). We then prepared a financial feasibility model for the proposed Project in its first year of stabilized operation. The model included all components of total development cost (i.e., land cost, hard costs, “soft” costs and financing costs); the components of net operating income (gross income less an allowance for vacancies, replacement reserves and operating expenses); and estimated Project capitalized value.

We then calculated two generally accepted measures of financial feasibility: (1) return on total development cost (measured as the ratio of net operating income to total development cost); and (2) developer margin (measured as the ratio of net capitalized Project value minus total costs to net capitalized value), and compared the results for the proposed Project with minimum thresholds required to attract investment capital to the Project. We found that the proposed Project with 100 percent market-rate units is only marginally feasible using these metrics. This means that any additional development costs, reductions in net operating income or increases in income capitalization rates would render the Project financially infeasible.

FINANCIAL FEASIBILITY IMPLICATIONS OF AFFORDABLE HOUSING REQUIREMENTS

Having prepared the feasibility model for the proposed Project, we then tested the feasibility implications of including affordable housing in the Project under two scenarios: (1) substituting 10 percent of the market rate units for either low- or moderate-income units; and (2) adding two-thirds of a level to the proposed Project to accommodate 31 low- or moderate-income units, for a total of 305 units, or the maximum number permitted by the proposed Specific Plan.

“Affordable” units were defined in terms of their usual meaning in California, as units that rent for no more than fixed monthly amounts, derived from household incomes at specified percentage of Area Median Income (“AMI”), as defined annually by the State’s Department of Housing and Community Development, adjusted for household size/number of bedrooms per unit, and that no more than 30 percent of the applicable maximum income is spent on housing costs, minus an allowance for utilities. “Low” income rents are defined in terms of households with incomes up to 80 percent of AMI; “Moderate” income rents at up to 120 percent of AMI.

For the first affordable housing test, we assumed that 27 units with either low- or moderate-income rents would be substituted for 27 units of market rate units. The reduction in rental income in this scenario causes a reduction in net operating income, while leaving total development costs essentially unchanged. This change produced return on total development cost and developer margin feasibility results that are well below minimum market-responsive thresholds.

For the second test, we assumed: (1) the cost of constructing three-quarters of a level to accommodate 31 additional affordable units and their parking;² and (2) the net operating income for 31 low- or moderate-

¹ These include the Marshall & Swift construction cost estimation software system that is widely used in the appraisal industry, widely-used Costar Group real estate market data, and the Real Estate Research Corporation’s quarterly update of real estate market financial metrics.

² This would result in a disproportionately larger cost, because it would result in a 7-story building, the first two levels of which would have to be Type I construction, as opposed to only one level of Type I construction in the proposed Project.

Gilad Ganish
Hawthorne Realty Partners, LLC
August 14, 2017

income units on the additional top floor. The combination of additional development cost with less-than-market net operating income per unit also produced return on total development cost and developer profit margin feasibility results that are well below minimum market-responsive thresholds.

Accordingly, we conclude that neither affordable housing scenario tested is financially feasible.

HR&A is a national economic development, real estate advisory and public policy consulting firm. We have extensive experience analyzing the financial feasibility of many kinds of development products and planning initiatives, including considerable experience in the Los Angeles metro area. Our clients include a wide range of private and public sector organizations. More information about HR&A is available at our Web site: www.hraadvisors.com.

Please contact me if you or City of Hawthorne staff have any questions about the above analysis, findings and conclusions.

Sincerely,



Paul J. Silvern
Vice President

EXHIBIT B

MEMORANDUM

To: Gilad Ganish, Hawthorne Realty Group

From: HR&A Advisors, Inc.

Date: July 28, 2017

Re: Economic Impacts and Net Municipal Revenue Impacts of the Planned Mixed-Use Project at 12540 Crenshaw Boulevard

EXECUTIVE SUMMARY

This memorandum provides a summary and supporting calculation details for projections of the general economic impacts and municipal fiscal impacts that Hawthorne Realty Group's proposed mixed-use development at 12540 Crenshaw Blvd ("Project") will have on the economy of the City of Hawthorne ("City") and the City's General Fund. The general economic impacts and municipal fiscal impacts are attributable to the Project's construction and annual operation once it achieves stabilized occupancy. In the case of municipal fiscal impacts, the analysis provides estimates of construction impacts, and projections at the point of project stabilization as well as over a 23-year period (2017-2040) covering construction and 20 years of stabilized operation.

The Project includes 274 market rate apartments (studios, 1-BR and 2-BR units), 2,600 square feet of ground floor restaurant use, and a 177,000-square foot parking garage. The first year of stabilized operation is expected to be 2020.

Modeling assumptions and results supporting the estimates of the Project's general economic impacts are contained in Appendix A. Appendix B includes calculation detail for the net municipal fiscal impacts of the Project to the City, after deducting property tax revenue generated by the existing site.

SUMMARY OF NET ECONOMIC IMPACTS IN THE CITY OF HAWTHORNE ECONOMY

Using Project hard construction cost estimates provided by Hawthorne Realty Group, and analyzed by HR&A using the most current (2015) IMPLAN input-output model data for the City of Hawthorne economy, the following **one-time construction-related economic impacts** were derived¹:

- *Approximately **608** total jobs (i.e., direct on-site + "multiplier effect"), of which **417** full-time and part-time construction jobs will be located on site.*
- *Approximately **\$26.9 million** in compensation paid to workers directly and indirectly associated with construction, of which **\$18.8 million** will be paid to on-site workers (in 2017 dollars).*

¹ HR&A independently verified the reasonableness of the Hawthorne Realty Group hard construction cost estimate after analyzing the Project characteristics and location using the widely-used Marshall & Swift Valuation Service construction cost estimation software program.

- Approximately **\$93.3 million** in total economic output, including **\$66.2 million** associated with Project construction (in 2017 dollars).

Using gross revenue estimates for the restaurant space, and estimates of annual household spending derived from weighted average rental prices for the proposed apartments, the following **operations-related annual economic impacts** were derived:

- Approximately **85 total jobs** (i.e., direct on-site + “multiplier effect”), of which **70 full-time and part-time operations jobs** will be directly generated by residential spending in the City and restaurant operations.
- Approximately **\$2.8 million** in annual compensation paid to workers directly and indirectly associated with site operations, of which **\$2.2 million** will be directly generated by residential spending in the City and restaurant operations (in 2017 dollars).
- Approximately **\$9.1 million** in total annual economic output, including **\$6.7 million** associated with residential spending in the City and restaurant operations, measured in producer prices (in 2017 dollars).

Details of all economic impact modeling assumptions, and economic impact result totals by industry sector, are included in Appendix A.²

SUMMARY OF NET MUNICIPAL REVENUE IMPACTS TO THE CITY OF HAWTHORNE

Based on a series of calculations that are detailed in Appendix B, HR&A estimates that construction and annual operation of the Project will generate the following net municipal fiscal impacts to the City (reported in nominal dollars, unless noted otherwise):

One-Time Impacts

Construction of the Project will generate new, one-time tax revenues for the City’s General Fund:

- **\$165,000** in one-time revenues, including the contractor’s business license tax and construction materials sales tax revenues, but not including any planning fees, construction permits or mitigation fee charges, because these charges directly offset City costs and therefore do not represent net new City revenues.

Annually Recurring Impacts

Estimated annually recurring net Project revenues are based on current City tax rates and tax formulas, and HR&A analysis. Once the Project is fully built-out and stabilized, the annually recurring net municipal revenue impact to the City will be as follows:

- **\$405,000** net municipal revenue impact to the City’s General Fund in the Project’s first stabilized year of operation;
- **\$413,000** in annual revenues to the City’s General Fund less **\$7,800** in revenue generated from the current use of the site; and
- **\$10.7 million** in net municipal revenue impact over the Project’s development, lease-up and first 20 years of stabilized operation (**\$4.4 million** in constant 2017 dollars), less: **\$225,000** in revenue generated from the existing use on the site over 20 years (**\$103,000** in constant 2017 dollars).

For reasons discussed below, there is unlikely to be any marginal City service cost impacts associated with the Project, and hence its net fiscal impacts are equivalent its net municipal revenue impacts.

² IMPLAN industry sector detail for each component of Project construction and annual operations can also be provided upon request.

OVERVIEW OF GENERAL ECONOMIC IMPACT ANALYSIS

Employment and other economic impacts related to the construction of the Project and its annual operation once it is completed were estimated using the IMPLAN input-output model and IMPLAN data specific to the City of Hawthorne geography as of 2015, which is the latest year for which model data are available.³ Input-output analysis is an economic impact modeling method for understanding the interactions among the industries in a local economy that result from investment in a new capital project or other economic changes. In form, it resembles a giant matrix, or spreadsheet, in which the “inflows” of goods and services needed by an industry (i.e., the purchasing sectors) are the columns and the rows consist of the outputs, or selling sectors. This enables analysis of the specific sectors in an area’s economy that are affected, and by how much, when a dollar’s worth of investment, new employment or other measure of “final demand” is added to a particular sector or sectors. These inter-industry relationships can be expressed in terms of dollar impacts or employment impacts.

IMPLAN is a widely-accepted model that HR&A and many others, including many public agencies, use to estimate the economic consequences of new investment in, or other changes to, a local or regional economy. It explicitly accounts for impact “leakage,” or the fact that not all economic impacts are necessarily experienced inside the geographic area under study. The IMPLAN model can be used to generate estimates of direct, indirect and induced employment, compensation (i.e., wages and benefits) and total economic output (i.e., a summary measure of all sales and spending), for both the construction phase of a project, and annually, once it has been completed and occupied. “Employment” includes all individual full-time and part-time jobs, regardless of whether they are permanent or temporary (i.e., not full-time equivalents, or FTEs), and self-employed persons as well as wage and salary workers.

“Direct” impacts include the investment in Project construction as well as retail sales in the completed Project. Therefore, the direct impacts occur at the Project Site. “Indirect” impacts are those resulting from construction contractor purchases of goods and services to support Project construction, goods and services purchased by Project businesses to support their business operations. Some of these impacts will occur within the City of Hawthorne, though a significant portion will “leak” to other communities beyond the City’s borders. “Induced” impacts result from Project household spending and purchases by the Project’s direct and indirect employees for their household-related goods and services. As such, IMPLAN aggregates the total impacts of any new spending from Project residents within the City geography as an “induced” impact only, rather than identifying any “direct” or “indirect” effects. The indirect and induced effects are together sometimes referred to as the “multiplier effect” of the direct impacts associated with a development project.

The IMPLAN model utilizes ZIP Codes for analysis of sub-county geographies which do not always perfectly coincide with municipal boundaries. While 90250 is not a perfect match for the City of Hawthorne, it comprises over 95% of the City’s area and excludes less than 0.5 square miles of mostly commercial land along the City’s northern and western borders. 90250 also includes the unincorporated community of Del Aire, which is almost completely surrounded by the City along the 405 Freeway.

Inputs into the economic impact calculation models are based on estimates of construction costs provided by Hawthorne Realty Group. Operational data was also provided by Hawthorne Realty Group, with some additional assumptions developed by HR&A, including annual sales at the proposed restaurant and resident

³ IMPLAN (IMpact Analysis for PLANning), a social accounting and impact analysis software program, was developed in 1979 by the U.S. Forest Service in cooperation with the Federal Emergency Management Agency and the U.S. Bureau of Land Management to assist the Forest Service in land and resource planning and management. The program was updated and improved over subsequent years. In 1992, IMPLAN was transferred under a technology transfer agreement to the Minnesota IMPLAN Group, Inc. (MIG), which was run by three of the key University of Minnesota staff members who worked on the original program and subsequently developed the current modeling system. In 2013, IMPLAN was purchased by MIG, Inc. and privatized.

spending. Impacts from all Project phases were calculated in non-escalated 2017 dollars and are reported in 2017 dollars.

Economic Impacts of Project Construction

The economic impact estimates for Project construction are based on the Project’s hard construction costs. These final demand values are assigned to the applicable construction sectors in the IMPLAN model, which then generates the direct, indirect, induced, and total employment, employee compensation, and total economic impacts associated with Project construction. These are, essentially, one-time impacts that occur incrementally over the months of Project construction.

The Project’s construction impacts are summarized in Table 1. They show that the planned private investment to develop the Project (i.e., about \$66.2 million in hard costs) translates to a total economic output impact of about \$93.3 million in the City economy. The investment is associated with 608 total construction-related jobs within the City economy, of which 417 will be involved directly in the Project’s construction. The construction investment will also support another 108 jobs at businesses selling merchandise and services directly to the construction general contractor and subcontractors, and 83 additional jobs resulting from household expenditures by direct and indirect employees. The details of the Project construction cost estimate by IMPLAN model industry sector, and the IMPLAN model results by industry sector, are provided in Appendix A.

**Table 1: Employment and Other Economic Impacts in the City of Hawthorne Economy from Construction of the Proposed Mixed-Use Project
12540 Crenshaw Boulevard**

Impact Category ¹	Direct Impact	Indirect Impact	Induced Impact	Total Impact ²
Residential Construction				
Employment	239	89	50	378
Employee Compensation	\$9,929,963	\$3,886,294	\$1,898,017	\$15,714,274
Total Economic Output	\$41,223,079	\$11,404,054	\$7,248,817	\$59,875,950
Restaurant Construction				
Employment	3	0	0	3
Employee Compensation	\$132,188	\$17,735	\$18,267	\$168,190
Total Economic Output	\$373,848	\$57,094	\$69,743	\$500,685
Parking Construction				
Employment	176	19	32	227
Employee Compensation	\$8,693,933	\$1,166,426	\$1,201,400	\$11,061,759
Total Economic Output	\$24,587,701	\$3,755,023	\$4,586,967	\$32,929,691
TOTAL²				
Employment	417	108	83	608
Employee Compensation	\$18,756,084	\$5,070,455	\$3,117,684	\$26,944,224
Total Economic Output	\$66,184,628	\$15,216,171	\$11,905,527	\$93,306,326

¹ Employee Compensation and Total Economic Output values are stated in 2017 dollars.

² Totals may not sum precisely due to independent rounding.

Sources: Hawthorne Realty Group; IMPLAN; HR&A Advisors, Inc.

Economic Impacts of Project Annual Operations

The economic impacts of Project annual operations reflect the ongoing impact once construction is completed and operations are stabilized. These impacts were also derived using the IMPLAN model.

For retail uses, model inputs are defined in terms of gross sales, as estimated by HR&A and Hawthorne Realty Group using gross sales per square foot estimates from Retail Maxim, a third party real estate data clearinghouse. Direct retail impacts only account for the retail margin, which is generally the difference between the retail price and the cost of goods sold at the retail store. Furthermore, HR&A’s estimates for retail sales are based only on net new retail square footage (i.e., new retail square footage at the Project site less square footage from an existing nearby tenant).

To calculate the net Project impacts, hotel revenues, estimated retail jobs, and estimated annual household spending associated with the existing residential units on the Project Site were subtracted from the annual operations impact of the proposed Project.

The Project’s annual operations impacts are summarized in Table 2. They show that the Project’s annual direct retail impact of approximately \$6.7 million in new retail sales translates to a net total economic output impact of approximately \$9 million in the City’s economy. The annual operation of the Project will also support 85 total employees within the City, of which 70 will be involved directly in the Project’s daily operation located within the City. The details of the final demand estimates, and the IMPLAN model results by industry sector, are provided in Appendix A.

Table 2: Ongoing Employment and Other Economic Impacts in the City of Hawthorne Economy from Annual Operations of the Mixed-Use Development (Gross Project and Net Impacts)
12540 Crenshaw Boulevard

Impact Category ¹	Direct Impact	Indirect Impact	Induced Impact	Total Impact ²
Residential Spending				
Employment	40	5	6	51
Employee Compensation	\$1,390,027	\$250,613	\$217,274	\$1,857,913
Total Economic Output	\$5,094,808	\$926,954	\$829,730	\$6,851,492
Restaurant				
Employment	30	1	3	34
Employee Compensation	\$801,396	\$73,235	\$98,813	\$973,444
Total Economic Output	\$1,586,000	\$276,289	\$377,191	\$2,239,480
TOTAL²				
Employment	70	7	8	85
Employee Compensation	\$2,191,423	\$323,847	\$316,087	\$2,831,357
Total Economic Output	\$6,680,808	\$1,203,243	\$1,206,921	\$9,090,972

¹ Employee Compensation and Total Economic Output values are stated in 2017 dollars.

² Totals may not sum precisely due to independent rounding.

Sources: Hawthorne Realty Group; IMPLAN; HR&A Advisors, Inc.

OVERVIEW OF THE NET MUNICIPAL FISCAL ANALYSIS

Hawthorne Realty Group provided HR&A with certain assumptions about the Project including the scale of Project components, and anticipated rental rates for the completed Project. To construct the municipal revenue

impact model for the Project, HR&A used public and proprietary data to estimate real estate metrics, City municipal code requirements, and industry-standard tax revenue calculation approaches.

The current use of the site appears to be a vacant commercial building. As such, HR&A assumed that the site is only generating property tax revenue for the City. The municipal revenue impact model subtracts these existing revenues to determine the net new municipal revenues from the Project.

Revenue Impacts of Project Construction

HR&A estimates that the Project will generate about \$173,000 (in nominal dollars) in new, one-time, construction-related revenues for the City, as summarized in Table 3. These one-time revenues include the sales taxes on certain construction materials.⁴ Sales taxes on construction materials would result in about \$103,000 in revenue for the City. Construction of the Project would also be subject to the City’s business license tax rate based on construction contractor earnings. The gross receipts tax applied to construction of the project yields an estimate of about \$69,000.

Note that these estimates do not include any planning and construction permit fees, because those City charges are generally set at levels that are intended to directly offset city staff time to process them, and therefore they do not represent net new revenue to the City. Fees for traffic and other environmental mitigation are also omitted, because such fees are generally set at levels to offset direct Project impacts, and therefore also do not represent net new city revenues.

Table 3
One-Time Revenues from Construction of the Proposed 12540 Crenshaw Blvd

	Development Period ³	
	Nominal \$ ¹	NPV-2017 \$ ²
One-Time Revenues to the City of Hawthorne General Fund		
Construction Materials Sales Tax	\$103,959	\$87,865
Contractor’s Business License Tax	<u>\$69,343</u>	<u>\$58,608</u>
Total One-Time Revenues to the City of Hawthorne General Fund	\$173,303	\$146,473

¹With annual inflation of 3%.

²With annual inflation of 3% and a discount rate of 6.8%.

³Development period assumed to be 2017-2019.

Prepared by: HR&A Advisors, Inc.

Fiscal Impacts From Annual Operation of the Completed Project

As summarized in Table 4, the Project will generate about \$413,000 in annual revenues, expressed in nominal dollars, to the City’s General Fund once the Project achieves stabilized operation. After accounting for the existing property tax revenue of the existing site, the net municipal revenue impact to the City’s General Fund in the first stabilized year will be approximately \$405,000. Over the 2017-2040 analysis period (construction through 20 years of stabilized operation), the net municipal revenue impact will be approximately \$10.8 million in nominal dollars, or about \$4.5 million in constant 2017 dollars.

⁴ Assuming the Project site is registered with the State Board of Equalization as point of sale.

**Table 4: Net Municipal Revenue Impacts and One-Time Revenues During Construction to the City of Hawthorne
12540 Crenshaw Blvd**

	First Stabilized	Over Analysis Period	
	Year (2020)	Nominal \$	NPV-2017 \$ ¹
Annual Revenues to the City of Hawthorne General Fund			
Property Tax	\$105,855	\$2,711,681	\$1,139,052
MVLF In Lieu	\$185,883	\$4,761,765	\$2,000,199
Sales Tax - Retail Tenant	\$17,331	\$501,189	\$202,763
Sales Tax - Project Household Spending	\$29,827	\$862,571	\$348,966
Utility Users' Tax	\$16,248	\$469,883	\$190,098
Business License Tax	\$11,211	\$324,224	\$131,170
Licenses, Permits, Fees and Fines	\$47,119	\$1,362,644	\$551,279
Total Annual Recurring Revenues to City's General Fund	\$413,474	\$10,993,957	\$4,563,528
Less: Property Tax and MVLF Revenue from Existing Site	-\$7,874	-\$225,734	-\$103,262
Net Municipal Revenue Impact to City's General Fund	\$405,600	\$10,768,223	\$4,460,266
One-Time Revenues to the City of Hawthorne General Fund			
Construction Materials Sales Tax		\$103,959	\$87,865
Contractor's Business License Tax		\$69,343	\$58,608
Total One-Time Revenues to the City of Hawthorne General Fund		\$173,303	\$146,473

¹With annual inflation of 3%, property assessed value appreciation of 2%, and a discount rate of 6.8%.

Prepared by: HR&A Advisors, Inc.

The specific revenue categories and the methodology are described in more details below.

Revenue Estimation Approach

Each tax revenue category utilizes a different estimation approach, which is briefly described below. Revenues are estimated for stabilized operation of the completed Project as well as continued operation of the existing site. All calculation details are included in Appendix B

Property Tax. The property tax applicable to the Project Site includes a one percent levy on the assessed value of land and buildings, which is distributed among different local taxing agencies, plus a proportional share of voter-approved indebtedness. The City receives 9.4 percent of the one percent general levy on total assessed value.

In 2017, the Project site had an assessed value of just over \$2.8 million and the City collected approximately \$2,600 in property tax. With an estimated investment of \$66 million in total construction costs, the assessed value of the Project site during construction will immediately generate more property tax revenue for the City. Once the Project is stabilized, its property tax revenue will be based on the net capitalized value of net operating income, and the City's share of revenue will be substantially larger.

Property Tax In Lieu of Motor Vehicle License Fees. Beginning in 2005, the State reduced the Motor Vehicle License Fee revenue from two percent to 0.65 percent. The State kept local government revenues whole by swapping the lost Motor Vehicle License Fee revenue for an equivalent amount of property tax revenue. In Hawthorne, the rebate is currently equal to 0.165 percent of citywide assessed valuation. This factor was applied to the estimated assessed value of the Project after development to determine anticipated additional General Fund property tax revenue.

Sales Tax. Hawthorne will receive one percent of the applicable total sales tax generated from annual sales in the Project's retail component, as estimated by HR&A. In addition, the City would also receive sales tax revenue from Project household expenditures elsewhere in the City (e.g., at off-site restaurants, retail

and gas stations), as also estimated by HR&A.

Business License Tax. Hawthorne levies an annual tax on businesses operating in the City based on a business' gross receipts. Both the residential landlord and businesses operating within the retail component of the Project will need to apply for a business license with the City and pay the tax, which goes to the City's General Fund.

Utility Users' Tax. Hawthorne charges a 5.0 percent tax on the cost of electricity and natural gas. The Project new households and busiessnes will significantly increase the utility users on the Project site resulting in increased utility user taxes going to the City General Fund.

Licenses, Permits, Fees and Other Fines. The City generates General Fund revenue from other various Licenses, Permits, Fees and Fines. New employees and residents will result in additional General Fund revenue in this category.

One-time Revenues. During construction of the Project, some portion of the materials will be purchased within the City. With a sizable development, this can be a significant, albeit temporary boost in sales tax revenue to the City. Additionally, the City municipal code requires any contractors involved in Project construction to apply for a City business license and pay the gross receipts tax, which also goes to the City General Fund.

ANNUAL CITY SERVICE COSTS AND NET FISCAL IMPACTS

The net fiscal impact of a proposed development project is calculated by subtracting any recurring costs to provide public services to the Project from the annual tax and other revenues it generates. The Project is unlikely to have any significant marginal (i.e., incremental) impacts on service costs, because it is a relatively small development that will increase the daytime and resident population by less than 1.0%. In addition, the Project's Environmental Impact Report concluded that there would be no significant adverse impacts from the Project on any City service category (e.g., no need to increase public safety personnel or construct new facilities), in part because the Project will include a number of on-site public safety features and open-space. As such, the Project's net new revenue is essentially equal to its net fiscal impact.

**APPENDIX A:
ECONOMIC IMPACT ANALYSIS INPUTS
AND INDUSTRY SECTOR
RESULTS FOR THE PROJECT**

Appendix A, Table 1
Proposed Mixed-Use Project
Economic Impact Inputs
Construction

Cost Categories	Construction Cost (2017\$)¹	IMPLAN Sector #	IMPLAN Sector Name
Residential	\$41,223,077	60	Construction of new multifamily residential structures
Restaurant	\$373,848	57	Construction of new commercial structures, including farm structures
Parking	\$24,587,700	57	Construction of new commercial structures, including farm structures
Total Hard Costs	\$66,184,625		

¹ Hawthorne Realty Partners, LLC; HR&A Advisors, Inc. Distribution of development costs between residential, retail, and parking land uses is proportional by square footage.

Sources: Hawthorne Realty Partners, LLC; HR&A Advisors, Inc.; IMPLAN.

Appendix A, Table 2
Proposed Mixed-Use Project
Economic Impact Inputs
Annual Operations

Retail	Gross Leasable Area (SF)¹	Sales per SF²	Total Sales	IMPLAN Sector #	IMPLAN Sector Name	Margin?³
Restaurant	<u>2,600</u>	\$610	<u>\$1,586,000</u>	501	Full-service restaurants	no
Subtotal - Retail	2,600		\$1,586,000			

¹ Hawthorne Realty Partners, LLC.

² Retail Maxim, July 2016. Sales PSF for Casual Dining restaurants.

³ IMPLAN distinguishes between industries such as retail where purchases include margins and are in consumer prices rather than producer prices.

Sources: Hawthorne Realty Partners, LLC; Retail Maxim; IMPLAN; HR&A Advisors, Inc.

Appendix A, Table 3
Proposed Mixed-Use Project
Economic Impact Inputs
Annual Operations (cont'd)

Market Rate Apartments	Hhld. Spending Category	Amount	% of Project Household Purchases in City of Hawthorne ⁸	Purchases in City of Hawthorne	Adjustment for Shopping @ Project ⁹	Adjusted Purchases in City of Hawthorne	Project Household Income Adjustment ¹⁰	Total Project Spending ¹¹	IMPLAN codes
Total Apartments ¹	274	Estimated Gross Hhld Income		\$91,374					
Average Monthly Rent - psf ²	\$3.30	Comparable CES 2014 Hhld Income Band ⁶		\$88,881					
Average sf	779	Personal Taxes		\$10,105					
Average Yearly Rent	\$30,858	Income After Taxes		\$78,776					
Annual Utility Cost ³	\$1,122	Annual Consumer Expenditures ⁷		\$67,058					
Total Annual Housing Cost	\$31,981	Hhld. Expenditures/Income Before Taxes	75%						
Housing Cost/Household Income	35%	Food Away from Home	40%	\$3,624	\$1,450	-10%	\$1,305	\$1,341	\$349,122 501 Full-service restaurants
Required Gross Hhld. Income	\$91,374	Alcoholic Beverages	40%	\$596	\$238	0%	\$238	\$245	\$63,796 400 Retail - Food and beverage stores
Total Project Gross Hhld. Income	\$25,036,400	Household Furnishings & Equipment	40%	\$2,058	\$823	0%	\$823	\$846	\$220,289 397 Retail - Furniture and home furnishings stores
Total From Occupied Units (95% Occupied) ⁴	\$23,784,580	Housekeeping Supplies	40%	\$888	\$355	0%	\$355	\$365	\$95,052 405 Retail - General merchandise stores
Annual Hhld. Spending/Total Hhld. Income	75%	Apparel & Services	40%	\$2,203	\$881	0%	\$881	\$906	\$235,809 403 Retail - Clothing and clothing accessories stores
Annual Hhld. Spending	\$17,944,739	Transportation	40%	\$11,593	\$4,637	0%	\$4,637	\$4,767	\$1,240,916 402 Retail - Gasoline stores
Adjustment for Consumer Spending in Hawthorne ⁵	39.8%	Entertainment (less Fees & Admissions)	40%	\$2,582	\$1,033	0%	\$1,033	\$1,062	\$276,378 496 Other amusement and recreation industries
Annual Hhld. Retail Spending After Adjustment	\$7,139,104	Personal Care Products & Services	40%	\$848	\$339	0%	\$339	\$349	\$90,770 509 Personal care services
		Tobacco Products	40%	\$350	\$140	0%	\$140	\$144	\$37,464 406 Retail - Miscellaneous store retailers
		Reading	40%	\$132	\$53	0%	\$53	\$54	\$14,129 404 Retail - Sporting goods, hobby, musical instrument and book stores
		Miscellaneous	40%	\$989	\$396	0%	\$396	\$407	\$105,863 406 Retail - Miscellaneous store retailers
		Food at Home	40%	\$5,006	\$2,002	0%	\$2,002	\$2,059	\$535,843 400 Retail - Food and beverage stores
		All Other Housing Costs	40%	\$18,394	\$7,358	0%	\$7,358	\$7,564	\$1,968,896 440 Real estate
		Health Care	40%	\$5,470	\$2,188	0%	\$2,188	\$2,249	\$585,509 475 Offices of physicians
		Entertainment-Fees & Admissions	40%	\$719	\$288	0%	\$288	\$296	\$76,962 488 Performing arts companies
		Education	40%	\$1,352	\$541	0%	\$541	\$556	\$144,718 473 Junior colleges, colleges, universities, and professional schools
		Cash Contributions	40%	\$2,233	\$893	0%	\$893	\$918	\$239,021 406 Retail - Miscellaneous store retailers
		Personal Insurance and Pensions	40%	\$8,021	\$3,208	0%	\$3,208	\$3,298	\$858,569 437 Insurance carriers
		Subtotal		\$67,058	\$26,823		\$26,678	\$27,426	\$7,139,104

¹ Hawthorne Realty Partners, LLC.

² Hawthorne Realty Partners, LLC.

³ HR&A Advisors, Inc.

⁴ HR&A Advisors assumption of structural apartment vacancy at stabilization.

⁵ HR&A Advisors assumption of spending that will be captured within the City of Hawthorne, excluding anticipated spending at the Project so as to not double count resident spending.

⁶ Bureau of Labor Statistics Consumer Expenditure Survey 2014 mean income before taxes for households earning between \$80,000 and \$99,999 annually.

⁷ Average consumer spending in total and by category correspond to the 2014 Consumer Expenditure Survey for households earning between \$80,000 and \$99,999 annually.

⁸ HR&A Advisors, Inc.

⁹ HR&A Advisors adjustment to reflect likely resident spending at the Project's restaurant space to avoid double counting.

¹⁰ HR&A Advisors adjustment to inflate all spending categories by 2.8% to reflect the projected household income (\$91,374) rather than the benchmark CES household income of \$88,881.

¹¹ HR&A Advisors adjustment to reflect spending of all Project households, accounting for 5% structural vacancy.

Sources: Hawthorne Realty Partners, LLC; IMPLAN; HR&A Advisors, Inc.

Appendix A, Table 4
12540 Crenshaw Blvd
Project Construction Economic Impact by Sector - Employment

Sector #	IMPLAN Sector	Direct	Indirect	Induced	Total	Total %	Cum %
60	Construction of new multifamily residential structures	238.65	0.00	0.00	238.65	39.2%	39.2%
57	Construction of new commercial structures, including farm structures	178.74	0.00	0.00	178.74	29.4%	68.6%
395	Wholesale trade	0.00	14.33	3.65	17.99	3.0%	71.6%
406	Retail - Miscellaneous store retailers	0.00	10.49	1.79	12.29	2.0%	73.6%
401	Retail - Health and personal care stores	0.00	9.38	1.40	10.78	1.8%	75.4%
399	Retail - Building material and garden equipment and supplies stores	0.00	8.76	1.58	10.34	1.7%	77.1%
403	Retail - Clothing and clothing accessories stores	0.00	6.73	1.53	8.26	1.4%	78.4%
411	Truck transportation	0.00	6.05	0.96	7.02	1.2%	79.6%
440	Real estate	0.00	3.17	3.61	6.78	1.1%	80.7%
502	Limited-service restaurants	0.00	0.43	5.97	6.40	1.1%	81.8%
398	Retail - Electronics and appliance stores	0.00	5.64	0.50	6.14	1.0%	82.8%
404	Retail - Sporting goods, hobby, musical instrument and book stores	0.00	4.79	0.90	5.69	0.9%	83.7%
449	Architectural, engineering, and related services	0.00	5.46	0.23	5.69	0.9%	84.6%
485	Individual and family services	0.00	0.00	5.48	5.48	0.9%	85.5%
405	Retail - General merchandise stores	0.00	1.18	4.10	5.28	0.9%	86.4%
407	Retail - Nonstore retailers	0.00	3.00	1.43	4.43	0.7%	87.1%
397	Retail - Furniture and home furnishings stores	0.00	3.35	0.66	4.02	0.7%	87.8%
501	Full-service restaurants	0.00	0.56	3.20	3.76	0.6%	88.4%
402	Retail - Gasoline stores	0.00	3.03	0.56	3.59	0.6%	89.0%
400	Retail - Food and beverage stores	0.00	0.11	3.09	3.20	0.5%	89.5%
469	Landscape and horticultural services	0.00	2.21	0.86	3.06	0.5%	90.0%
475	Offices of physicians	0.00	0.00	2.74	2.74	0.5%	90.5%
504	Automotive repair and maintenance, except car washes	0.00	0.54	2.12	2.66	0.4%	90.9%
509	Personal care services	0.00	0.00	2.31	2.31	0.4%	91.3%
396	Retail - Motor vehicle and parts dealers	0.00	0.47	1.72	2.19	0.4%	91.7%
368	Wood kitchen cabinet and countertop manufacturing	0.00	1.94	0.09	2.03	0.3%	92.0%
480	Home health care services	0.00	0.00	2.00	2.00	0.3%	92.3%
476	Offices of dentists	0.00	0.00	1.90	1.90	0.3%	92.6%
503	All other food and drinking places	0.00	0.12	1.71	1.83	0.3%	92.9%
474	Other educational services	0.00	0.09	1.70	1.79	0.3%	93.2%
517	Private households	0.00	0.00	1.76	1.76	0.3%	93.5%
433	Monetary authorities and depository credit intermediation	0.00	0.66	0.95	1.61	0.3%	93.8%
483	Nursing and community care facilities	0.00	0.00	1.60	1.60	0.3%	94.1%
513	Religious organizations	0.00	0.00	1.44	1.44	0.2%	94.3%
154	Printing	0.00	1.00	0.37	1.38	0.2%	94.5%
468	Services to buildings	0.00	0.45	0.92	1.37	0.2%	94.7%
457	Advertising, public relations, and related services	0.00	0.89	0.32	1.21	0.2%	94.9%
467	Investigation and security services	0.00	0.70	0.43	1.13	0.2%	95.1%
487	Child day care services	0.00	0.00	1.07	1.07	0.2%	95.3%
415	Couriers and messengers	0.00	0.81	0.23	1.05	0.2%	95.5%
477	Offices of other health practitioners	0.00	0.00	1.04	1.04	0.2%	95.6%
497	Fitness and recreational sports centers	0.00	0.15	0.85	1.00	0.2%	95.8%
412	Transit and ground passenger transportation	0.00	0.23	0.65	0.88	0.1%	96.0%
472	Elementary and secondary schools	0.00	0.00	0.85	0.85	0.1%	96.1%
462	Office administrative services	0.00	0.65	0.16	0.81	0.1%	96.2%
376	Showcase, partition, shelving, and locker manufacturing	0.00	0.79	0.02	0.81	0.1%	96.4%
478	Outpatient care centers	0.00	0.00	0.79	0.79	0.1%	96.5%
443	General and consumer goods rental except video tapes and discs	0.00	0.57	0.22	0.79	0.1%	96.6%
62	Maintenance and repair construction of nonresidential structures	0.00	0.44	0.35	0.79	0.1%	96.7%
516	Labor and civic organizations	0.00	0.01	0.75	0.75	0.1%	96.9%
414	Scenic and sightseeing transportation and support activities for transportation	0.00	0.51	0.23	0.73	0.1%	97.0%
486	Community food, housing, and other relief services, including rehabilitation services	0.00	0.00	0.72	0.72	0.1%	97.1%
499	Hotels and motels, including casino hotels	0.00	0.19	0.53	0.71	0.1%	97.2%
460	Marketing research and all other miscellaneous professional, scientific, and technical services	0.00	0.57	0.13	0.70	0.1%	97.3%
63	Maintenance and repair construction of residential structures	0.00	0.02	0.67	0.69	0.1%	97.5%
512	Other personal services	0.00	0.06	0.63	0.69	0.1%	97.6%
461	Management of companies and enterprises	0.00	0.50	0.18	0.68	0.1%	97.7%
508	Personal and household goods repair and maintenance	0.00	0.33	0.33	0.66	0.1%	97.8%
448	Accounting, tax preparation, bookkeeping, and payroll services	0.00	0.46	0.19	0.65	0.1%	97.9%
450	Specialized design services	0.00	0.54	0.11	0.65	0.1%	98.0%
518	Postal service	0.00	0.44	0.19	0.63	0.1%	98.1%
484	Residential mental retardation, mental health, substance abuse and other facilities	0.00	0.00	0.62	0.62	0.1%	98.2%
507	Commercial and industrial machinery and equipment repair and maintenance	0.00	0.51	0.10	0.61	0.1%	98.3%
427	Wired telecommunications carriers	0.00	0.22	0.33	0.55	0.1%	98.4%
473	Junior colleges, colleges, universities, and professional schools	0.00	0.01	0.53	0.54	0.1%	98.5%
454	Management consulting services	0.00	0.36	0.07	0.44	0.1%	98.6%
481	Other ambulatory health care services	0.00	0.00	0.42	0.42	0.1%	98.6%
465	Business support services	0.00	0.30	0.11	0.41	0.1%	98.7%
525	Local government electric utilities	0.00	0.20	0.20	0.40	0.1%	98.8%
	All Other Sectors	0.00	3.71	3.79	7.50	1.2%	100.0%
	Total	417.39	108.12	82.65	608.16	100.0%	

Appendix A, Table 5
12540 Crenshaw Blvd
Project Construction Economic Impact by Sector - Employee Compensation

Sector #	IMPLAN Sector	Direct	Indirect	Induced	Total	Total %	Cum %
60	Construction of new multifamily residential structures	9,929,963.15	0.00	0.00	9,929,963.15	36.9%	36.9%
57	Construction of new commercial structures, including farm structures	8,826,121.25	0.00	0.00	8,826,121.25	32.8%	69.6%
395	Wholesale trade	0.00	1,047,650.74	266,986.16	1,314,636.90	4.9%	74.5%
449	Architectural, engineering, and related services	0.00	611,409.01	25,516.48	636,925.49	2.4%	76.9%
401	Retail - Health and personal care stores	0.00	402,759.67	60,207.64	462,967.32	1.7%	78.6%
398	Retail - Electronics and appliance stores	0.00	415,979.83	36,783.41	452,763.25	1.7%	80.3%
399	Retail - Building material and garden equipment and supplies stores	0.00	340,421.76	61,317.45	401,739.22	1.5%	81.7%
403	Retail - Clothing and clothing accessories stores	0.00	204,360.82	46,493.20	250,854.01	0.9%	82.7%
406	Retail - Miscellaneous store retailers	0.00	213,194.73	36,440.38	249,635.12	0.9%	83.6%
475	Offices of physicians	0.00	0.00	240,678.80	240,678.80	0.9%	84.5%
411	Truck transportation	0.00	186,569.16	29,621.78	216,190.94	0.8%	85.3%
433	Monetary authorities and depository credit intermediation	0.00	68,099.17	99,018.87	167,118.04	0.6%	85.9%
405	Retail - General merchandise stores	0.00	36,875.48	128,086.28	164,961.76	0.6%	86.5%
397	Retail - Furniture and home furnishings stores	0.00	126,123.82	24,885.87	151,009.69	0.6%	87.1%
502	Limited-service restaurants	0.00	9,161.54	128,299.27	137,460.80	0.5%	87.6%
404	Retail - Sporting goods, hobby, musical instrument and book stores	0.00	110,530.37	20,840.33	131,370.70	0.5%	88.1%
396	Retail - Motor vehicle and parts dealers	0.00	27,387.99	101,104.33	128,492.31	0.5%	88.6%
400	Retail - Food and beverage stores	0.00	3,499.40	102,353.20	105,852.60	0.4%	89.0%
440	Real estate	0.00	47,933.09	54,676.14	102,609.23	0.4%	89.3%
457	Advertising, public relations, and related services	0.00	74,392.90	26,794.71	101,187.61	0.4%	89.7%
402	Retail - Gasoline stores	0.00	85,190.87	15,805.09	100,995.96	0.4%	90.1%
501	Full-service restaurants	0.00	14,879.34	84,981.94	99,861.28	0.4%	90.5%
504	Automotive repair and maintenance, except car washes	0.00	19,479.93	76,632.33	96,112.26	0.4%	90.8%
368	Wood kitchen cabinet and countertop manufacturing	0.00	88,480.90	4,201.36	92,682.26	0.3%	91.2%
513	Religious organizations	0.00	0.00	89,384.57	89,384.57	0.3%	91.5%
476	Offices of dentists	0.00	0.00	87,465.68	87,465.68	0.3%	91.8%
461	Management of companies and enterprises	0.00	62,966.79	23,036.40	86,003.19	0.3%	92.1%
485	Individual and family services	0.00	0.00	80,868.31	80,868.31	0.3%	92.4%
407	Retail - Nonstore retailers	0.00	54,651.04	25,980.35	80,631.39	0.3%	92.7%
525	Local government electric utilities	0.00	37,285.80	36,530.33	73,816.13	0.3%	93.0%
154	Printing	0.00	51,786.95	19,110.78	70,897.73	0.3%	93.3%
483	Nursing and community care facilities	0.00	0.00	63,778.07	63,778.07	0.2%	93.5%
427	Wired telecommunications carriers	0.00	25,066.70	37,250.90	62,317.61	0.2%	93.7%
518	Postal service	0.00	42,251.93	18,063.88	60,315.81	0.2%	94.0%
478	Outpatient care centers	0.00	0.00	57,823.64	57,823.64	0.2%	94.2%
414	Scenic and sightseeing transportation and support activities for transport	0.00	39,557.32	17,855.94	57,413.26	0.2%	94.4%
469	Landscape and horticultural services	0.00	39,738.04	15,427.17	55,165.21	0.2%	94.6%
503	All other food and drinking places	0.00	3,520.75	50,497.67	54,018.42	0.2%	94.8%
526	Other local government enterprises	0.00	9,017.05	42,824.14	51,841.20	0.2%	95.0%
462	Office administrative services	0.00	41,169.50	9,967.32	51,136.82	0.2%	95.2%
448	Accounting, tax preparation, bookkeeping, and payroll services	0.00	33,733.03	13,839.40	47,572.43	0.2%	95.4%
480	Home health care services	0.00	0.00	46,707.04	46,707.04	0.2%	95.5%
376	Showcase, partition, shelving, and locker manufacturing	0.00	43,400.03	921.67	44,321.70	0.2%	95.7%
472	Elementary and secondary schools	0.00	0.00	43,793.10	43,793.10	0.2%	95.9%
473	Junior colleges, colleges, universities, and professional schools	0.00	1,082.62	41,970.88	43,053.49	0.2%	96.0%
415	Couriers and messengers	0.00	31,809.04	9,095.24	40,904.28	0.2%	96.2%
507	Commercial and industrial machinery and equipment repair and maintenance	0.00	32,138.48	5,973.76	38,112.24	0.1%	96.3%
474	Other educational services	0.00	1,855.80	36,214.85	38,070.65	0.1%	96.4%
467	Investigation and security services	0.00	22,345.46	13,679.22	36,024.67	0.1%	96.6%
517	Private households	0.00	0.00	35,835.01	35,835.01	0.1%	96.7%
408	Air transportation	0.00	16,170.96	17,976.77	34,147.73	0.1%	96.8%
443	General and consumer goods rental except video tapes and discs	0.00	23,878.70	9,083.99	32,962.69	0.1%	97.0%
62	Maintenance and repair construction of nonresidential structures	0.00	17,365.64	13,880.05	31,245.69	0.1%	97.1%
486	Community food, housing, and other relief services, including rehabilitation	0.00	0.00	30,559.03	30,559.03	0.1%	97.2%
499	Hotels and motels, including casino hotels	0.00	7,838.03	22,320.87	30,158.90	0.1%	97.3%
454	Management consulting services	0.00	24,696.50	5,097.51	29,794.01	0.1%	97.4%
63	Maintenance and repair construction of residential structures	0.00	1,035.88	28,345.47	29,381.35	0.1%	97.5%
434	Nondepository credit intermediation and related activities	0.00	12,895.71	16,103.28	28,998.98	0.1%	97.6%
409	Rail transportation	0.00	23,587.39	5,359.73	28,947.11	0.1%	97.7%
487	Child day care services	0.00	0.00	28,382.73	28,382.73	0.1%	97.8%
516	Labor and civic organizations	0.00	214.24	27,205.95	27,420.19	0.1%	97.9%
477	Offices of other health practitioners	0.00	0.00	25,370.21	25,370.21	0.1%	98.0%
484	Residential mental retardation, mental health, substance abuse and other	0.00	0.00	24,173.52	24,173.52	0.1%	98.1%
249	Machine shops	0.00	20,193.09	1,260.31	21,453.40	0.1%	98.2%
509	Personal care services	0.00	0.00	21,177.44	21,177.44	0.1%	98.3%
450	Specialized design services	0.00	16,213.26	3,315.88	19,529.14	0.1%	98.4%
412	Transit and ground passenger transportation	0.00	5,096.31	14,135.13	19,231.43	0.1%	98.4%
468	Services to buildings	0.00	6,299.63	12,724.80	19,024.43	0.1%	98.5%
481	Other ambulatory health care services	0.00	8.57	17,561.09	17,569.66	0.1%	98.6%
	All Other Sectors	0.00	187,204.75	198,029.59	385,234.34	1.4%	100.0%
	Total	18,756,084.40	5,070,455.49	3,117,683.69	26,944,223.58	100.0%	

Appendix A, Table 6

12540 Crenshaw Blvd

Project Construction Economic Impact by Sector - Output

Sector #	IMPLAN Sector	Direct	Indirect	Induced	Total	Total %	Cum %
60	Construction of new multifamily residential structures	41,223,078.86	0.00	0.00	41,223,078.86	44.2%	44.2%
57	Construction of new commercial structures, including farm structures	24,961,549.13	0.00	0.00	24,961,549.13	26.8%	70.9%
395	Wholesale trade	0.00	3,601,921.24	917,923.38	4,519,844.61	4.8%	75.8%
441	Owner-occupied dwellings	0.00	0.00	2,422,880.52	2,422,880.52	2.6%	78.4%
440	Real estate	0.00	771,514.36	880,048.19	1,651,562.55	1.8%	80.1%
449	Architectural, engineering, and related services	0.00	1,104,406.48	46,091.18	1,150,497.66	1.2%	81.4%
411	Truck transportation	0.00	986,313.66	156,598.06	1,142,911.72	1.2%	82.6%
399	Retail - Building material and garden equipment and supplies stores	0.00	929,704.38	167,460.23	1,097,164.61	1.2%	83.8%
401	Retail - Health and personal care stores	0.00	909,152.89	135,907.23	1,045,060.13	1.1%	84.9%
403	Retail - Clothing and clothing accessories stores	0.00	673,825.61	153,298.99	827,124.60	0.9%	85.8%
433	Monetary authorities and depository credit intermediation	0.00	268,027.21	389,722.11	657,749.31	0.7%	86.5%
406	Retail - Miscellaneous store retailers	0.00	498,957.53	85,284.49	584,242.01	0.6%	87.1%
502	Limited-service restaurants	0.00	38,730.86	542,391.62	581,122.47	0.6%	87.7%
407	Retail - Nonstore retailers	0.00	393,820.44	187,216.77	581,037.21	0.6%	88.4%
398	Retail - Electronics and appliance stores	0.00	477,116.17	42,189.45	519,305.62	0.6%	88.9%
397	Retail - Furniture and home furnishings stores	0.00	374,746.32	73,942.33	448,688.65	0.5%	89.4%
405	Retail - General merchandise stores	0.00	96,726.82	335,978.73	432,705.55	0.5%	89.9%
402	Retail - Gasoline stores	0.00	314,991.96	58,439.07	373,431.03	0.4%	90.3%
475	Offices of physicians	0.00	0.00	372,963.25	372,963.25	0.4%	90.7%
428	Wireless telecommunications carriers (except satellite)	0.00	150,958.98	218,772.01	369,730.98	0.4%	91.1%
404	Retail - Sporting goods, hobby, musical instrument and book stores	0.00	304,074.68	57,332.81	361,407.49	0.4%	91.4%
457	Advertising, public relations, and related services	0.00	252,141.27	90,815.84	342,957.12	0.4%	91.8%
396	Retail - Motor vehicle and parts dealers	0.00	64,243.47	237,158.44	301,401.91	0.3%	92.1%
368	Wood kitchen cabinet and countertop manufacturing	0.00	271,671.91	12,899.86	284,571.77	0.3%	92.4%
427	Wired telecommunications carriers	0.00	110,749.08	164,580.99	275,330.07	0.3%	92.7%
525	Local government electric utilities	0.00	137,956.41	135,161.19	273,117.59	0.3%	93.0%
504	Automotive repair and maintenance, except car washes	0.00	53,752.89	211,459.14	265,212.03	0.3%	93.3%
513	Religious organizations	0.00	0.00	265,087.84	265,087.84	0.3%	93.6%
400	Retail - Food and beverage stores	0.00	8,509.22	248,884.09	257,393.32	0.3%	93.9%
154	Printing	0.00	166,256.45	61,353.11	227,609.56	0.2%	94.1%
476	Offices of dentists	0.00	0.00	214,511.90	214,511.90	0.2%	94.3%
501	Full-service restaurants	0.00	29,446.90	168,183.20	197,630.10	0.2%	94.6%
376	Showcase, partition, shelving, and locker manufacturing	0.00	164,944.09	3,502.85	168,446.94	0.2%	94.7%
461	Management of companies and enterprises	0.00	118,838.86	43,477.20	162,316.05	0.2%	94.9%
469	Landscape and horticultural services	0.00	116,049.80	45,053.04	161,102.84	0.2%	95.1%
408	Air transportation	0.00	74,474.93	82,791.56	157,266.50	0.2%	95.3%
485	Individual and family services	0.00	0.00	153,902.05	153,902.05	0.2%	95.4%
478	Outpatient care centers	0.00	0.00	144,487.28	144,487.28	0.2%	95.6%
414	Scenic and sightseeing transportation and support activities for transportation	0.00	97,450.53	43,988.59	141,439.12	0.2%	95.7%
62	Maintenance and repair construction of nonresidential structures	0.00	71,169.88	56,884.85	128,054.74	0.1%	95.9%
526	Other local government enterprises	0.00	21,077.65	100,102.83	121,180.48	0.1%	96.0%
63	Maintenance and repair construction of residential structures	0.00	4,267.21	116,766.92	121,034.13	0.1%	96.1%
415	Couriers and messengers	0.00	93,640.96	26,775.00	120,415.96	0.1%	96.3%
483	Nursing and community care facilities	0.00	0.00	112,734.99	112,734.99	0.1%	96.4%
480	Home health care services	0.00	0.00	104,604.76	104,604.76	0.1%	96.5%
507	Commercial and industrial machinery and equipment repair and maintenance	0.00	83,160.51	15,457.51	98,618.03	0.1%	96.6%
50	Natural gas distribution	0.00	40,945.15	48,978.99	89,924.14	0.1%	96.7%
477	Offices of other health practitioners	0.00	0.00	89,063.87	89,063.87	0.1%	96.8%
443	General and consumer goods rental except video tapes and discs	0.00	63,596.22	24,193.42	87,789.63	0.1%	96.9%
448	Accounting, tax preparation, bookkeeping, and payroll services	0.00	62,185.49	25,512.39	87,697.87	0.1%	97.0%
446	Lessors of nonfinancial intangible assets	0.00	66,985.56	20,473.90	87,459.47	0.1%	97.1%
499	Hotels and motels, including casino hotels	0.00	22,124.02	63,004.06	85,128.07	0.1%	97.2%
503	All other food and drinking places	0.00	5,267.79	75,555.33	80,823.13	0.1%	97.2%
409	Rail transportation	0.00	63,378.05	14,401.30	77,779.35	0.1%	97.3%
509	Personal care services	0.00	0.00	77,549.91	77,549.91	0.1%	97.4%
473	Junior colleges, colleges, universities, and professional schools	0.00	1,891.44	73,327.63	75,219.08	0.1%	97.5%
188	Plastics packaging materials and unlaminated film and sheet manufacturing	0.00	65,710.19	9,292.47	75,002.67	0.1%	97.6%
486	Community food, housing, and other relief services, including rehabilitation se	0.00	0.00	74,104.62	74,104.62	0.1%	97.6%
516	Labor and civic organizations	0.00	578.41	73,449.70	74,028.11	0.1%	97.7%
462	Office administrative services	0.00	58,520.42	14,168.06	72,688.48	0.1%	97.8%
474	Other educational services	0.00	3,516.56	68,623.59	72,140.15	0.1%	97.9%
518	Postal service	0.00	50,225.88	21,472.97	71,698.85	0.1%	98.0%
450	Specialized design services	0.00	57,631.79	11,786.67	69,418.46	0.1%	98.0%
412	Transit and ground passenger transportation	0.00	17,653.21	48,963.00	66,616.21	0.1%	98.1%
255	Plumbing fixture fitting and trim manufacturing	0.00	64,855.74	925.78	65,781.52	0.1%	98.2%
434	Nondepository credit intermediation and related activities	0.00	28,739.18	35,887.52	64,626.70	0.1%	98.2%
487	Child day care services	0.00	0.00	58,619.33	58,619.33	0.1%	98.3%
460	Marketing research and all other miscellaneous professional, scientific, and te	0.00	47,696.53	10,807.72	58,504.25	0.1%	98.4%
454	Management consulting services	0.00	47,928.10	9,892.65	57,820.75	0.1%	98.4%
	All Other Sectors	0.00	611,949.93	850,406.49	1,462,356.42	1.6%	100.0%
	Total	66,184,627.99	15,216,171.28	11,905,526.82	93,306,326.09	100.0%	

Appendix A, Table 7
12540 Crenshaw Blvd
Project Operations Economic Impact by Sector - Employment

Sector #	IMPLAN Sector	Direct	Indirect	Induced	Total	Total %	Cum %
501	Full-service restaurants	36.86	0.14	0.32	37.33	43.8%	43.8%
440	Real estate	8.08	0.98	0.37	9.43	11.1%	54.8%
496	Other amusement and recreation industries	5.32	0.00	0.01	5.33	6.2%	61.1%
475	Offices of physicians	4.30	0.00	0.28	4.58	5.4%	66.4%
406	Retail - Miscellaneous store retailers	3.84	0.04	0.18	4.06	4.8%	71.2%
509	Personal care services	2.71	0.02	0.23	2.96	3.5%	74.7%
400	Retail - Food and beverage stores	2.06	0.00	0.31	2.37	2.8%	77.4%
437	Insurance carriers	1.86	0.01	0.00	1.87	2.2%	79.6%
402	Retail - Gasoline stores	1.49	0.01	0.06	1.56	1.8%	81.5%
403	Retail - Clothing and clothing accessories stores	1.06	0.02	0.16	1.24	1.5%	82.9%
438	Insurance agencies, brokerages, and related activities	0.00	1.19	0.01	1.20	1.4%	84.3%
473	Junior colleges, colleges, universities, and professional schools	1.05	0.00	0.05	1.10	1.3%	85.6%
397	Retail - Furniture and home furnishings stores	0.92	0.01	0.07	1.00	1.2%	86.8%
405	Retail - General merchandise stores	0.31	0.02	0.42	0.75	0.9%	87.7%
502	Limited-service restaurants	0.00	0.13	0.61	0.74	0.9%	88.5%
395	Wholesale trade	0.00	0.34	0.37	0.71	0.8%	89.4%
485	Individual and family services	0.00	0.00	0.55	0.55	0.7%	90.0%
468	Services to buildings	0.00	0.34	0.09	0.44	0.5%	90.5%
62	Maintenance and repair construction of nonresidential structures	0.00	0.35	0.04	0.38	0.5%	91.0%
469	Landscape and horticultural services	0.00	0.24	0.09	0.33	0.4%	91.4%
467	Investigation and security services	0.00	0.27	0.04	0.31	0.4%	91.7%
504	Automotive repair and maintenance, except car washes	0.00	0.07	0.21	0.28	0.3%	92.1%
488	Performing arts companies	0.23	0.00	0.00	0.24	0.3%	92.3%
154	Printing	0.00	0.20	0.04	0.24	0.3%	92.6%
474	Other educational services	0.00	0.05	0.17	0.22	0.3%	92.9%
411	Truck transportation	0.00	0.12	0.10	0.21	0.2%	93.1%
457	Advertising, public relations, and related services	0.00	0.17	0.03	0.21	0.2%	93.4%
404	Retail - Sporting goods, hobby, musical instrument and book stores	0.09	0.02	0.09	0.20	0.2%	93.6%
480	Home health care services	0.00	0.00	0.20	0.20	0.2%	93.9%
461	Management of companies and enterprises	0.00	0.18	0.02	0.20	0.2%	94.1%
503	All other food and drinking places	0.00	0.02	0.17	0.19	0.2%	94.3%
433	Monetary authorities and depository credit intermediation	0.00	0.10	0.10	0.19	0.2%	94.5%
476	Offices of dentists	0.00	0.00	0.19	0.19	0.2%	94.8%
399	Retail - Building material and garden equipment and supplies stores	0.00	0.03	0.16	0.19	0.2%	95.0%
396	Retail - Motor vehicle and parts dealers	0.00	0.01	0.17	0.18	0.2%	95.2%
517	Private households	0.00	0.00	0.18	0.18	0.2%	95.4%
401	Retail - Health and personal care stores	0.00	0.03	0.14	0.18	0.2%	95.6%
483	Nursing and community care facilities	0.00	0.00	0.16	0.16	0.2%	95.8%
407	Retail - Nonstore retailers	0.00	0.01	0.14	0.16	0.2%	96.0%
513	Religious organizations	0.00	0.00	0.15	0.15	0.2%	96.2%
63	Maintenance and repair construction of residential structures	0.00	0.06	0.07	0.13	0.2%	96.3%
462	Office administrative services	0.00	0.11	0.02	0.13	0.1%	96.5%
412	Transit and ground passenger transportation	0.00	0.05	0.07	0.11	0.1%	96.6%
448	Accounting, tax preparation, bookkeeping, and payroll services	0.00	0.09	0.02	0.11	0.1%	96.7%
497	Fitness and recreational sports centers	0.00	0.02	0.09	0.11	0.1%	96.8%
487	Child day care services	0.00	0.00	0.11	0.11	0.1%	97.0%
477	Offices of other health practitioners	0.00	0.00	0.11	0.11	0.1%	97.1%
518	Postal service	0.00	0.08	0.02	0.10	0.1%	97.2%
449	Architectural, engineering, and related services	0.00	0.08	0.02	0.10	0.1%	97.3%
492	Independent artists, writers, and performers	0.00	0.08	0.01	0.10	0.1%	97.5%
508	Personal and household goods repair and maintenance	0.00	0.06	0.03	0.09	0.1%	97.6%
472	Elementary and secondary schools	0.00	0.00	0.09	0.09	0.1%	97.7%
525	Local government electric utilities	0.00	0.06	0.02	0.08	0.1%	97.8%
478	Outpatient care centers	0.00	0.00	0.08	0.08	0.1%	97.9%
499	Hotels and motels, including casino hotels	0.00	0.03	0.05	0.08	0.1%	97.9%
507	Commercial and industrial machinery and equipment repair and maintenance	0.00	0.07	0.01	0.08	0.1%	98.0%
516	Labor and civic organizations	0.00	0.00	0.08	0.08	0.1%	98.1%
512	Other personal services	0.00	0.01	0.06	0.07	0.1%	98.2%
486	Community food, housing, and other relief services, including rehabilitation services	0.00	0.00	0.07	0.07	0.1%	98.3%
415	Couriers and messengers	0.00	0.05	0.02	0.07	0.1%	98.4%
398	Retail - Electronics and appliance stores	0.00	0.02	0.05	0.07	0.1%	98.5%
484	Residential mental retardation, mental health, substance abuse and other facilities	0.00	0.00	0.06	0.06	0.1%	98.5%
427	Wired telecommunications carriers	0.00	0.03	0.03	0.06	0.1%	98.6%
464	Employment services	0.00	0.05	0.01	0.06	0.1%	98.7%
414	Scenic and sightseeing transportation and support activities for transportation	0.00	0.04	0.02	0.06	0.1%	98.8%
465	Business support services	0.00	0.04	0.01	0.05	0.1%	98.8%
455	Environmental and other technical consulting services	0.00	0.04	0.01	0.05	0.1%	98.9%
460	Marketing research and all other miscellaneous professional, scientific, and technical services	0.00	0.04	0.01	0.05	0.1%	98.9%
434	Nondepository credit intermediation and related activities	0.00	0.03	0.02	0.05	0.1%	99.0%
	All Other Sectors	0.00	0.44	0.41	0.85	1.0%	100.0%
	Total	70.19	6.73	8.38	85.30	100.0%	

Appendix A, Table 8

12540 Crenshaw Blvd

Project Operations Economic Impact by Sector - Employee Compensation

Sector #	IMPLAN Sector	Direct	Indirect	Induced	Total	Total %	Cum %
501	Full-service restaurants	977,805.40	3,687.50	8,615.69	990,108.59	35.0%	35.0%
475	Offices of physicians	377,837.77	0.00	24,417.15	402,254.93	14.2%	49.2%
437	Insurance carriers	222,737.48	827.93	346.10	223,911.50	7.9%	57.1%
440	Real estate	122,324.71	14,795.84	5,556.26	142,676.81	5.0%	62.1%
496	Other amusement and recreation industries	94,001.35	30.79	116.11	94,148.24	3.3%	65.4%
473	Junior colleges, colleges, universities, and professional schools	82,832.92	128.25	4,238.97	87,200.13	3.1%	68.5%
406	Retail - Miscellaneous store retailers	78,090.76	769.95	3,694.85	82,555.56	2.9%	71.4%
400	Retail - Food and beverage stores	68,061.77	104.82	10,378.58	78,545.17	2.8%	74.2%
438	Insurance agencies, brokerages, and related activities	0.00	71,378.22	427.14	71,805.36	2.5%	76.8%
395	Wholesale trade	0.00	25,109.33	27,080.41	52,189.74	1.8%	78.6%
402	Retail - Gasoline stores	41,951.36	307.21	1,602.55	43,861.12	1.5%	80.1%
403	Retail - Clothing and clothing accessories stores	32,182.74	735.10	4,714.21	37,632.05	1.3%	81.5%
397	Retail - Furniture and home furnishings stores	34,623.38	457.49	2,523.31	37,604.17	1.3%	82.8%
509	Personal care services	24,787.60	139.35	2,147.76	27,074.70	1.0%	83.8%
461	Management of companies and enterprises	0.00	22,505.28	2,335.89	24,841.17	0.9%	84.6%
405	Retail - General merchandise stores	9,747.75	762.14	12,987.84	23,497.74	0.8%	85.5%
488	Performing arts companies	22,275.59	169.81	209.28	22,654.68	0.8%	86.3%
433	Monetary authorities and depository credit intermediation	0.00	10,038.87	10,053.09	20,091.96	0.7%	87.0%
457	Advertising, public relations, and related services	0.00	14,576.88	2,717.00	17,293.88	0.6%	87.6%
502	Limited-service restaurants	0.00	2,895.42	13,007.26	15,902.69	0.6%	88.2%
525	Local government electric utilities	0.00	11,799.14	3,711.48	15,510.62	0.5%	88.7%
62	Maintenance and repair construction of nonresidential structures	0.00	13,881.31	1,408.91	15,290.21	0.5%	89.2%
154	Printing	0.00	10,359.43	1,937.78	12,297.21	0.4%	89.7%
449	Architectural, engineering, and related services	0.00	8,621.86	2,586.15	11,208.02	0.4%	90.1%
396	Retail - Motor vehicle and parts dealers	0.00	457.83	10,252.09	10,709.91	0.4%	90.4%
504	Automotive repair and maintenance, except car washes	0.00	2,510.26	7,779.85	10,290.10	0.4%	90.8%
518	Postal service	0.00	8,112.24	1,832.45	9,944.69	0.4%	91.2%
467	Investigation and security services	0.00	8,493.69	1,386.38	9,880.07	0.3%	91.5%
513	Religious organizations	0.00	0.00	9,074.22	9,074.22	0.3%	91.8%
476	Offices of dentists	0.00	0.00	8,879.78	8,879.78	0.3%	92.1%
485	Individual and family services	0.00	0.00	8,190.68	8,190.68	0.3%	92.4%
448	Accounting, tax preparation, bookkeeping, and payroll services	0.00	6,517.20	1,401.12	7,918.33	0.3%	92.7%
462	Office administrative services	0.00	6,897.26	1,010.86	7,908.12	0.3%	93.0%
401	Retail - Health and personal care stores	0.00	1,418.21	6,104.67	7,522.87	0.3%	93.3%
526	Other local government enterprises	0.00	3,128.41	4,349.62	7,478.02	0.3%	93.5%
399	Retail - Building material and garden equipment and supplies stores	0.00	1,229.65	6,217.26	7,446.91	0.3%	93.8%
427	Wired telecommunications carriers	0.00	3,159.42	3,784.98	6,944.39	0.2%	94.0%
411	Truck transportation	0.00	3,563.91	3,001.86	6,565.77	0.2%	94.3%
483	Nursing and community care facilities	0.00	0.00	6,486.87	6,486.87	0.2%	94.5%
468	Services to buildings	0.00	4,759.96	1,288.83	6,048.80	0.2%	94.7%
469	Landscape and horticultural services	0.00	4,308.83	1,562.61	5,871.44	0.2%	94.9%
478	Outpatient care centers	0.00	0.00	5,864.34	5,864.34	0.2%	95.1%
503	All other food and drinking places	0.00	602.17	5,119.33	5,721.50	0.2%	95.3%
63	Maintenance and repair construction of residential structures	0.00	2,698.23	2,869.43	5,567.66	0.2%	95.5%
398	Retail - Electronics and appliance stores	0.00	1,464.98	3,729.44	5,194.42	0.2%	95.7%
507	Commercial and industrial machinery and equipment repair and maintenance	0.00	4,338.11	605.83	4,943.94	0.2%	95.9%
474	Other educational services	0.00	1,086.73	3,655.72	4,742.46	0.2%	96.0%
480	Home health care services	0.00	0.00	4,717.69	4,717.69	0.2%	96.2%
404	Retail - Sporting goods, hobby, musical instrument and book stores	2,162.20	392.66	2,113.10	4,667.96	0.2%	96.4%
414	Scenic and sightseeing transportation and support activities for transportation	0.00	2,815.51	1,809.65	4,625.16	0.2%	96.5%
472	Elementary and secondary schools	0.00	0.00	4,411.01	4,411.01	0.2%	96.7%
434	Nondepository credit intermediation and related activities	0.00	2,152.04	1,632.40	3,784.44	0.1%	96.8%
517	Private households	0.00	0.00	3,627.42	3,627.42	0.1%	97.0%
499	Hotels and motels, including casino hotels	0.00	1,128.37	2,252.49	3,380.86	0.1%	97.1%
454	Management consulting services	0.00	2,640.42	516.87	3,157.29	0.1%	97.2%
486	Community food, housing, and other relief services, including rehabilitation	0.00	0.00	3,096.93	3,096.93	0.1%	97.3%
492	Independent artists, writers, and performers	0.00	2,677.83	416.38	3,094.21	0.1%	97.4%
408	Air transportation	0.00	1,190.40	1,817.04	3,007.45	0.1%	97.5%
487	Child day care services	0.00	0.00	2,867.13	2,867.13	0.1%	97.6%
415	Couriers and messengers	0.00	1,925.28	922.08	2,847.36	0.1%	97.7%
407	Retail - Nonstore retailers	0.00	195.45	2,634.36	2,829.80	0.1%	97.8%
516	Labor and civic organizations	0.00	42.69	2,756.19	2,798.88	0.1%	97.9%
455	Environmental and other technical consulting services	0.00	2,128.69	441.68	2,570.37	0.1%	98.0%
477	Offices of other health practitioners	0.00	0.00	2,570.19	2,570.19	0.1%	98.1%
50	Natural gas distribution	0.00	1,713.01	834.19	2,547.21	0.1%	98.2%
412	Transit and ground passenger transportation	0.00	1,071.47	1,430.09	2,501.56	0.1%	98.3%
484	Residential mental retardation, mental health, substance abuse and other	0.00	0.00	2,452.81	2,452.81	0.1%	98.4%
464	Employment services	0.00	2,103.17	221.35	2,324.52	0.1%	98.4%
43	Electric power generation - Nuclear	0.00	1,602.65	504.12	2,106.78	0.1%	98.5%
	All Other Sectors	0.00	21,238.78	20,779.53	42,018.31	1.5%	100.0%
	Total	2,191,422.76	323,847.39	316,086.72	2,831,356.87	100.0%	

Appendix A, Table 9

12540 Crenshaw Blvd

Project Operations Economic Impact by Sector - Output

Sector #	IMPLAN Sector	Direct	Indirect	Induced	Total	Total %	Cum %
440	Real estate	1,968,895.99	238,148.68	89,431.59	2,296,476.27	25.3%	25.3%
501	Full-service restaurants	1,935,122.03	7,297.73	17,050.86	1,959,470.62	21.6%	46.8%
437	Insurance carriers	858,568.98	3,191.34	1,334.07	863,094.39	9.5%	56.3%
475	Offices of physicians	585,509.01	0.00	37,837.57	623,346.58	6.9%	63.2%
496	Other amusement and recreation industries	276,377.99	90.52	341.37	276,809.88	3.0%	66.2%
441	Owner-occupied dwellings	0.00	0.00	245,217.32	245,217.32	2.7%	68.9%
438	Insurance agencies, brokerages, and related activities	0.00	225,055.88	1,346.77	226,402.65	2.5%	71.4%
406	Retail - Miscellaneous store retailers	182,762.35	1,801.98	8,647.37	193,211.70	2.1%	73.5%
400	Retail - Food and beverage stores	165,500.36	254.87	25,236.78	190,992.01	2.1%	75.6%
395	Wholesale trade	0.00	86,328.23	93,104.98	179,433.21	2.0%	77.6%
402	Retail - Gasoline stores	155,114.51	1,135.89	5,925.42	162,175.82	1.8%	79.4%
473	Junior colleges, colleges, universities, and professional schools	144,718.00	224.06	7,405.93	152,348.00	1.7%	81.1%
403	Retail - Clothing and clothing accessories stores	106,114.05	2,423.80	15,543.87	124,081.72	1.4%	82.4%
397	Retail - Furniture and home furnishings stores	102,874.97	1,359.31	7,497.39	111,731.67	1.2%	83.7%
509	Personal care services	90,770.00	510.29	7,864.89	99,145.18	1.1%	84.7%
433	Monetary authorities and depository credit intermediation	0.00	39,511.36	39,567.30	79,078.66	0.9%	85.6%
488	Performing arts companies	76,962.00	586.70	723.05	78,271.75	0.9%	86.5%
502	Limited-service restaurants	0.00	12,240.55	54,988.85	67,229.40	0.7%	87.2%
62	Maintenance and repair construction of nonresidential structures	0.00	56,890.00	5,774.15	62,664.14	0.7%	87.9%
405	Retail - General merchandise stores	25,568.99	1,999.15	34,067.97	61,636.11	0.7%	88.6%
457	Advertising, public relations, and related services	0.00	49,405.69	9,208.79	58,614.48	0.6%	89.2%
525	Local government electric utilities	0.00	43,656.47	13,732.36	57,388.84	0.6%	89.9%
461	Management of companies and enterprises	0.00	42,474.79	4,408.59	46,883.38	0.5%	90.4%
154	Printing	0.00	33,257.83	6,221.03	39,478.86	0.4%	90.8%
428	Wireless telecommunications carriers (except satellite)	0.00	16,630.58	22,226.50	38,857.08	0.4%	91.2%
411	Truck transportation	0.00	18,840.91	15,869.56	34,710.48	0.4%	91.6%
427	Wired telecommunications carriers	0.00	13,958.85	16,722.69	30,681.54	0.3%	92.0%
504	Automotive repair and maintenance, except car washes	0.00	6,926.80	21,467.70	28,394.50	0.3%	92.3%
513	Religious organizations	0.00	0.00	26,911.43	26,911.43	0.3%	92.6%
396	Retail - Motor vehicle and parts dealers	0.00	1,073.91	24,048.12	25,122.04	0.3%	92.8%
63	Maintenance and repair construction of residential structures	0.00	11,115.13	11,820.41	22,935.54	0.3%	93.1%
476	Offices of dentists	0.00	0.00	21,777.90	21,777.90	0.2%	93.3%
407	Retail - Nonstore retailers	0.00	1,408.41	18,983.41	20,391.82	0.2%	93.6%
399	Retail - Building material and garden equipment and supplies stores	0.00	3,358.22	16,979.57	20,337.79	0.2%	93.8%
449	Architectural, engineering, and related services	0.00	15,573.93	4,671.45	20,245.38	0.2%	94.0%
446	Lessors of nonfinancial intangible assets	0.00	16,888.99	2,075.63	18,964.63	0.2%	94.2%
468	Services to buildings	0.00	14,047.27	3,803.52	17,850.79	0.2%	94.4%
526	Other local government enterprises	0.00	7,312.75	10,167.37	17,480.12	0.2%	94.6%
469	Landscape and horticultural services	0.00	12,583.39	4,563.39	17,146.78	0.2%	94.8%
401	Retail - Health and personal care stores	0.00	3,201.33	13,780.12	16,981.45	0.2%	95.0%
485	Individual and family services	0.00	0.00	15,587.83	15,587.83	0.2%	95.1%
467	Investigation and security services	0.00	13,299.58	2,170.83	15,470.41	0.2%	95.3%
50	Natural gas distribution	0.00	10,206.93	4,970.52	15,177.46	0.2%	95.5%
86	Cheese manufacturing	0.00	12,564.36	2,463.86	15,028.22	0.2%	95.6%
478	Outpatient care centers	0.00	0.00	14,653.58	14,653.58	0.2%	95.8%
448	Accounting, tax preparation, bookkeeping, and payroll services	0.00	12,014.20	2,582.91	14,597.12	0.2%	96.0%
408	Air transportation	0.00	5,482.37	8,368.35	13,850.72	0.2%	96.1%
404	Retail - Sporting goods, hobby, musical instrument and book stores	5,948.31	1,080.23	5,813.25	12,841.79	0.1%	96.3%
507	Commercial and industrial machinery and equipment repair and maintenance	0.00	11,225.16	1,567.62	12,792.78	0.1%	96.4%
518	Postal service	0.00	9,643.21	2,178.28	11,821.49	0.1%	96.5%
483	Nursing and community care facilities	0.00	0.00	11,466.28	11,466.28	0.1%	96.7%
414	Scenic and sightseeing transportation and support activities for transportation	0.00	6,936.08	4,458.13	11,394.21	0.1%	96.8%
43	Electric power generation - Nuclear	0.00	8,615.70	2,710.11	11,325.81	0.1%	96.9%
462	Office administrative services	0.00	9,804.11	1,436.89	11,241.00	0.1%	97.0%
480	Home health care services	0.00	0.00	10,565.70	10,565.70	0.1%	97.1%
499	Hotels and motels, including casino hotels	0.00	3,185.01	6,357.99	9,542.99	0.1%	97.3%
477	Offices of other health practitioners	0.00	0.00	9,022.83	9,022.83	0.1%	97.4%
474	Other educational services	0.00	2,059.25	6,927.24	8,986.49	0.1%	97.5%
412	Transit and ground passenger transportation	0.00	3,711.49	4,953.71	8,665.20	0.1%	97.5%
503	All other food and drinking places	0.00	900.98	7,659.61	8,560.59	0.1%	97.6%
434	Nondepository credit intermediation and related activities	0.00	4,796.00	3,637.95	8,433.95	0.1%	97.7%
415	Couriers and messengers	0.00	5,667.73	2,714.47	8,382.19	0.1%	97.8%
508	Personal and household goods repair and maintenance	0.00	5,085.87	2,785.26	7,871.14	0.1%	97.9%
516	Labor and civic organizations	0.00	115.24	7,441.08	7,556.32	0.1%	98.0%
486	Community food, housing, and other relief services, including rehabilitation services	0.00	0.00	7,509.96	7,509.96	0.1%	98.1%
442	Automotive equipment rental and leasing	0.00	3,399.63	3,000.17	6,399.80	0.1%	98.1%
492	Independent artists, writers, and performers	0.00	5,515.44	857.60	6,373.04	0.1%	98.2%
454	Management consulting services	0.00	5,124.21	1,003.08	6,127.29	0.1%	98.3%
398	Retail - Electronics and appliance stores	0.00	1,680.29	4,277.55	5,957.84	0.1%	98.4%
	All Other Sectors	0.00	70,364.50	79,431.60	149,796.10	1.6%	100.0%
	Total	6,680,807.54	1,203,243.20	1,206,921.30	9,090,972.04	100.0%	

APPENDIX B:
NET MUNICIPAL REVENUE
IMPACT ANALYSIS

Appendix B, Table 1

12540 Crenshaw Blvd

Net Municipal Revenue Impacts and One-Time Revenues During Construction to the City

	First Stabilized	Development, Lease-Up and 20		Reference
	Year (2020)	Years of Stabilized Operation ³		
	Nominal \$ ¹	Nominal \$ ¹	NPV-2017 \$ ²	
Annual Revenues to the City of Hawthorne General Fund				
Property Tax	\$105,855	\$2,711,681	\$1,139,052	4, 12
MVLF In Lieu	\$185,883	\$4,761,765	\$2,000,199	4, 12
Sales Tax - Retail Tenant	\$17,331	\$501,189	\$202,763	5, 12
Sales Tax - Project Household Spending	\$29,827	\$862,571	\$348,966	6, 12
Utility Users' Tax	\$16,248	\$469,883	\$190,098	7, 12
Business License Tax	\$11,211	\$324,224	\$131,170	8, 12
Licenses, Permits, Fees and Fines	<u>\$47,119</u>	<u>\$1,362,644</u>	<u>\$551,279</u>	9, 12
Total Annual Recurring Revenues to City's General Fund	\$413,474	\$10,993,957	\$4,563,528	
Less: Property Tax and MVLF Revenue from Existing Site	-\$7,874	-\$225,734	-\$103,262	
Net Fiscal Impact to City's General Fund	\$405,600	\$10,768,223	\$4,460,266	
One-Time Revenues to the City of Hawthorne General Fund				
Construction Materials Sales Tax		\$103,959	\$87,865	10, 12
Contractor's Business License Tax		<u>\$69,343</u>	<u>\$58,608</u>	10, 12
Total One-Time Revenues to the City of Hawthorne General Fund		\$173,303	\$146,473	

¹With annual inflation of 3%, and property assessed value appreciation of 2%.

²With annual inflation of 3%, property assessed value appreciation of 2%, and a discount rate of 6.8%.

³Development period assumed to be 2018-2019, reaches stabilized operation in 2020.

Prepared by: HR&A Advisors, Inc.

Appendix B, Table 2
12540 Crenshaw Blvd
Project Land Use Assumptions

Land Use Assumptions

Land Use¹	Units	Gross Square		Vacancy Upon Buildout²
		Feet¹	Net Square Feet¹	
Retail/Restaurant		2,600	2,600	0%
Residential (Market Rate)	274	286,694	213,552	5%

¹ Per Hawthorne Realty Partners, LLC.

² Per HR&A Advisors, Inc.

Operating Assumptions

Land Use	Rental Rate PSF¹	Operating	
		Expenditures²	Cost of Sale²
Retail/Restaurant (NNN)	\$3.50	5%	5%
Residential (Market Rate)	\$3.30	35%	5%

¹ Per Hawthorne Realty Partners, LLC.

² Per HR&A Advisors, Inc.

Appendix A, Table 2
12540 Crenshaw Blvd
Project Land Use Assumptions (cont'd)

Financing Assumptions

Land Use	Cap Rate¹	Yield %¹	% of Project SF	Weighted Yield %
Retail/Restaurant	6.1%	7.4%	1%	0.1%
Residential	4.9%	6.8%	99%	6.7%
Discount Rate for Proposed Project				6.8%
Annual Inflation Rate				3.0%
Annual Inflation Rate (Property Tax and MVLF In Lieu)				2.0%

¹ Per Real Estate Research Corp. Q1, 2017, Los Angeles area.

City Tax Rates

General Fund	Factors¹
General Levy (x Assessed Value)	1.0%
City Share of General Levy	9.4%
MVLF In Lieu (x Assessed Value)	0.165%
Electricity Users' Tax	5%
Utility Users' Tax	5.0%
Sales Tax	1.00%
Business License Tax	\$120 for first \$100,000 in gross receipts. \$100 for each additional \$100,000 or fraction thereof.

¹ See subsequent appendix tables for sources.

Appendix B, Table 3

12540 Crenshaw Blvd

Construction Costs

Cost Categories	Construction Cost (2017\$)¹
Residential	\$41,223,077
Restaurant	\$373,848
Parking	\$24,587,700
Total Hard Costs	\$66,184,625

¹ Hawthorne Realty Partners, LLC; HR&A Advisors. Distribution of development costs between residential, retail, and parking land uses is proportional by square footage.

Appendix B, Table 4
12540 Crenshaw Blvd
Estimated Property Taxes

Stabilized Valuation	At First Stabilized Year - Based on Capitalized Values ⁷	Construction Values ⁸	During Construction Years		
			2018	2019	2020
Residential (Market Rate, Affordable, and Student Housing)			44%	100%	100%
Gross Income @ 95% Occupied ¹	\$8,032,440				
Less: OpEx @ 35% ²	<u>-\$2,811,354</u>				
NOI	\$5,221,086				
Cap Rate ⁴	4.9%				
Less: Cost of Sale @ 5% ³	<u>-\$5,327,639</u>				
Net Value = Assessed Value	\$101,225,137	\$41,223,077	\$18,321,367	\$42,753,532	\$110,611,440
Retail			44%	100%	100%
Gross Income @ 100% Occupied ¹	\$109,200				
Less: OpEx @ 5% ²	<u>-\$5,460</u>				
NOI	\$103,740				
Cap Rate ⁴	6.1%				
Less: Cost of Sale @ 5% ³	<u>-\$85,033</u>				
Net Value = Assessed Value	\$1,615,623	\$373,848	\$170,325	\$391,981	\$1,765,435
Total Assessed Value	\$102,840,760	\$41,596,925	\$18,491,692	\$43,145,513	\$112,376,875
Project Property Tax	Factors				
City of Hawthorne General Fund					
General Levy (x Assessed Value)	1.0%	\$1,028,408	\$184,917	\$431,455	\$1,123,769
City Share of General Levy ⁵	9.4%	\$96,872	\$17,419	\$40,642	\$105,855
MVLF In Lieu (x Assessed Value) ⁶	0.165%	\$170,110	\$30,587	\$71,367	\$185,883
Total General Levy	100%	\$1,028,408	\$184,917	\$431,455	\$1,123,769

¹ Per Hawthorne Realty Group.

² Per HR&A Advisors. Includes management fee, a replacement reserve, and all other operating expenses.

³ Per HR&A Advisors, Inc.

⁴ Per Real Estate Research Corp. Q1, 2017, Going-In Cap Rate, Los Angeles area.

⁵ Property tax share of the general levy derived per ATI report for TRA 00580.

⁶ MVLF In Lieu is calculated as the Project's AV multiplied by the percent of MVLF In Lieu generated in the previous year divided by total City assessed valuation.

⁷ Based on the capitalized value of each of the land uses.

⁸ An annual inflation in construction costs of 2.5% is based on ENR's construction cost index from Apr 2012 to Apr 2017.

Appendix A, Table 3
Existing Site
Estimated Property Taxes

Valuation	Assessed Value ⁴
Existing Site	
Assessed Value (2017 \$) ¹	\$2,858,212
Total Assessed Value	\$2,858,212
Existing Site Property Tax	Factors
City of Hawthorne General Fund	
General Levy (x Assessed Value)	1.0% \$28,582
City Share of General Levy ²	9.4% \$2,692
MVLF In Lieu (x Assessed Value) ³	0.165% \$4,728
Total General Levy	100% \$28,582

¹ Assessed value per the 2017 tax roll for parcels 4056-032-021, 4056-032-044, and 4056-032-020

² Property tax share of the general levy derived per ATI report for TRA 00580.

³ MVLF In Lieu is calculated as the Project's AV multiplied by the percent of MVLF In Lieu generated in the previous year divided by total City assessed valuation

⁴ 2017 assessed value derived from the Los Angeles County Assessor and includes both land and improvement value.

Appendix B, Table 5
12540 Crenshaw Blvd
Estimated Sales Tax for Retail Tenants

Tenant Type	Gross SF	Sales Per SF¹	Annual Gross Sales	Taxable %²	Annual Taxable Retail Sales
<i>Retail</i>					
Casual Dining Restaurant	2,600	\$610	\$1,586,000	100%	\$1,586,000
Total	2,600		\$1,586,000		\$1,586,000
City's Sales Tax Rate					1.00%
Annual Sales Tax Revenue (2017 \$)					\$15,860

¹ Per Retail Maxim.

² Per FY 16-17 Budget; Sales taxes only apply to tangible personal property.

Appendix B, Table 6

12540 Crenshaw Blvd

Estimated Sales Tax for Project Household Spending

Market Rate Apartments		Hhld. Spending Category	Amount	Percent	Taxable?	% of Project Household Purchases in Hawthorne⁸	Purchases in Hawthorne	Adjustment for Shopping @ Project⁹	Adjusted Purchases in Hawthorne	Project Household Income Adjustment¹⁰
Total Apartments ¹	274	Estimated Gross Hhld Income	\$91,374							
Average Monthly Rent - psf ²	\$3.30	Comparable CES 2014 Hhld Income Band ⁵	\$88,881							
Average sf	779	Personal Taxes	\$10,105							
Average Yearly Rent	\$30,858	Income After Taxes	\$78,776							
Annual Utility Cost ³	\$1,122	Annual Consumer Expenditures ⁷	\$67,058							
Total Annual Housing Cost	\$31,981	Hhld. Expenditures/Income Before Taxes	75%							
Housing Cost/Household Income	35%	Food Away from Home	\$3,624	5.40%	Yes	40%	\$1,450	-10%	\$1,305	\$1,341
Required Gross Hhld. Income	\$91,373.72	Alcoholic Beverages	\$596	0.89%	Yes	40%	\$238	0%	\$238	\$245
Total Project Gross Hhld. Income	\$25,036,400	Household Furnishings & Equipment	\$2,058	3.07%	Yes	40%	\$823	0%	\$823	\$846
Total From Occupied Units (95% Occupied) ⁴	\$23,784,580	Housekeeping Supplies	\$888	1.32%	Yes	40%	\$355	0%	\$355	\$365
Annual Hhld. Spending/Total Hhld. Income	75%	Apparel & Services	\$2,203	3.29%	Yes	40%	\$881	0%	\$881	\$906
Annual Hhld. Spending	\$17,944,739.43	Transportation	\$11,593	17.29%	Yes	40%	\$4,637	0%	\$4,637	\$4,767
Adjustment for Consumer Spending in Hawthorne ⁵	15.2%	Entertainment (less Fees & Admissions)	\$2,582	3.85%	Yes	40%	\$1,033	0%	\$1,033	\$1,062
Annual Hhld. Retail Spending After Adjustment	\$2,729,587	Personal Care Products & Services	\$848	1.26%	Yes	40%	\$339	0%	\$339	\$349
City Sales Tax Rate	1%	Tobacco Products	\$350	0.52%	Yes	40%	\$140	0%	\$140	\$144
Annual Sales Tax Revenue (2016 \$)	\$27,295.87	Reading	\$132	0.20%	Yes	40%	\$53	0%	\$53	\$54
		Miscellaneous	\$989	1.47%	Yes	40%	\$396	0%	\$396	\$407
		Food at Home	\$5,006	7.47%	No	0%	\$0	0%	\$0	\$0
		All Other Housing Costs	\$18,394	27.43%	No	0%	\$0	0%	\$0	\$0
		Health Care	\$5,470	8.16%	No	0%	\$0	0%	\$0	\$0
		Entertainment-Fees & Admissions	\$719	1.07%	No	0%	\$0	0%	\$0	\$0
		Education	\$1,352	2.02%	No	0%	\$0	0%	\$0	\$0
		Cash Contributions	\$2,233	3.33%	No	0%	\$0	0%	\$0	\$0
		Personal Insurance and Pensions	<u>\$8,021</u>	<u>11.96%</u>	No	0%	<u>\$0</u>	0%	<u>\$0</u>	<u>\$0</u>
		Subtotal	\$67,058	100%			\$10,345		\$10,200	\$10,486

¹ Hawthorne Realty Partners, LLC.

² Hawthorne Realty Partners, LLC.

³ HR&A Advisors, Inc.

⁴ HR&A Advisors assumption of structural apartment vacancy at stabilization.

⁵ HR&A Advisors assumption of spending that will be captured within the City of Hawthorne, excluding anticipated spending at the Project so as to not double count resident spending.

⁶ Bureau of Labor Statistics Consumer Expenditure Survey 2014 mean income before taxes for households earning between \$80,000 and \$99,999 annually.

⁷ Average consumer spending in total and by category correspond to the 2014 Consumer Expenditure Survey for households earning between \$80,000 and \$99,999 annually.

⁸ HR&A Advisors, Inc.

⁹ HR&A Advisors adjustment to reflect likely resident spending at the Project's restaurant space to avoid double counting.

¹⁰ HR&A Advisors adjustment to inflate all spending categories by 2.8% to reflect the projected household income (\$91,374) rather than the benchmark CES household income of \$88,881.

¹¹ HR&A Advisors adjustment to reflect spending of all Project households, accounting for 5% structural vacancy.

Appendix B, Table 7
12540 Crenshaw Blvd
Estimated Utility Users' Tax

Tenant Type	Net SF or Units¹	Cost per SF or Unit²	Cost per SF or Unit with Vacancy	Utility Tax Rate³	Total Utility Taxes
Retail/Restaurant					
Electric	2,600	\$1.80	\$1.80	5.0%	\$234
Natural Gas	2,600	\$0.25	\$0.25	5.0%	<u>\$33</u>
					\$267
Residential					
Electric	274	\$809	\$769	5.0%	\$10,531
Natural Gas	274	\$313	\$297	5.0%	<u>\$4,072</u>
					\$14,603
Annual Utility Users' Tax Revenue (2017 \$)					\$14,869

¹ Hawthorne Realty Partners, LLC.

² Per Commercial Building Energy Consumption Survey, U.S. Department of Energy, inflated to 2017 dollars.

³ Assumes tax rates effective 1/1/2017 remain in effect without change over the projection period.

Appendix B, Table 8
12540 Crenshaw Blvd
Estimated Business License Tax

Hawthorne

Gross Receipts	Net Square Feet¹	Avg Rent PSF¹	Assumed Occupancy	Gross Receipts
Restaurant Tenant ¹	2,600	-	100%	\$1,586,000
Retail/Restaurant Landlord ²	2,600	\$3.50	100%	\$109,200
Residential Landlord ²	213,552	\$3.50	95%	\$8,520,725
Total	218,752			\$10,215,925

Gross Receipts Tax	Tax Amount
Restaurant Tenant	\$120 for first \$100,000 in gross receipts. \$100 for each additional \$100,000 or fraction thereof. \$1,620
Retail/Restaurant Landlord	\$120
Residential Landlord	\$8,520
Total Gross Receipts Tax (2017 \$)	\$10,260

¹ Per retail sales tax calculation in Appendix A, Table 5.

² Per Hawthorne Realty Partners, LLC.

Appendix B, Table 9
12540 Crenshaw Blvd
Estimated Other Taxes from New Project

		% of Day in City ¹	Resident-Equivalents
Residential (Market Rate and Affordable)			
Number of Units	274		
Persons per Rental Household ²	2.79		
Total Resident Population ³	726	91%	660
Retail Workers ⁴	26	29%	8
Total Resident-Equivalents			667
Licenses, Permits, Fees and Other Fines			
FY 2016-17 Proposed Budget ⁵	\$5,460,000		
Total Resident-Equivalents ¹	84,476		
Per Resident-Equivalent	\$65		
Annual Revenues (2016 \$)			\$43,121

¹ See Resident-Equivalent calculation, Appendix A, Table 11.

² Per ACS 2015 average household size by tenure.

³ Assumes 95% occupancy.

⁴ HR&A Advisors, Inc.

⁵ FY 2016-17 Proposed Budget, City of Hawthorne; includes 2016-2017 estimates of Licenses, Permits, Fees and Fines and Parking Fines.

Appendix B, Table 10

12540 Crenshaw Blvd

Estimated Construction Related (One-Time) Taxes

Construction Materials Sales Tax

Total Hard Construction Cost ¹	\$66,184,625
Materials Share ²	60%
Materials Share Subject to Tax ²	50%
Materials Share Subject to Tax in City of Hawthorne ²	50%
Sales Tax Rate ³	<u>1%</u>
One-Time Revenue (2017 \$)	\$99,277

Contractor's Business License Tax

Total Hard Construction Cost ¹	\$66,184,625
\$120 for first \$100,000 in gross receipts. \$100 for each additional \$100,000 or fraction thereof.	
One-Time Revenue (2017 \$)	\$66,220

Total One-Time Revenue (2016 \$)

\$165,497

¹ Hawthorne Realty Partners, LLC; assumes half of all construction material sales are transacted in City of Hawthorne.

² Per HR&A; assumes Project site is registered with the State Board of Equalization as point of sale.

³ Assumes tax rates effective 1/1/2017 remain in effect without change over the projection period.

Appendix B, Table 11
12540 Crenshaw Blvd
City Resident-Equivalents

	Number	% of Day in City⁴	Resident-Equivalents
City of Hawthorne Population¹			
Out-Commuting Resident Workers ²	33,492	76%	25,518
Remaining Residential Population	<u>53,362</u>	100%	<u>53,362</u>
<i>Subtotal</i>	86,854	91%	78,880
Non-Resident Daytime Employment Population³	<u>23,505</u>	24%	<u>5,596</u>
<i>Subtotal</i>	23,505		5,596
Grand Total	110,359		84,476
<hr/>			
Employee % of Day in City	Number	% of Workers	% of Day in City⁴
Total Workers in City	25,298		
Number of Workers in City who are also Residents ³	1,793	7%	100%
Number of Workers in City who are not Residents ⁵	23,505	93%	<u>24%</u>
Weighted Average % of Day in City			29%

¹ Population per 2011-2015 ACS 5 Year Estimate, U.S. Census Bureau.

² Out-commuting resident workers per Longitudinal Employment Housing Data, 2015, U.S. Census Bureau.

³ In-commuting resident workers per Longitudinal Employment Housing Data, 2015, U.S. Census Bureau.

⁴ Calculated per an assumed percentage the individual is actually within the City. For example, non-resident daytime employees are assumed to be in the City 8 hours per day, 5 days per week for a total of 40 hours per week out of a total of 168 hours, this equates to 24% of the week within the City.

⁵ In-commuting non-resident workers per Longitudinal Employment Housing Data, 2015, U.S. Census Bureau.

Appendix B, Table 12
12540 Crenshaw Blvd
Tax Revenue Cash Flow - With Annual Inflation

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Weighted Completed		0%	44%	56%	0%	0%	0%	0%	0%	0%	0%
Weighted Cumulative Completed		0%	44%	100%	100%	100%	100%	100%	100%	100%	100%
Weighted Cumulative Absorbed		0%	0%	25%	100%	100%	100%	100%	100%	100%	100%
General Fund Revenues	Static Values	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Property Tax	\$96,872	\$0	\$17,419	\$40,642	\$105,855	\$104,858	\$106,955	\$109,094	\$111,276	\$113,501	\$115,771
MVLF In Lieu	\$170,110	\$0	\$30,587	\$71,367	\$185,883	\$184,132	\$187,815	\$191,571	\$195,403	\$199,311	\$203,297
Sales Tax - Retail Tenant	\$15,860	\$0	\$0	\$4,206	\$17,331	\$17,851	\$18,386	\$18,938	\$19,506	\$20,091	\$20,694
Sales Tax - Residential Tenants	\$27,296	\$0	\$0	\$7,240	\$29,827	\$30,722	\$31,643	\$32,593	\$33,570	\$34,578	\$35,615
Utility Users' Tax	\$14,869	\$0	\$0	\$3,944	\$16,248	\$16,736	\$17,238	\$17,755	\$18,287	\$18,836	\$19,401
Business License Tax	\$10,260	\$0	\$0	\$2,721	\$11,211	\$11,548	\$11,894	\$12,251	\$12,619	\$12,997	\$13,387
Licenses, Permits, Fees and Fines	\$43,121	\$0	\$0	\$11,437	\$47,119	\$48,533	\$49,989	\$51,488	\$53,033	\$54,624	\$56,263
Total Annual Recurring Revenues to City's General Fund	\$378,388	\$0	\$48,006	\$141,556	\$413,474	\$414,378	\$423,919	\$433,689	\$443,693	\$453,937	\$464,427
Less: Property Tax and MVLF Revenue from Existing Site	-\$7,420	-\$7,420	-\$7,569	-\$7,720	-\$7,874	-\$8,032	-\$8,192	-\$8,356	-\$8,523	-\$8,694	-\$8,868
Net Fiscal Impact to City's General Fund	\$370,968	-\$7,420	\$40,437	\$133,837	\$405,600	\$406,346	\$415,727	\$425,333	\$435,170	\$445,244	\$455,560
One-Time Revenues to the City of Hawthorne General Fund											
Construction Materials Sales Tax	\$99,277	\$0	\$45,447	\$58,513	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contractor's Business License Tax	\$66,220	\$0	\$30,314	\$39,029	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total One-Time Revenues to the City of Hawthorne General Fund	\$165,497	\$0	\$75,761	\$97,542	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Inflation Rate		3.0%									
Annual Inflation Rate (Property Tax and MVLF In Lieu)		2.0%									
Discount Rate¹		6.8%									

¹ Discount rate of 6.8% based on weighted average of yield rates expected by institutional investors for retail and residential, per Real Estate Research Corp., Q1, 2017 for Los Angeles.

Prepared by: HR&A Advisors, Inc.

Appendix B, Table 12

12540 Crenshaw Blvd

Tax Revenue Cash Flow - with Annual Inflation (cont'd)

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Weighted Completed	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Weighted Cumulative Completed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Weighted Cumulative Absorbed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
General Fund Revenues	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Property Tax	\$118,087	\$120,449	\$122,857	\$125,315	\$127,821	\$130,377	\$132,985	\$135,645	\$138,357	\$141,125
MVLF In Lieu	\$207,363	\$211,510	\$215,740	\$220,055	\$224,456	\$228,945	\$233,524	\$238,195	\$242,958	\$247,818
Sales Tax	\$21,315	\$21,954	\$22,613	\$23,291	\$23,990	\$24,709	\$25,451	\$26,214	\$27,001	\$27,811
Sales Tax - Residential Tenants	\$36,683	\$37,784	\$38,917	\$40,085	\$41,287	\$42,526	\$43,802	\$45,116	\$46,469	\$47,863
Utility Users' Tax	\$19,983	\$20,583	\$21,200	\$21,836	\$22,491	\$23,166	\$23,861	\$24,577	\$25,314	\$26,073
Business License Tax	\$13,789	\$14,202	\$14,628	\$15,067	\$15,519	\$15,985	\$16,464	\$16,958	\$17,467	\$17,991
Licenses, Permits, Fees and Fines	\$57,950	\$59,689	\$61,480	\$63,324	\$65,224	\$67,180	\$69,196	\$71,272	\$73,410	\$75,612
Total Annual Recurring Revenues to City's General Fund	\$475,170	\$486,170	\$497,436	\$508,973	\$520,788	\$532,889	\$545,283	\$557,976	\$570,977	\$584,293
Net Fiscal Impact to City's General Fund	-\$9,045	-\$9,226	-\$9,411	-\$9,599	-\$9,791	-\$9,987	-\$10,186	-\$10,390	-\$10,598	-\$10,810
One-Time Revenues to the City of Hawthorne General Fund										
Construction Materials Sales Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contractor's Business License Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total One-Time Revenues to the City of Hawthorne General Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Inflation Rate	3.0%									
Annual Inflation Rate (Property Tax and MVLF In Lieu)	2.0%									
Discount Rate²	6.8%									

¹ Discount rate of 6.8% based on weighted average of yield rates expected by institutional investors for retail and residential, per Real Estate Research Corp., Q1, 2017 for Los Angeles.

Prepared by: HR&A Advisors, Inc.

Appendix B, Table 12
12540 Crenshaw Blvd
Tax Revenue Cash Flow - with Annual Inflation (cont'd)

	2037	2038	2039	2040		
Weighted Completed	0%	0%	0%	0%		
Weighted Cumulative Completed	100%	100%	100%	100%	Totals	
Weighted Cumulative Absorbed	100%	100%	100%	100%		
General Fund Revenues	2037	2038	2039	2040	Nominal \$	NPV-2017 \$
Property Tax	\$143,947	\$146,826	\$149,763	\$152,758	\$2,711,681	\$1,139,052
MVLF In Lieu	\$252,774	\$257,829	\$262,986	\$268,246	\$4,761,765	\$2,000,199
Sales Tax	\$28,645	\$29,504	\$30,389	\$31,301	\$501,189	\$202,763
Sales Tax - Residential Tenants	\$49,299	\$50,778	\$52,302	\$53,871	\$862,571	\$348,966
Utility Users' Tax	\$26,856	\$27,661	\$28,491	\$29,346	\$469,883	\$190,098
Business License Tax	\$18,531	\$19,087	\$19,659	\$20,249	\$324,224	\$131,170
Licenses, Permits, Fees and Fines	\$77,881	\$80,217	\$82,623	\$85,102	\$1,362,644	\$551,279
Total Annual Recurring Revenues to City's General Fund	\$597,932	\$611,903	\$626,214	\$640,873	\$10,993,957	\$4,563,528
Net Fiscal Impact to City's General Fund	\$586,906	\$600,657	\$614,742	\$629,172	\$10,768,223	\$4,460,266
One-Time Revenues to the City of Hawthorne General Fund						
Construction Materials Sales Tax	\$0	\$0	\$0	\$0	\$103,959	\$87,865
Contractor's Business License Tax	\$0	\$0	\$0	\$0	\$69,343	\$58,608
Total One-Time Revenues to the City of Hawthorne General Fund	\$0	\$0	\$0	\$0	\$173,303	\$146,473
Annual Inflation Rate	3.0%					
Annual Inflation Rate (Property Tax and MVLF In Lieu)	2.0%					
Discount Rate²	6.8%					

¹ Discount rate of 6.8% based on weighted average of yield rates expected by institutional investors for retail and residential, per Real Estate Research Corp., Q1, 2017 for Los Angeles.

Prepared by: HR&A Advisors, Inc.