

**Attachment J – ECONOMIC ANALYSIS
THIRD-PARTY REVIEW**

**KEYSER MARSTON**
ASSOCIATES

May 12, 2026

Mr. Vince Nicoletti
Director
County of San Diego
Planning and Development Services
5510 Overland Avenue, Suite 210
San Diego, CA 92123

Re: Third-Party Review of the AECOM Inclusionary Housing Study

Dear Vince:

On behalf of Keyser Marston Associates, Inc. (KMA), we are pleased to present our independent third-party review of the AECOM Inclusionary Housing Study (AECOM Study), completed in January 2023 for the County of San Diego's Planning & Development Services (PDS). The AECOM Study evaluates the capacity of General Plan (GP)-compliant projects and projects requiring a General Plan Amendment (GPA) to support an inclusionary housing requirement in unincorporated San Diego County.

The AECOM study also puts forward a series of affordable housing set-aside levels and in-lieu fee options as policy recommendations aimed at encouraging affordable housing development while maintaining housing production within the unincorporated areas of the County. The KMA assessment addresses how economic and feasibility analyses are commonly used by other jurisdictions to inform inclusionary housing policy decisions, including how such analyses are used to formulate affordability set-aside requirements, set in-lieu fees, and identify program adjustments. This letter provides a summary of the KMA assessment.

AECOM 2023 Inclusionary Housing Study

The AECOM Study tests 28 different inclusionary housing scenarios against a range of prototypical residential projects representative of likely development in the unincorporated County. AECOM used three (3) approaches and the following feasibility thresholds to determine feasibility:

	Residual Land Value (RLV)	Return on Cost (ROC)	Supportable Finished Lot
Description	RLV from GP-Compliant Base Case assuming 100% market-rate units is compared to the RLV generated under income-restricted scenarios	GP-Compliant Base Case land value is held constant and the effect of each set-aside scenario is evaluated based on the resulting ROC	Estimates supportable lot value for each GPA set-aside scenario
Feasibility Threshold	Inclusionary requirement assumed feasible if RLV is reduced by no more than 30% relative to the Base Case	Inclusionary requirement is assumed feasible if ROC is positive	Inclusionary set-aside scenario is assumed feasible if lot value is equal to or greater than \$110,000

AECOM presented 28 different scenarios that explored a range of options including Extremely Low, Very Low, Low, and Moderate Income housing set-aside requirements. Based on the above methodology and approach, AECOM presented ranges of set-aside options and in-lieu fees for consideration:

AECOM Set-Aside Options and In-Lieu Fees ⁽¹⁾		
General Plan-Compliant For-Sale	General Plan-Compliant For Rent	General Plan Amendment
10% Moderate Income to 5% Low Income + 10% Moderate Income	5% Very Low Income to 5% Very Low Income + 5% Low + 10% Moderate Income	10% Low Income to 20% Low Income
In-Lieu Fees range between \$10.74 and \$22.08 per SF	In-Lieu Fees range between \$6.87 and \$24.44 per SF	In-Lieu Fees range between \$8.58 and \$43.13 per SF
(1) Reflects examples of set-aside options that were found to be feasible in the AECOM Study.		

Inclusionary Housing Programs in Comparable Jurisdictions

As part of the KMA assessment, KMA reviewed the efforts of three (3) comparable jurisdictions in establishing their own inclusionary housing programs: City of San Diego, City of San Marcos, and the County of Los Angeles. Key findings from the review include:

- The comparable jurisdictions base their inclusionary housing policies on economic feasibility studies, but often set in-lieu fees below the maximum supported levels to keep projects financially viable.

- Affordable housing inclusionary set-asides at 10% to 20% across jurisdictions are generally consistent with the AECOM study for both rental and for-sale projects.
- In-lieu fee levels in the cities of San Diego and San Marcos are broadly aligned with the AECOM Study’s recommended in-lieu fees.
- The comparable jurisdictions include flexibility mechanisms such as phased fee increases or case-by-case targets to reduce early impacts of inclusionary requirements on development feasibility.
- Inclusionary programs are regularly updated over time based on new economic analyses to reflect changing market conditions.

The following presents a summary of the KMA survey of comparable jurisdictions:

	City of San Diego	City of San Marcos	County of Los Angeles
Rental Set-Aside Requirements	<ul style="list-style-type: none"> • Outside Future Urbanizing Area (FUA): <ul style="list-style-type: none"> ○ 10% @ 60% Area Median Income (AMI) • Inside FUA: <ul style="list-style-type: none"> ○ 20% @ 65% AMI • Barrio Logan Community Planning Area: <ul style="list-style-type: none"> ○ 15% Very Low and Low Income Levels • University Community Planning Area: <ul style="list-style-type: none"> ○ 10% @ 60% AMI or ○ 5% @ 80% AMI + Fee or ○ 10% @ 120% AMI + Fee 	<ul style="list-style-type: none"> • A minimum of 15% of units must be affordable to target AMI levels • Target unit AMI levels are determined by the City’s most recent Housing Element Annual Progress Report. In practice, funding is prioritized toward income levels where the City has the greatest shortage of units • Moderate Income units may comprise no more than 25% of the total inclusionary units constructed in a project • No limit on amount of Extremely Low, Very Low, or Low Income units 	<ul style="list-style-type: none"> • Less than 15 units: <ul style="list-style-type: none"> ○ 5% @ 40% AMI or less, or ○ 7% @ 65% AMI or less, or ○ 10% @ 85% AMI or less • 15 units or more: <ul style="list-style-type: none"> ○ 10% @ 40% AMI or less, or ○ 15% @ 65% AMI or less, or ○ 20% @ 85% AMI or less

	City of San Diego	City of San Marcos	County of Los Angeles
Ownership Set-Aside Requirements	<ul style="list-style-type: none"> • Outside FUA: <ul style="list-style-type: none"> ○ 10% @ 100% AMI or ○ 15% @ 120% AMI • Inside FUA: <ul style="list-style-type: none"> ○ 20% @ 65% AMI • Barrio Logan Community Planning Area: <ul style="list-style-type: none"> ○ 15% Very Low and Low Income Levels • University Community Planning Area: <ul style="list-style-type: none"> ○ 10% @ 60% AMI or ○ 5% @ 80% AMI + Fee or ○ 10% @ 120% AMI + Fee 	<ul style="list-style-type: none"> • 15% for target households • Requirements are set by the City on a project-by-project basis 	<ul style="list-style-type: none"> • Less than 15 units: <ul style="list-style-type: none"> ○ Coastal South Los Angeles, South Los Angeles (excluding condominiums), and East Los Angeles/ Gateway: 10% @ 135% AMI ○ San Gabriel Valley: 10% @ 135% AMI • 15 units or more: <ul style="list-style-type: none"> ○ Coastal South Los Angeles, South Los Angeles (excluding condominiums), and East Los Angeles/ Gateway: 20% @ 135% AMI ○ San Gabriel Valley: 15% @ 135% AMI ○ Santa Clarita Valley, Antelope Valley (excluding condominiums): 5% @ 135% AMI
In-Lieu Fees, FY 2025-26	<ul style="list-style-type: none"> • Outside FUA: <ul style="list-style-type: none"> ○ \$25.92 per SF (FY 2026) • Inside FUA: Not an option • Barrio Logan Community Planning Area: <ul style="list-style-type: none"> ○ \$25.92 per SF (FY 2026) • University Community Planning Area: <ul style="list-style-type: none"> ○ \$25.92 - \$51.84 per SF (FY 2026)⁽¹⁾ 	<ul style="list-style-type: none"> • \$15 per SF 	<ul style="list-style-type: none"> • Not an option
<p>(1) The Inclusionary Affordable Housing in-lieu fee is an alternative compliance mechanism paid in lieu of constructing on-site affordable units. Within the University Community Planning Area, the fee equals 200% of the City's base citywide rate (\$25.92/SF as of July 1, 2025; SDMC §142.1306). This rate is a community-specific policy unique to the University Community Planning Area, applies only when a developer opts out of providing on-site affordable units, and is not representative of the City's standard inclusionary in-lieu fee.</p>			

KMA Assessment of AECOM Inclusionary Study

Key conclusions and recommendations from the KMA assessment of the AECOM Inclusionary Study are summarized below:

- KMA finds the Residual Land Value approach used by AECOM to determine the financial feasibility of proposed inclusionary housing set-aside requirements to be consistent with accepted industry practice.
- KMA finds the Affordability Gap Method approach used by AECOM to calculate in-lieu fees to be acceptable and consistent with industry standards.
- AECOM identified potential set-aside obligations ranging from 5% to 20% of total units, which are broadly consistent with requirements adopted by jurisdictions throughout San Diego County, where set-aside levels generally range from 10% to 20% of total units.
- The AECOM Study identified in-lieu fees ranging from \$6.87 to \$43.13 per SF. The estimated in-lieu fees fall within the range of in-lieu fees adopted by jurisdictions within San Diego County, ranging between \$15.00 to \$55.00 per SF (this fee range includes the in-lieu fee in the City of Coronado, which is scheduled to increase from its current fee of \$25.00 to \$55.00 by 2029).
- The AECOM Study was based on 2021-2022 market conditions. Since that time, key economic factors have shifted considerably, including:
 - Significant increases in construction costs, permanent loan interest rates, and insurance costs.
 - Stabilization of home sales prices and apartment rental rates, limiting favorable revenue assumptions.
 - Ongoing construction cost volatility driven by labor, materials, tariffs, manufacturing delays, and shipping costs.
- Market shifts have affected the financial feasibility of residential development and the ability of projects to absorb additional regulatory requirements such as inclusionary set-asides. KMA recommends that adoption of an inclusionary ordinance include set-aside requirements that enable projects to absorb regulatory requirements and market shifts with the following considerations:
 - Timely re-evaluation and update of the AECOM Study findings to ensure feasibility thresholds and in-lieu fees reflect current market conditions and applicable regulatory requirements.

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County of San Diego, Planning & Development Services

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- Pair timing of reevaluation with other policy objectives, such as Vehicle Miles Traveled (VMT) mitigation fees, and exaction requirements to avoid conflicting outcomes and ensure long-term feasibility.
- Phased implementation of set-aside requirements and in-lieu fees to allow land prices to adjust, enable developers to plan based on expected costs and returns, and provide policymakers flexibility to modify requirements, if needed.
- Different inclusionary obligations on projects undergoing a discretionary land use change, such as a GPA or Community Plan Update, from those applied to GP-Compliant projects, reflecting the land value created by upzoning.
- Program flexibility allowing multiple compliance options (on-site construction, off-site construction, or in-lieu fee payment).
- Provision of incentives to offset affordable unit costs, such as density bonuses, and streamlined permitting.

KMA's detailed assessment of the AECOM Study, including our full methodology review, survey of inclusionary housing programs in comparable jurisdictions, and future recommendations, can be found in the Attachment to this letter. Please do not hesitate to contact us with any questions.

Sincerely,

KEYSER MARSTON ASSOCIATES, INC.



Linnie A. Gavino
Senior Principal

attachment

ATTACHMENT

Third-Party Review of the 2023 AECOM

Inclusionary Housing Study

County of San Diego

Keyser Marston Associates, Inc.

May 12, 2026



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I. INTRODUCTION

In January 2023, AECOM¹ completed an Inclusionary Housing Study (AECOM Study) for the County of San Diego's Planning & Development Services (PDS). The AECOM Study evaluates whether new residential development in unincorporated San Diego County can reasonably support an inclusionary housing requirement without discouraging housing production. The intent of the AECOM Study is to inform policy decisions regarding the potential adoption of an inclusionary housing program applicable to both General Plan (GP)-compliant projects and projects requiring a General Plan Amendment (GPA). The AECOM Study identifies a series of affordable housing set-aside levels and in-lieu fee options as policy considerations.

Prior to completion of the AECOM Study, PDS requested that Michael Baker International² (MBI) conduct a peer review of a working draft report of the AECOM Study, dated May 9, 2022. MBI also completed a subsequent peer review of a final draft of the AECOM Study in January 2023.

A draft Inclusionary Housing Ordinance was presented to the County Board of Supervisors (Board) on August 28, 2024. At that time, PDS staff was directed to return to the Board after presentations on the Development Feasibility Analysis (DFA) and the Vehicle Miles Traveled (VMT) programs were conducted. The DFA program was presented to the Board on November 19, 2025 and the VMT program was presented to the Board on January 14, 2026. A follow-up review with the Board of Supervisors on the VMT program is planned for June 2026.

In preparation for returning to the Board of Supervisors with an Inclusionary Housing Ordinance for adoption, the County has engaged Keyser Marston Associates, Inc. (KMA) to prepare an assessment of the AECOM Study methodology and findings. PDS staff requested that KMA address how economic or feasibility analyses are commonly used by other jurisdictions to inform inclusionary housing policy decisions, such as how these analyses are used to formulate affordability set-aside requirements, set in-lieu fees, and identify program adjustments.

As an independent third-party review, it should be noted that KMA did not directly communicate with AECOM or MBI in the preparation of this report. The findings presented are based solely on the documentation and information made available to KMA.

¹ AECOM is a global infrastructure consulting firm that provides planning, engineering, design, and program management services for public- and private-sector clients.

² MBI is a global engineering, planning, and consulting firm that provides professional services to public- and private-sector clients.

II. AECOM 2023 INCLUSIONARY HOUSING STUDY

A. Methodology and Approach

The AECOM Study methodology combines market research, policy review, and development feasibility modeling. AECOM conducted a review of national and local inclusionary housing trends, identifying common program structures, typical set-aside requirements, compliance options, and incentives used to offset affordability requirements in 12 jurisdictions. The AECOM Study also illustrates the economics of GP-Compliant projects and GPA projects (Base Case scenarios) and the potential value created from upzoning GPA projects (Land Development model). Lastly, the AECOM Study provides an in-lieu fee analysis in order to estimate potential in-lieu fees as an alternative compliance option.

Economic Analysis

To test the feasibility of inclusionary housing set-aside options, AECOM developed static pro forma models for a range of prototypical residential projects representative of likely development in the unincorporated County. These prototypes include for-sale and for-rent projects at various densities, modeled under both GP-Compliant and GPA scenarios. The pro formas incorporate assumptions related to development costs, market-rate sales prices and rents, affordable sales prices and rents (at the applicable income levels), operating expenses, and standard developer return expectations. Table II-1 provides a summary of the for-sale GP-Compliant and GPA residential prototypes analyzed in the AECOM Study.

	SFD Large Lot	SFD Medium Lot	SFD Small Lot	SFA/SFD Small Lot	SFA/Townhome
Village Designation	Village Residential 2.9 (VR-2.9)	Village Residential 4.3 (VR-4.3)	Village Residential 7.3 (VR-7.3)	Village Residential 10.9 (VR-10.9)	Village Residential 15-20 (VR-15-20)
Density	2.9 units/acre	4.3 units/acre	7.3 units/acre	10.9 units/acre	15.0 units/acre
Lot Size	15,000 SF	10,100 SF	6,000 SF	4,000 SF	2,900 SF
# Units	29 units	43 units	73 units	109 units	150 units
Average Unit Size	3,500 SF	GP-Compliant: 2,400 SF GPA: 2,900 SF	GP-Compliant: 2,700 SF GPA: 2,200 SF	1,900 SF	1,500 SF
Parking Type	Attached Garage	Attached Garage	Attached Garage	Attached Garage	Attached Garage/Tuck-under
Bedrooms	4-5 beds	4-5 beds	3-4 beds	3-4 beds	3 beds

Table II-2 presents a summary of the rental residential prototypes analyzed in the AECOM Study.

Table II-2: Summary of Rental GP-Compliant and GPA Prototypes			
	Garden Apartments	Stacked Flats	Stacked Flats on Podium ⁽¹⁾
Village Designation	Village Residential 20 (VR-20)	Village Residential 30 (VR-30)	Exceeds VR-30
Density	20 units/acre	30 units/acre	45 units/acre
# Units	265 units	237 units	237 units
Average Unit Size	963 SF	1,006 SF	1,094 SF
Stories	2-3 stories	3-4 stories	4-5 stories
Parking Type	Surface	Surface/Tuck-under	Surface/Podium
Bedrooms	1, 2, and 3 beds	1, 2, and 3 beds	1, 2, and 3 beds
(1) Per AECOM, this product type exceeds the maximum density allowed under the General Plan. The prototype was included to consider it as a potential future product type that may be subject to the inclusionary housing policy.			

Using these financial models, the AECOM Study tests 28 different inclusionary housing scenarios that varied by product type, set-aside percentage, and income levels (Extremely Low, Very Low, Low, and Moderate Income). To determine feasibility, AECOM assessed set-aside scenarios using three (3) approaches:

1. *Residual Land Value (RLV)* – RLV represents the amount a developer can afford to pay for land after accounting for all development costs and an industry standard developer profit. In order to evaluate the feasibility of different affordable housing set-aside requirements AECOM estimated the RLV under (a) a Base Case scenario assuming 100% market-rate units, and (b) 28 scenarios reflecting varying affordable housing set-aside percentages and affordability levels. The RLV generated under the Base Case scenario was then compared to the RLV generated under the income-restricted scenarios in order to evaluate the feasibility of the different affordable housing set-aside requirements. AECOM considered a scenario to be feasible if it did not reduce land values to levels that would likely deter development. The RLV approach was used by AECOM to evaluate GP-Compliant projects.
2. *Return on Cost (ROC)* – Under this approach, the Base Case land value is held constant and the effect of each set-aside scenario is evaluated based on the resulting ROC. If ROC becomes negative, the scenario indicates that development would not generate a positive economic return and would therefore be considered infeasible. If ROC remains positive, some economic value is preserved and the scenario is considered feasible. The ROC reduction approach was used by AECOM to evaluate GP-Compliant projects.
3. *Supportable Finished Lot Value* – This approach evaluates how much of the value created through GPA up-zoning can be captured to support inclusionary housing. Feasibility is assessed by comparing

the estimated finished lot cost, including a typical land developer return, to the value a homebuilder would be willing to pay for a finished lot (the supportable finished lot value). If the estimated lot cost is below the supportable value, the project is considered feasible. This approach was used by AECOM to evaluate GPA projects.

GP-Compliant Project Assumptions

GP-Compliant projects were analyzed assuming development under the existing General Plan land use designations, with no discretionary land use changes required. For these projects, the AECOM Study assumed:

- Estimated development costs comprised of construction, soft costs, financing, and developer profit, with building and parking costs based on 2022 RSMeans³ data.
- Market-rate sales prices were based on recently completed projects in the unincorporated areas of the County.
- Market-rate apartment rents were based on comparable projects in the cities of Chula Vista, Escondido, San Diego, San Marcos, and Santee⁴. AECOM utilized CoStar and specific project websites to identify a set of representative projects.
- Affordable sales prices and rents based on published sales price and rent schedules published by the U.S. Department of Housing and Urban Development (HUD) and San Diego County Housing and Community Development Services. The analysis assumed maximum income levels for Extremely Low income households at 30% Area Median Income (AMI), Very Low income households at 50% AMI, Low income households at 80% AMI, and Moderate income households at 120% AMI.

For GP-Compliant projects, feasibility was evaluated by examining changes in RLV and ROC relative to a base case scenario with no inclusionary requirement. Under the RLV approach AECOM considers a scenario to be feasible if the inclusionary requirement reduces RLV by no more than 30% relative to the Base Case. Under the ROC approach AECOM considers a scenario feasible if it resulted in a positive ROC.

GPA Project Assumptions with Land Development Model

GPA projects were analyzed separately to reflect the higher intensity development and additional entitlement requirements associated with a GPA. For GPA projects, feasibility was evaluated similar to GP-Compliant projects; however, a Land Development model was analyzed to account for the value created by upzoning. The Land Development model served as a supplemental financial tool used in the

³ RSMeans is a nationally recognized construction cost database that provides standardized estimates of labor, material, and equipment costs, adjusted for regional market conditions.

⁴ Per the AECOM Study, at the time of the analysis, there had been no recent construction of residential projects with densities ranging between 20 and 30 units per acre in the unincorporated areas of the County.

AECOM Study to evaluate the feasibility of GPA projects from a land value perspective. The AECOM Land Development model assumes the following:

- Project site area of 150 acres with 67% of the site area dedicated to the residential development component. The balance of the site area (33%) was assumed to be dedicated to open space and other project amenities.
- Total of 882 residential units yielding a density of 9.7 units per acre.
- Site development costs consisting of clearing and grading, critical infrastructure and utilities, interior streets, hardscape/landscape improvements.
- Development costs associated with project amenities -- 4.5 acres of parks, 3 miles of hiking trails, and a 3,000-SF clubhouse facility.
- Extended entitlement/holding periods and higher financing costs than GP-Compliant projects.

AECOM calculated the supportable lot value for each GPA set-aside scenario. AECOM considers a scenario feasible if the set-aside scenarios results in a supportable lot value equal to or greater than \$110,000.

State Density Bonus Law

The AECOM Study also assesses the impact of 20 set-aside scenarios under the State's Density Bonus Law (SDBL) for GP Compliant projects. Under SDBL, developers can receive a density increase above what zoning normally allows, along with concessions, incentives, or waivers of development standards, in exchange for providing a certain percentage of affordable housing units. After applying the maximum available density bonus, all 20 set-aside scenarios with a density bonus were shown to experience less RLV loss and almost all scenarios remain within the -30% RLV loss threshold. It should be noted that the AECOM Study assumes the use of a density bonus on the prototype project does not shift construction into a higher-density product type.

B. In-Lieu Fee Analysis

The AECOM Study also includes an in-lieu fee analysis that translates feasible on-site inclusionary housing scenarios into equivalent fee levels. These fees are designed to represent the cost a developer would otherwise incur to provide affordable units on-site to ensure that there is a reasonable relationship between the fee paid and the affordable requirement obligation. The AECOM Study identifies three (3) methods for calculating in-lieu fees:

1. *Affordability Gap Method* – based on the affordability gap, which is equal to the difference between the value of an affordable unit vs. a market-rate unit
2. *Production Cost Method* – based on the variance between the cost of developing affordable units on-site vs. the value of providing affordable units off-site
3. *Index Fee Method* – based on an index of variables present in the County’s housing market

AECOM utilizes the Affordability Gap Method to calculate the supportable in-lieu fees. The set-aside scenarios that meet both feasibility thresholds and generate the highest affordability value were selected as the basis to calculate the in-lieu fee. For each feasible scenario, AECOM estimates the value of market-rate units and affordable units. The difference between these values represents the affordability gap. The total affordability gap associated with the required affordable units were allocated across the market-rate units in each prototype and converted to a fee per square foot (SF) using average unit sizes. Because the in-lieu fee outcomes vary considerably between each prototype and set-aside option – ranging from \$23.20 to \$34.18 per SF – the in-lieu fees were weighted by an assumed future development mix of residential development for unincorporated San Diego County. As a result, a weighted average in-lieu fee for a GPA project with a 15% Low Income requirement is estimated to be \$27.76 per SF, as shown in Table II-3.

Table II-3: In-Lieu Fee Findings by Prototype		
Prototype	Fee per SF by Prototype	Future Mix
SFD Large Lot	\$28.53	20%
SFD Medium Lot	\$25.60	10%
SFD Small Lot	\$34.18	25%
SFA/SFD Small Lot	\$23.20	35%
SFA/Townhome	\$28.58	5%
Garden Apartments	\$28.42	3%
Stacked Flats	\$27.47	2%
Stacked Flats on Podium	---	---
Weighted Average	\$27.76	100%

C. AECOM Study Conclusions

The AECOM Study finds the standards of feasibility were met by: six (6) of the 28 set-aside GP-Compliant For-Sale , 12 of 28 GP-Compliant For Rent scenarios, and 25 of 28 GPA scenarios. AECOM further narrowed this set down to the scenarios that provide the highest subsidy⁵ value as reflected by in-lieu

⁵ An affordable housing subsidy is generally defined as a financial contribution that reduces the cost of developing, acquiring, or operating affordable housing.

fee equivalents. On this basis, AECOM presented a range of set-aside options and in-lieu fees for consideration, as summarized in Table II-4.

Table II-4: AECOM Set-Aside Options and In-Lieu Fees ⁽¹⁾		
General Plan-Compliant For-Sale	General Plan-Compliant For Rent	General Plan Amendment
10% Moderate Income to 5% Low Income + 10% Moderate Income	5% Very Low Income to 5% Very Low Income + 5% Low + 10% Moderate Income	10% Low Income to 20% Low Income
In-Lieu Fees range between \$10.74 and \$22.08 per SF	In-Lieu Fees range between \$6.87 and \$24.44 per SF	In-Lieu Fees range between \$8.58 and \$43.13 per SF
(1) Reflects examples of set-aside options that were found to be feasible in the AECOM Study.		

III. INCLUSIONARY HOUSING PROGRAMS IN COMPARABLE JURISDICTIONS

As part of the KMA assessment of the AECOM Study, KMA reviewed the efforts of three (3) comparable jurisdictions in establishing their own inclusionary housing programs: City of San Diego, City of San Marcos, and the County of Los Angeles. The following highlights each jurisdiction’s process and approach in establishing their inclusionary housing program and determining key inclusionary program parameters and in-lieu fee options.

A. City of San Diego

The City of San Diego's Inclusionary Housing Program was established in 2003 and remained in effect for nearly a decade before undergoing an update in 2011 to reflect evolving market conditions and feasibility findings. The 2011 requirements then carried forward through 2019, when the program underwent another major update. These revisions were driven by the recognition that the affordability requirements and fee levels determined to be feasible at the time of each prior update had become outdated as development economics shifted over time. As shown in Table III-1, the program requires residential developments to contribute to affordable housing through options such as building on-site or off-site affordable units, rehabilitating existing units, donating land, or paying an in-lieu fee. The program sets affordability requirements that vary by geographic area, with threshold project sizes ranging from two (2) to ten (10) units.

Table III-1: Inclusionary Housing Program Profile – City of San Diego	
Year Established	2003
Years Amended/Updated	2011, 2019 update phased in from 2020-2024
Economic Studies Performed	<ul style="list-style-type: none"> • <i>Inclusionary In-Lieu Fee Update (Keyser Marston Associates, Inc., 2013 – 2025)</i> – Estimates an updated affordable housing fee consistent with San Diego’s Inclusionary Affordable Housing Ordinance • <i>Economic Feasibility Analysis (Keyser Marston Associates, Inc., 2019)</i> – Analysis to support updates to San Diego’s inclusionary housing ordinance • <i>Residential Nexus Analysis (Keyser Marston Associates, Inc., 2011)</i> – Quantifies the linkages between new market rate units and the demand for affordable housing in San Diego
Alternative Compliance	<ul style="list-style-type: none"> • Build units on-site • Build units off-site • Rehabilitate existing units, SRO hotel rooms, or conversion of guest rooms • Pay the in-lieu fee • Land donation
Minimum Project Size	<ul style="list-style-type: none"> • Outside the Coastal Overlay Zone: 10 units • Inside the Coastal Overlay Zone: 5 units • Condominium conversions: 2 units

Table III-1: Inclusionary Housing Program Profile – City of San Diego	
Rental Set-Aside Requirements	<ul style="list-style-type: none"> • Outside Future Urbanizing Area: 10% @ 60% AMI • Inside Future Urbanizing Area: 20% @ 65% AMI • Barrio Logan Community Planning Area: 15% Very Low and Low Income Levels • University Community Planning Area: 10% @ 60% AMI or 5% @ 80% AMI + Fee or 10% @ 120% AMI + Fee
Ownership Set-Aside Requirements	<ul style="list-style-type: none"> • Outside Future Urbanizing Area: 10% @ 100% AMI or 15% @ 120% AMI • Inside Future Urbanizing Area: 20% @ 65% AMI • Barrio Logan Community Planning Area: 15% Very Low and Low Income Levels • University Community Planning Area: 10% @ 60% AMI or 5% @ 80% AMI + Fee or 10% @ 120% AMI + Fee
In-Lieu Fees, FY 2025-26	<ul style="list-style-type: none"> • Outside FUA: \$25.92 per SF (FY 2026) • Inside FUA; Not an option • Barrio Logan Community Planning Area: \$25.92 per SF (FY 2026) • University Community Planning Area: \$25.92 - \$51.84 per SF (FY 2026)⁽¹⁾
Ramp up to Stabilized In-Lieu Fee	<p>2019 fee update created a ramp schedule up as follows:</p> <p>July 1, 2020 – June 30, 2021: \$15.18 per SF</p> <p>July 1, 2021 – June 30, 2022: \$17.64 per SF</p> <p>July 1, 2022 – June 30, 2023: \$20.09 per SF</p> <p>July 1, 2023 – June 30, 2024: \$22.55 per SF</p> <p>July 1, 2024: \$25.00 per SF</p>
Adjustments	Beginning July 1, 2025 fee is escalated annually based on Construction Cost Index and currently \$25.92 per SF (FY 2026)
<p>(1) The Inclusionary Affordable Housing in-lieu fee is an alternative compliance mechanism paid in lieu of constructing on-site affordable units. Within the University Community Planning Area, the fee equals 200% of the City's base citywide rate (\$25.92/SF as of July 1, 2025; SDMC §142.1306). This rate is a community-specific policy unique to the University Community Planning Area, applies only when a developer opts out of providing on-site affordable units, and is not representative of the City's standard inclusionary in-lieu fee.</p>	

San Diego’s program has proven to be successful in collecting approximately \$14.3 million in in-lieu fees in 2024 alone, with 15 residential developments opting to pay the fee that year. From 2021 to 2024, 73 developments chose to build affordable homes rather than pay the fee, resulting in 235 deed-restricted affordable units being permitted, of which approximately 78% were in Highest-, High-, and Moderate-Resource Areas⁶.

B. City of San Marcos

The City of San Marcos' Inclusionary Housing Program was established in 2000 and underwent a comprehensive update in 2024. The program, as summarized in Table III-2, requires residential developments to contribute to affordable housing through options such as building on-site or off-site affordable units or paying an in-lieu fee. The program sets affordability requirements based on the target need addressed in the most recent version of the City’s Annual Housing Report.

⁶ Areas with access to high levels of infrastructure, high-quality schools, healthcare, and other services.

Table III-2: Inclusionary Housing Program Profile – City of San Marcos	
Year Established	2000
Years Amended/Updated	2024
Economic Studies Performed	<ul style="list-style-type: none"> • <i>Inclusionary Housing In-Lieu Fee Study (Keyser Marston Associates, Inc., 2024)</i> – Evaluates the potential of updating the City’s inclusionary housing in-lieu fee
Alternative Compliance	<ul style="list-style-type: none"> • Build units on-site • Build ownership housing units off-site • Pay the in-lieu fee • Rental projects of six (6) units or below are required to pay the in-lieu fee despite unit count falling below 15% affordability inclusionary requirement
Minimum Project Size	1 unit; ADUs are exempt
Rental Set-Aside Requirements	<ul style="list-style-type: none"> • A minimum of 15% of units must be affordable to target AMI levels • Target unit AMI levels are determined by the City’s most recent Housing Element Annual Progress Report. In practice, funding is prioritized toward income levels where the City has the greatest shortage of units.⁽¹⁾ • Moderate-income units may comprise no more than 25% of the total inclusionary units constructed in a project • No limit on amount of extremely low-, very low-, or low-income units
Ownership Set-Aside Requirements	<ul style="list-style-type: none"> • 15% for target households • Requirements are set by the City on a project-by-project basis
In-Lieu Fees, FY 2025-26	\$15 per SF
Ramp up to Stabilized In-Lieu Fee	Not applicable
Adjustments	<ul style="list-style-type: none"> • May be adjusted periodically, no more frequently than annually, based on Construction Cost Index • Any increase must be below the maximum supported fee of \$30 per SF
<p>(1) Per Chapter 20.310 – Inclusionary Housing, Section 20.310.040 of the City’s Municipal Code, the number of inclusionary units by target household shall be determined by supporting the deficit identified in the City’s most recent Annual Housing Element Report to assist, to the greatest extent possible, in meeting its self-certification goals and regional share needs as set forth in the Housing Element of the General Plan.</p>	

San Marcos’ program has played a significant role in the San Marcos’ success in developing affordable housing. As of 2024, approximately 10% of the San Marcos’ housing stock consisted of deed-restricted affordable units. Recent examples include the 94-unit, 100% affordable Estrella Apartments, which utilized approximately \$10 million in funding from the San Marcos’ Inclusionary Housing and Successor Agency funds, and the North City affordable housing project, which is projected to deliver 222 inclusionary housing units.

C. County of Los Angeles

The County of Los Angeles' Inclusionary Housing Program was established in 2020 and underwent an update in 2023 following a study from HR&A Advisors, Inc. As noted in Table III-3, the program requires residential developments to contribute to affordable housing through building on-site or off-site affordable units. Off-site units are subject to specific location requirements or can be developed as part of a community land trust. The program sets affordability requirements that vary by geographic area and project size, with a threshold project size of five (5) units.

Table III-3: Inclusionary Housing Program Profile – County of Los Angeles	
Year Established	2020
Years Amended/Updated	2023
Economic Study Performed	<ul style="list-style-type: none"> • <i>Economic Feasibility Study (HR&A Advisors, Inc., 2023)</i> – Informed current inclusionary housing ordinance. Timeline from initial board motion to ordinance adoption took three (3) years (2020 through 2023).
Alternative Compliance	<ul style="list-style-type: none"> • Build units on-site • Build units off-site subject to location requirements or part of a community land trust
Minimum Project Size	5 units
Rental Set-Aside Requirements	<ul style="list-style-type: none"> • Less than 15 units: 5% @ 40% AMI or less, or 7% @ 65% AMI or less, or 10% @ 85% AMI or less • 15 units or more: 10% @ 40% AMI or less, or 15% @ 65% AMI or less, or 20% @ 85% AMI or less
Ownership Set-Aside Requirements	<p><u>Projects with less than 15 units:</u></p> <ul style="list-style-type: none"> • Coastal South Los Angeles, South Los Angeles (excluding condominiums), and East Los Angeles/Gateway: 10% @ 135% AMI • San Gabriel Valley: 10% @ 135% AMI <p><u>Projects with more than 15 units:</u></p> <ul style="list-style-type: none"> • Coastal South Los Angeles, South Los Angeles (excluding condominiums), and East Los Angeles/Gateway: 20% @ 135% AMI • San Gabriel Valley: 15% @ 135% AMI • Santa Clarita Valley, Antelope Valley (excluding condominiums): 5% @ 135% AMI
In-Lieu Fees, FY 2025-26	Not an option
Ramp up to Stabilized In-Lieu Fee	Not applicable
Adjustments	Not applicable

The Los Angeles County inclusionary housing program is relatively new, and its full impact has yet to be determined. However, there are early examples of developments utilizing Los Angeles County's inclusionary requirements. For example, a proposed 510-unit development in the San Gabriel Valley

plans to include 24 middle-income for-sale units and 47 very-low-income senior rental units in order to satisfy Los Angeles County's inclusionary housing obligations.

D. Comparable Jurisdictions Findings

KMA's review of inclusionary housing programs in the three jurisdictions identifies several relevant parallels and lessons applicable to the County's program development:

- All three jurisdictions relied on formal economic feasibility studies to inform their inclusionary housing programs and in-lieu fee structures.
- Jurisdictions often establish in-lieu fees at levels below those supported by economic feasibility analyses to minimize impacts on developer returns and maintain project feasibility if economic conditions shift.
- The City of San Diego's current in-lieu fee of \$25.92 per SF and the City of San Marcos' fee of \$15 per SF (with a supported maximum of \$30 per SF) are generally comparable to the AECOM Study's in-lieu fee range of \$6.87 to \$24.44 per SF for GP-Compliant projects.
- The City of San Diego requires 10% to 20% affordability set-asides depending on geography. The County of Los Angeles requires affordability set-asides of 10% to 20% for rental projects depending on project size. These ranges are consistent with the range of set-aside options analyzed by AECOM of 5% to 15% for GP-Compliant for-sale projects, 5% to 20% for GP-Compliant rental projects, and 5% to 20% for GPA projects.
- The City of San Diego's use of a ramp-up schedule to its stabilized in-lieu fee, and the City of San Marcos' project-by-project approach to affordability target setting, illustrate that jurisdictions commonly build in flexibility to mitigate feasibility concerns during initial program years.
- Each comparable jurisdiction has amended its program at least once since initial adoption, informed by updated economic studies.

IV. KMA ASSESSMENT OF AECOM INCLUSIONARY HOUSING STUDY

A. KMA Assessment of AECOM Methodology and Approach

Feasibility Analysis

As described above, in order to evaluate the feasibility of the different affordable housing set-aside requirements AECOM assumed a 30% RLV reduction threshold to evaluate the feasibility of GP-Compliant projects whereby if the assumed inclusionary requirement lowered RLV by less than 30% compared to the Base Case, then the inclusionary requirement scenario was considered feasible.

The KMA view is that there is no single industry rule of thumb regarding the amount of decrease in RLV that a development can absorb before becoming infeasible. However, it is KMA's experience that a number of California cities have adopted inclusionary requirements that were projected to reduce RLV by as much as 30%. Accordingly, KMA finds the methodology and approach used by AECOM to evaluate the feasibility of a mandatory inclusionary housing program to be consistent with accepted industry practice.

In-Lieu Fees

AECOM used the Affordability Gap Method to estimate in-lieu fees. The Affordability Gap Method estimates the funding gap that would be required in order to produce the targeted inclusionary housing units. Consistent with the feasibility analysis, the in-lieu fee analysis assumed the same mix of future GP-Compliant and GPA residential development to estimate a weighted-average in-lieu fee reflective of anticipated future development patterns. KMA finds the methodology and approach used by AECOM to calculate in-lieu fees to be acceptable and consistent with industry standards.

B. KMA Assessment of AECOM Conclusions

As indicated above, the AECOM Study identified set-aside obligations ranging between 5% to 20% of total units. The proposed set-aside requirements appear broadly consistent with those adopted by the three (3) comparable jurisdictions profiled in Section III and other jurisdictions within San Diego County with set-aside requirements generally ranging between 10% and 20% of total units as summarized in Table IV-1.

Table IV-1: Comparison of Housing Production Requirements, County of San Diego		
City	% Affordable Units Required	
	For-Sale	Rental
Carlsbad	15% Low	15% Low
Chula Vista	5% Low + 5% Moderate	5% Low + 5% Moderate
Coronado	20% Moderate	20% Low
Del Mar	15% Extremely Low – 20% Low (depending on unit count)	15% Extremely Low – 20% Low (depending on unit count)
Encinitas	15% Very Low or 20% Low	15% Very Low or 20% Low
Oceanside	15% Low or Moderate	15% Low
Poway	15% Low or 20% Moderate	15% Very Low
San Diego, City Outside FUA	10% @ 100% AMI or 15% @ 120% AMI	10% @ 60% AMI
Inside FUA	20% @ 65% AMI	20% @ 65% AMI
Barrio Logan Community Planning Area	15% Very Low and Low	15% Very Low and Low
University Community Planning Area	10% @ 60% AMI or 5% @ 80% AMI + Fee or 10% @ 120% AMI + Fee	10% @ 60% AMI or 5% @ 80% AMI + Fee or 10% @ 120% AMI + Fee
San Marcos	15% of target households (determined by City)	15% of target households (determined by City)
Solana Beach	15% Very Low or Low	15% Very Low or Low
Vista	5% Low + 4% Moderate	5% Low + 4% Moderate

The AECOM Study estimates the average in-lieu fee for all GP-Compliant projects at \$16.54 per SF. As illustrated in Table IV-2, the AECOM average in-lieu fee for all GP-Compliant projects at \$16.54 per SF falls below almost all in-lieu fees established by other jurisdictions within the County. The only jurisdiction with a lower fee is the City of San Marcos at \$15 per SF.

Table IV-2: Comparison of In-Lieu Fees, County of San Diego ⁽¹⁾	
Carlsbad	\$18/SF
Chula Vista	varies by project
Coronado	For-Sale only: \$25/SF (increases by \$10/SF per year to up to \$55/SF in 2029)
Del Mar	\$2,730 per lot created
Encinitas	\$25.15/SF
Oceanside	\$22.30/SF
Poway	\$500/unit
San Diego, City	\$25.92/SF ⁽²⁾
San Diego, County AECOM Study Estimate	\$16.54/SF (average of all GP-Compliant Projects)
San Marcos	\$15/SF
Solana Beach	\$28.60/SF
Vista	\$18.20/SF
<p>(1) Reflects current in-lieu fees as of April 2026.</p> <p>(2) The Inclusionary Affordable Housing in-lieu fee is an alternative compliance mechanism paid in lieu of constructing on-site affordable units. Within the University Community Planning Area, the fee equals 200% of the City's base citywide rate (\$25.92/SF as of July 1, 2025; SDMC §142.1306). This rate is a community-specific policy unique to the University Community Planning Area, applies only when a developer opts out of providing on-site affordable units, and is not representative of the City's standard inclusionary in-lieu fee. On that basis, it is excluded from the comparable fee range.</p>	

C. KMA Conclusions

As indicated above, the methodology and approach used in the AECOM Study to evaluate the feasibility of the different affordable housing set-aside requirements and calculate in-lieu fees reflect industry standards and are consistent with inclusionary housing requirements and in-lieu fees within the County.

However, it is worth noting that the AECOM Study was prepared based on market conditions at the time of its completion in 2023, with much of the underlying data drawn from 2020-2021. Since that time, several key economic factors have shifted considerably. Both construction and permanent loan interest

rates and insurance costs have increased significantly. Additionally, home sales prices and apartment rental rates have begun to stabilize, limiting the revenue assumptions that were once more favorable.

Construction costs in general have also been subject to ongoing fluctuations driven by shifts in labor and material pricing, as well as broader market factors such as tariffs, manufacturing delays, and shipping costs. This overall economic uncertainty have affected the financial feasibility of residential development and significantly influences a project's ability to absorb additional regulatory requirements such as inclusionary set-asides.

To that end, proceeding with adoption of an inclusionary ordinance should include consideration of the following:

- A re-evaluation and update of the AECOM Study's findings should be conducted within 3 to 5 years to ensure that feasibility thresholds and in-lieu fees remain reflective of current market conditions and any applicable Federal, State, and/or local regulatory requirements.
- Pair alignment with other policy objectives, such as VMT mitigation fees, and exaction requirements to avoid conflicting outcomes and ensure long-term feasibility.
- A phased implementation of set-aside requirements and in-lieu fee amounts to allow land prices to adjust, enable developers to make decisions based on expected costs and returns, and provide policymakers the flexibility to modify set-aside percentages or fee levels if needed.
- Affordable housing set-aside requirements and in-lieu fees can be calibrated to specific market conditions and land use actions under consideration. As a result, jurisdictions can impose inclusionary obligations on projects undergoing a discretionary land use change, such as a GPA or Community Plan Update, that differ materially from those applied to GP-Compliant projects, reflecting the land value created by upzoning.
- Program flexibility allowing developers multiple options to comply with inclusionary requirements such as construction of affordable units in an on-site or off-site location or the payment of in-lieu fees.
- The provision of incentives to offset the cost of providing affordable units such as density bonuses, fee reductions or waivers, and streamlined permitting.

APPENDIX A: FUTURE RECOMMENDATIONS

After adoption of an inclusionary ordinance, inclusionary housing programs and in-lieu fees should be periodically reviewed and updated to ensure they remain effective, responsive to changing market conditions, and aligned with evolving public policy goals and objectives. The following presents recommended parameters to guide future updates to the County’s adopted inclusionary housing ordinance over time.

I. Updates to Inclusionary Housing Ordinance

There is no set industry standard for scheduled updates of inclusionary housing ordinances. However, jurisdictions often conduct a formal review of their existing ordinance during housing planning cycles in order to align with statewide housing element or regional housing needs assessment requirements.

Updates of inclusionary programs may also occur in response to residential market conditions and shifts in public policy goals and priorities. Key factors to consider when contemplating whether an update to the County’s adopted inclusionary housing ordinance is warranted are presented in the following table.

Updates to Inclusionary Housing Ordinance: Factors for Consideration	
Development Trends	<ul style="list-style-type: none"> • Has residential development continued to occur since adoption of the inclusionary ordinance? <ul style="list-style-type: none"> ○ If development has slowed or is no longer occurring, set-aside requirements may be too restrictive thereby constraining development ○ If development continues to occur but very little affordable housing has been produced, policy makers may want to consider increasing set-aside requirements so more affordable housing is built as development continues to occur
Market Conditions	<ul style="list-style-type: none"> • Have the following economic factors shifted quickly or significantly since adoption of the ordinance? <ul style="list-style-type: none"> ○ home prices ○ rents ○ interest rates ○ construction costs ○ land costs ○ operating expenses ○ income growth ○ residential inventory
Public Policy Goals and Objectives	<ul style="list-style-type: none"> • Are current affordable housing priorities and goals being met? • Are existing program parameters consistent with any new State and/or local mandates? • Have new exactions on residential development been adopted or put in place that may impact project feasibility and housing production?

II. Potential Fee Level Adjustment

Automatic adjustments to in-lieu fees on an annual basis are assumed by many jurisdictions. This provision ensures that the fees charged will adjust annually to reflect changes in housing production costs and shifts in economic conditions. A review of potential indices that could be used to adjust the fee in the future is presented in the table below.

Potential Indices for Fee Level Adjustments			
Index	Concept/Description	Advantages	Disadvantages
#1 Building Cost Index (BCI)	Fees go up or down based on building construction costs. Published by Engineering News Record (ENR). Available at national average and for 20 cities (no San Diego County cities; Los Angeles is nearest city available).	Very well established. Consistent fee burden over time relative to construction costs.	May not trend with changes in non-construction development costs (land, other soft costs). May not trend with cost to produce affordable units. Only addresses cost side of the equation.
#2 Construction Costs Index (CCI)	Published by ENR and similar to BCI but with different weighting of labor and material cost categories.	Same as above.	Same as above.
#3 Consumer Price Index (CPI)	Published by the U.S. Bureau of Labor Statistics. Available for major metro areas including San Diego.	Very well established. Generally tracks with inflation. Produced by neutral governmental agency.	May not trend with: <ul style="list-style-type: none"> • Construction costs (consistent fee burden) or • Cost to produce affordable units (consistent ability to mitigate impacts)

As shown below, over the past 10 years, the average annual growth rate for the various indices ranged between 3.4% and 4.8%.

Average Annual Growth Rate 2015 – 2026			
	Building Cost Index (BCI)	Construction Cost Index (CCI)	Consumer Price Index (CPI)
Average Annual Growth Rate	4.8% 2016 – 2026	3.4% 2016 – 2026	3.7% 2015 – 2025

III. Conclusions

KMA recommends that inclusionary housing programs be reviewed every three (3) to five (5) years. These reviews will help the County ensure the adopted ordinance remains effective and responsive to changing economic conditions and will assist in determining when updates to the ordinance and/or in-lieu fees may be warranted.

Key factors to monitor include:

- The number of market-rate and affordable housing units developed, proposed, and approved. A sizeable increase or reduction in production may be a sign of shifting market trends and feasibility indicators such as home prices, rents, development costs, and interest rates.
- The amount of in-lieu fees collected. Provides an indication of how often developers are opting to pay the in-lieu fee vs. build the inclusionary units and if sufficient funds are being generated to develop affordable housing units in an off-site location in a timely manner.
- The residential product types planned and produced. Provides insight as to the type of development occurring in the unincorporated areas of the County and if inclusionary requirements are discouraging the development of specific residential product types.
- Geographic distribution of units developed. Provides insight on whether affordable housing production is concentrated in specific area or distributed across multiple areas of the unincorporated County.
- Affordability levels achieved. Provides an indication of whether the affordable units produced are at the targeted income levels envisioned by decision makers when the inclusionary ordinance was adopted.
- Alignment with current public policy goals and objectives and other initiatives that may impact project feasibility. Ensures the County's inclusionary program is achieving its intended purpose.
- Compliance with new Statewide or local regulations or requirements to ensure the program remains legally enforceable and consistent with broader State and local housing goals.

LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.