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The Economics of Land Use

California Elections Code Section 9212 Supplemental Report

REDWOOD CITY FAIR AND AFFORDABLE HOUSING ORDINANCE

REPORT

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City of Redwood City

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1. Introduction and Summary of Findings

This Report provides additional analysis to supplement a previously presented study on the fiscal and economic implications of a local voter initiative entitled the "Redwood City Fair and Affordable Housing Ordinance" proposed for the November 3rd, 2026 ballot. The proposed Ordinance would repeal Chapters 42 and 42A[1] of the City's Municipal Code and adopt a new Chapter 42 establishing a comprehensive Rent Stabilization and Tenant Protections Program, including rent stabilization, expanded just cause eviction protections, relocation assistance, anti-harassment provisions, and tenant and landlord petition processes. The Ordinance would also require the City to fully administer the program and require that the full cost of administration be funded by fees paid by landlords.

At its June 8th, 2026 meeting, the City of Redwood City Council requested staff to provide more information on the potential impacts of the proposed Ordinance from its non-rent control provisions, as well as on affordable housing and City finances. Accordingly, this Report builds on the May 15, 2026 "*California Elections Code Section 9212 Report"* to provide additional analysis related to the following inter-related questions:[2]

1. How might the proposed Ordinance's non-rent control tenant protections affect the operations and investment decisions of property owners, operators, affordable housing providers, and investors in Redwood City?
2. What are the cumulative impacts of the proposed Ordinance from the perspective of landlords and developers, taking into account external factors that may compound compliance cost?
3. What are the potential unique impacts of the proposed Ordinance on the operators and developers of deed restricted affordable housing?
4. What additional fiscal risks or implementation challenges could the City face beyond the direct annual program cost estimates identified in the initial 9212 report?

To assess potential impacts beyond rent stabilization, EPS conducted stakeholder interviews with Redwood City developers, owners, operators, and property managers representing a range of rental housing products and operating models. Interviewees included owners and managers of small and large properties, with portfolios ranging from single-family rentals and small multifamily buildings to

[1] Note that as of November 10, 2025, Chapter 42A no longer exists.

[2] Section 9212 of the California Elections Code allows a legislative body (e.g., City Council) to commission a study that addresses various impacts of voter initiatives.

properties with more than 100 units. The outreach also included operators and developers of deed restricted affordable housing, naturally occurring affordable housing, and market-rate rental housing, as well as properties built both before and after 1995, the key Costa-Hawkins[3] cutoff year for local rent stabilization applicability.

This supplemental report should be read together with the initial 9212 report to gain a complete picture of the proposed economic and fiscal impacts of the proposed Ordinance. Because the rental market is influenced by many factors, including costs affecting development and operations (e.g., labor, materials, interest rates, insurance), demographic and income trends, regional competition, and State and federal laws, neither the initial nor this supplemental EPS report is intended to predict with certainty how landlords and tenants will respond to the proposed Ordinance. Instead, this supplemental report identifies potential areas where the proposed Ordinance could affect housing operations, investment, preservation, and City finances.

Summary of Key Findings

1. ***The proposed Ordinance's impacts on Redwood City's housing market extend beyond the rent stabilization requirements and include additional provisions that increase operating costs and financial risks related to building repairs, rehabilitation, and redevelopment and related tenant just cause eviction, relocation, and right to return provisions.*** Although Costa-Hawkins limits which units can be subject to local rent caps, all the non-rent control provisions would apply more broadly, including just cause eviction protections, relocation assistance, right-to-return requirements, tenant safety plans, rental registry requirements, fees, and enforcement. These provisions—particularly relocation payments, tenant safety plans, the petition and appeal process, and right-to-return obligations—may make substantial rehabilitation, re-syndication, withdrawal, or demolition for redevelopment more difficult to underwrite.

2. ***The greatest impacts are likely to fall on older multi-family buildings, "mom and pop" owners, and affordable housing providers, particularly those subject to the proposed Ordinance's rent control provisions because they operate properties built prior to 1995 (about 40 percent of the City's rental stock).*** These properties generally have less flexibility to absorb new costs because they are more likely to have older building systems, master-metered utilities, limited administrative capacity, restricted rents, or existing affordable housing compliance obligations.

[3] The Costa-Hawkins Rental Act exempts single family homes, condos, and all housing built after 1995 from locally adopted rent control. Costa-Hawkins also dictates that all units covered by locally adopted rent control are subject to vacancy decontrol, allowing landlords to establish market rate rents for new tenants.

3. ***The cumulative effect of external factors may amplify overall impacts.*** While individual requirements may be manageable in isolation, broader conditions outside the proposed Ordinance, including rising utility costs, insurance premium increases, and potential changes to state law such as Costa-Hawkins, could compound financial and operational pressures on property owners and the City, increasing the likelihood of unintended consequences such as deferred maintenance, reduced investment, or challenges in program implementation. Projects may be able to petition for an upward rent adjustment under the proposed Ordinance in order to maintain a fair return.

4. ***Affordable housing providers may face disproportionate impacts because these properties operate under restricted rents, tight operating margins, and complex regulatory frameworks, limiting their ability to absorb new costs or regulatory burdens.*** As documented in the initial 9212 Report, deed restricted affordable housing plays an important role in Redwood City's housing market, accounting for almost 10 percent of all rental units (with pre-1995 buildings accommodating for about 45 percent of the affordable housing stock). Based on an illustrative financial cash-flow analysis, EPS found that the proposed Ordinance could create significant financial challenges for affordable housing operations, particularly for pre-1995 properties subject to both new fees and rent stabilization. The results suggest that if the proposed Ordinance is approved, affordable housing operators / developers in pre-1995 buildings may need additional public subsidies to maintain financial viability and avoid cutting resident services or foregoing critical maintenance and repairs.

5. ***The proposed Ordinance could create substantial City implementation costs that exceed the stated fee levels.*** With tenant legal services included, annual ongoing program administration costs are estimated at approximately $5.0 million to $11.1 million, before accounting for one-time start-up cost repayment and establishing an operating reserve. The General Fund may not support ongoing program costs, meaning all expenses would need to be recovered through fees; however, the City could likely front initial start-up costs through an interfund loan[4] that would later be repaid from program revenues, potentially creating financial risk if fee collections fall short.

[4] As a reminder, the City's adopted FY 2026–2027 budget includes a projected deficit of more than $12 million. According to staff, there is no guarantee that the City would be able to fully recover all start-up costs associated with implementing the program. Any unrecovered costs would place additional pressure on the City's already constrained financial outlook.

2. Tenant Protection Impacts

This Chapter assesses the potential economic and financial implications of the non-rent control tenant protections of the proposed Ordinance on Redwood City's housing market. These include stronger requirements related to tenant evictions, relocation and right-to-return, and tenant safety plans for repairs, construction or substantial renovations. Because many of these provisions are event-triggered and/or may only apply in specific circumstances (e.g., depending on property conditions, tenant circumstances, and owner decisions), they can be more difficult to quantify in direct economic terms relative to rent stabilization. This analysis therefore does not assume that every potential impact will occur in every case.

Table 1 provides an overview of how the proposed Ordinance's tenant protection provisions, including rent stabilization, compare with the existing State (Tenant Protection Act or TPA) and Redwood City (Tenant Protection Ordinance or TPO) requirements. As shown, for the non-rent control provisions, the proposed Ordinance would apply to more types of housing, including single family and two-unit multi-family homes, deed restricted affordable housing, and some mobile homes. The proposed Ordinance also provides additional requirements for unit types where the TPA and / or TPO already provide some level of tenant protection, as described in further detail in this chapter.

Table 1. Overview of Proposed Ordinance's Expanded Tenant Protection Provisions

Property Type	Current Requirements		Proposed Ordinance	
	State Law	City Tenant Protection Ordinance (TPO)*	**Rent Stabilization** (60% of % change in CPI; max 5% / year)	**All other requirements** (e.g., eviction protections, right to return, relocation assistance)
	Rent Stabilization (greater of 5% + % change in CPI or 10% / year)	All other Requirements (e.g., eviction protections, right to return, relocation assistance)		
Multi-unit property of 2 or more units – built before 1995	Covered [1]	Covered [1]	Covered	Covered
Multi-unit property of 2 or more units – built after 1995	Covered unless built within last 15 years	Covered unless built within last 15 years	Exempt[2]	Covered
Rental shared with owner[3]	Exempt	Exempt	Exempt	Exempt
Single family homes or condominiums	Exempt unless owned by a corporation, REIT or LLC	Exempt unless owned by a corporation, REIT or LLC	Exempt	Covered
ADUs – built before 1995	Covered unless owner lives in one unit	Covered unless owner lives in one unit	Covered	Covered
ADUs – built after 1995	Covered unless owner lives in one unit or built within last 15 years	Covered unless owner lives in one unit or built within last 15 years	Exempt[2]	Covered
Deed-restricted affordable housing - built before 1995	Exempt	Exempt	Covered	Covered
Deed-restricted affordable housing - built after 1995	Exempt	Exempt	Exempt	Covered
Mobile homes[4]	Exempt unless owned by a corporation, REIT, LLC, or park owner	Exempt unless owned by a corporation, REIT, LLC, or park owner	Covered	Covered

[1] 2-unit buildings are not covered, if the owner occupied one of the units for duration of tenancy
[2] But units built after 1995 and older than15 years will be covered under State law
[3] Rental where owner shares kitchen or bath with tenant and owner occupies property during entire term of tenancy
[4] *Mobilehome Residency Laws regulates evictions from mobilehome spaces and exempts certain mobilehome spaces from local rent control laws*

Just Cause Eviction

The proposed Ordinance expands just cause eviction protections beyond current State law and Redwood City's existing TPO. The proposed Ordinance does not create a new just cause eviction requirement, but rather broadens its coverage, provides additional protections for certain tenants (e.g., elderly, disabled, terminally ill, etc.), applies immediately, and has additional right to return provisions, as summarized in **Table 2**. In certain circumstances, these changes may increase the cost of eviction proceedings and over time incentivize some landlords to remove units from the rental market and / or increase rents faster than they might otherwise (if allowed).

Under current law, just cause eviction protections generally apply after 12 months of occupancy, with exemptions for certain single-family homes, condominiums, deed-restricted affordable housing, owner-occupied duplexes, and new construction within the last 15 years.[5] The proposed Ordinance would require just cause for most units without a waiting period and would subject many currently exempt units to local just cause and other tenant protection requirements.

That said, the proposed Ordinance does not change what must be proved to evict a tenant for an at fault just cause or the time frame for the eviction process. State law sets out the time frames and legal proceedings for evictions. To the extent that landlords find it a challenge to evict tenants for an at fault just cause those problems currently exist. As a result, while in some cases the proposed Ordinance's stronger eviction protections may impose additional financial burdens on landlords, the incremental impacts relative to existing conditions are unclear.

The stakeholders interviewed for this study did not object to the principle of requiring just cause for eviction in general. The primary concern raised was the procedural and evidentiary burden of resolving problem tenancies, particularly where lease violations are difficult to document. Examples included suspected illegal activity (e.g. sale of controlled substances), disturbing the peace (e.g., noise), repeated conflicts with building policies related to trash, parking, common area storage, etc. and other behavior that affects neighboring tenants but may be difficult to prove.

These concerns are most relevant in cases where other tenants are reluctant to testify or submit written complaints, particularly if the issue involves intimidation, suspected drug activity, or neighbor conflict. If problematic behavior persists while the owner documents violations, seeks legal review, participates in an administrative process, or waits for a hearing, other tenants may move out because of quality-of-life concerns (e.g., the right to "quite enjoyment"). Again, it is unclear how the above issues would be magnified by the proposed Ordinance.

[5] Redwood City's TPO also requires landlords to offer tenants a one-year lease which can bridge this 12 month waiting period.

Table 2. Proposed Ordinance's Just Cause Eviction Provisions Compared to Existing Law

Just Cause Provision	Existing Law (TPA or TPO)	Proposed Ordinance
AT FAULT JUST CAUSES		
Nonpayment of rent	Yes	Yes
Breach of Lease	Yes	Yes, includes additional requirements
Committing Nuisance	Yes	Yes
Committing Waste	Yes	Yes, covered under substantial damage to unit
Refusal to sign a lease extension or renewal	Yes	No
Criminal activity	Yes	No, but possibly could be considered as breach of lease, committing nuisance, or substantial damage
Unauthorized subleasing	Yes	Yes, covered under breach of lease and includes additional requirements
Failure to give access	Yes	Yes, includes additional requirements
Using unit for unlawful purposes	Yes	No, but possibly could be considered as breach of lease, committing nuisance, or substantial damage
Failure to move out at end of employment or license	Yes	No, but possibly could be considered as breach of lease
Return to primary residence (single family or condos)	No	Yes
NO FAULT JUST CAUSES		
Owner Move-in	Yes	Yes but adds: (1) cannot evict if tenant has resided in unit for 3+ years and is 62+ or disabled; or terminally ill, (2) Limits evictions during school year for educators and students and (3) Right to return never expires
Withdrawal	Yes	Yes but adds: (1) Right to return if units are returned to the rental market, (2) Right to return never expires, and (3) Extended noticing (1 year) for elderly or disabled tenants
Complying with a government or court order	Yes	No
Substantial Renovation	Yes - right to return if work is not completed (in TPO tenant can return after renovation is complete)	Yes, but adds (1) Right to return never expires and (2) limits evictions during school year for educators and students
Demolition	Yes - right to return if demolition is not commenced or completed	Yes, but adds right to return (1) if new rental units are constructed and (2) Right to return never expires

As summarized in **Table 3**, the most significant financial impact of tighter just cause eviction protections will most likely fall on pre-1995 buildings. This is because building operators (e.g., landlords, property managers, investors) will would have limited ability to raise rents to off-set potential compliance impacts (e.g., lost revenue, increased liability, legal fees, etc.). In contrast, post-1995 market rate operators can raise rent on problem tenants, consistent with more generous State limits, to incentivize a voluntary move-out.

Table 3. Summary of Potential Impacts from Tighter Eviction Controls

Type and Incidence of Impact	Description of Ordinance's Potential Impacts
Building or Unit Operating Costs (all units)	Potential for sporadic cost increases to landlords from compliance but difficult to quantify change relative to existing requirements.
Post 1995 Market Rate Multi-Family Rental Buildings	May increase costs and affect building desirability to higher income tenants, but change from existing law appears minimal and can be mitigated over time with rent increases
Pre-1995 Multi-Family Market Rate Rental Buildings	Larger potential impacts to landlords because their allowed rent increases are more limited but change from existing law appears minimal
Deed Restricted Affordable Housing (pre and post 1995)	May conflict with pre-existing regulatory requirement related to tenant income restrictions (see **Chapter 4**)
Single-Family, condos, and ADUs	Because State and local laws currently provide more exemptions for these units, the Ordinance may incentivize some owners to remove units from the rental market
New Housing Production (City Regional Housing Needs Allocation (RHNA) Targets)[6]	May affect the investment climate for rental housing due to perceived incremental increase in costs and risks

[6] Regional Housing Need Allocation (RHNA) process is number of housing units and the affordability of those units, each local government must plan for in its Housing Element.

Relocation Assistance

The proposed Ordinance would, in some instances, substantially increase tenant relocation assistance for no fault evictions compared with both State law and Redwood City's TPO. As summarized in **Table 4**, under the State Tenant Protection Act (TPA), relocation assistance for covered no-fault evictions is generally equal to one month of the tenant's rent. However, in certain circumstances involving evictions for demolition, State law may require significantly higher relocation assistance.[7]

Redwood City's TPO retains that baseline for all tenants but provides greater assistance for qualifying low-income[8] and special-circumstances[9] households (up to three or four months of Fair Market Rent[10] (FMR) depending on household circumstances). The proposed Ordinance would go further by requiring relocation assistance equal to four months of FMR or $12,000, whichever is greater, for all tenants, plus an additional $6,000 for elderly, disabled, or terminally ill tenants.

Table 4. Relocation Assistance Comparison

Requirement	State TPA	Redwood City TPO	Proposed Ordinance
Base relocation assistance	1 month contract rent	1 month contract rent	Greater of 4 months FMR or $12,000
Greater relocation assistance	None	3 - 4 months FMR for qualifying low-income and special circumstances households	Greater of 4 months FMR or $12,000, plus $6,000 for elderly, disabled, or terminally ill tenants

[7] See Government Code Section 66300.5 et seq.

[8] Low-Income: Households whose annual income does not exceed eighty (80) percent of the area median income (AMI)

[9] Special-Circumstances: low-income households where at least one member of the household is 62 years or older, disabled, or a child under 18 years old who is legally dependent, and/or a household that has occupied their rental unit as their primary residence for five or more consecutive years.

[10] Fair Market Rents are standard rents published by the U.S. Department of Housing and Urban Development annually, calculated as the 40th percentile of gross rents for regular, standard-quality units in a local housing market

Based on FY 2026 HUD Fair Market Rents for San Mateo County, required no-fault just cause relocation payments under the proposed Ordinance would range from $12,000 for studio and one-bedroom units to $19,088 for four-bedroom units, before any protected-household adjustment. For elderly, disabled, or terminally ill households, total relocation assistance would increase to approximately $18,000 to $25,088 per household. By comparison, a tenant paying $2,000 per month in rent for a one-bedroom apartment would receive approximately $2,000 under State law, $2,000 to $11,988 under the Redwood City TPO requirement[11], and at least $12,000 under the proposed Ordinance.

The proposed Ordinance also includes a separate temporary relocation framework for certain construction-related displacements lasting fewer than 30 days, with week-to-week extensions if the displacement lasts longer than originally noticed. Under this framework, the landlord would pay $200 per day per household for hotel or motel accommodations and $50 per day per occupant for meals. For a one-person household, this equals $250 per day, or approximately $7,500 for a 30-day period. Because the tenant continues to pay rent while receiving short-term relocation payments, the net owner cost is reduced by rent received during the displacement period. Using an average Redwood City rent of approximately $3,770 per month, the net temporary relocation cost would be roughly $3,700 to $4,000 per month.

This temporary relocation framework is particularly important for repair and rehabilitation projects because construction timelines are often uncertain. The proposed Ordinance specifies the daily hotel and meal payment structure for displacements initially expected to last fewer than 30 days, with week-to-week extensions if the displacement exceeds the original timeline. For complex work involving utilities, electrical upgrades, plumbing, hazardous materials, structural repairs, or PG&E coordination, owners may face uncertainty regarding how long temporary relocation payments will continue. Due to the combination of high costs and uncertainty, some owners may pursue permanent no-fault termination with fixed relocation payments rather than manage open-ended temporary relocation obligations.

For smaller-scale operators, either a fixed relocation payment or several weeks of temporary relocation payments will have a larger proportional impact on a building's total cash flow. For properties undergoing substantial renovation, the higher cost and uncertainty associated with relocation may discourage owners from undertaking needed work or may create an incentive to pursue permanent no-fault termination pathways.

[11] Under the TPO, the tenant would receive $8,991 if they qualified as low income and $11,988 if they qualified as special circumstance.

Most affordable housing developers already include allowances for tenant relocation. However, smaller operators with limited reserves may be pinched by the increased obligations stipulated by the proposed Ordinance, particularly for unexpected repairs that require tenants to relocate (e.g., flood, water leak, failure in a major building system like water heater). In these cases, added relocation payments may directly reduce funds otherwise available for resident services, building amenities, or debt repayment to "soft" lenders.[12]

As summarized in Table 5, the expanded relocation payments required by the proposed Ordinance will increase the cost of landlords making repairs that require tenant relocations. While this is a sporadic cost, smaller, "mom and pop" landlords often do not carry adequate reserves to readily absorb major unforeseen repairs. Larger and better capitalized operators will likely be more able to finance these expenditures and recoup costs over time with increased rent if the units are built post 1995. The expanded requirement may also reduce the financial feasibility of larger residential projects that involve the redevelopment of existing housing units. However, most of the City's anticipated Housing Element sites do not involve significant demolition of existing stock.

[12] Soft lenders are usually public entities, such as Redwood City, that help fund affordable housing that are only repaid when buildings generate surplus cash flow (aka "residual receipts").

Table 5. Summary of Potential Impacts from Relocation Assistance

Type and Incidence of Impact	Description of Ordinance's Potential Impacts
Building or Unit Operating Costs (all units)	Increase for projects that require tenant relocation
Post 1995 Market Rate Multi-Family Rental Buildings	Larger, well-capitalized landlords can mitigate financial impacts through increase in rents over time. Smaller "mom & pops" may face additional challenges.
Pre-1995 Multi-Family Market Rate Rental Buildings	Incentive to rehabilitate or remodel further diminished by tightened rent controls
Deed Restricted Affordable Housing (pre and post 1995)	While most affordable housing operators provide relocation assistance, the increased costs may affect the feasibility of periodic re-syndication (see **Chapter 4**)
Single-Family, Condos and ADUs	Because State and local laws currently exempt most of these units, the proposed Ordinance may further incentivize owners to permanently remove units from rental market
New Housing Production (City RHNA Targets)	Most new developments in the City do not displace existing residential units (see Table 6). May decrease feasibility of residential rehabilitation, but these projects rarely count toward RHNA.

Tenant Safety Plans

The proposed Ordinance includes a rather uncommon provision that requires landlords to prepare a tenant safety plan before commencing repairs or renovations that require a building permit (except in an emergency where work is required withing 48 hours). Tenant safety plans were one of the most frequently cited operational concerns. Stakeholders questioned the level and detail and documentation that would be required, the additional cost of preparation, level of City review, whether appeals would delay work, and how the requirement would apply to more urgent repairs that don't qualify as an emergency.[13]

Older buildings often require repairs that appear routine but trigger permits, inspections, electrical upgrades, utility coordination, or tenant disruption. Examples include replacing water heaters, furnaces, roofs, windows, plumbing, electrical panels, or other building systems. Stakeholders noted that decarbonization or electrification upgrades can turn a seemingly simple repair into a much larger project requiring panel upgrades, PG&E coordination, and extended timelines. Depending on how the tenant safety plan requirements apply, the proposed Ordinance could increase the time and cost of routine repairs.

In addition to increased project administrative costs and potential delay, the biggest concern reported by interviewees stems from the uncertainty around implementation requirements. Given that tenant safety plans are rare (EPS was unable to identify any other Bay Area city that requires this), an established track record of policies and procedures for successful implementation does not currently exist.

Table 6 provides a summary of potential impact from the tenant safety plan requirements. That said, it is difficult to provide a definitive assessment of potential impacts at this time since the rules and regulations for the proposed Ordinance haven't been established.

[13] If the proposed Ordinance is approved, the City will need to issue rules and regulations that will govern the content, requirements and procedures for completing a Tenant Safety Plan.

Table 6. Summary of Potential Impacts from Tenant Safety Plans

Type and Incidence of Impact	Description of Ordinance's Potential Impacts
Building or Unit Operating Costs (all units)	Potential for increase in repair costs, though impacts are difficult to quantify because the City has yet to establish rules and regulations.
Post 1995 Market Rate Multi-Family Rental Buildings	May increase repair timelines and costs but can be mitigated / recovered over time with higher rents
Pre-1995 Multi-Family Market Rate Rental Buildings	Increase maintenance timelines and costs will be more difficult to recover because landlords can only increase rents to off-set costs when units are vacated (absent a successful upward adjustment petition)
Deed Restricted Affordable Housing (pre and post 1995)	An increase in repair timelines and costs may be difficult to recover as these units are subject to regulatory rent limits and for units built before 1995, the proposed Ordinance's rent control provisions.
Single-Family, Condos and ADUs	Increase in repair costs and timelines may be more difficult for "mom and pop" owners / investors to absorb (e.g., fewer resources less economies of scale).
New Housing Production (City RHNA Targets)	Minimal impact because need for repairs in new development is less likely in near term (and likely covered by insurance) and the process will likely become clearer over time as rules and regulations are established.

Tenant Right to Return

The proposed Ordinance strengthens the City's existing right-to-return provisions that give displaced tenants the legal option to move back into their original rental unit (or a replacement unit) at their previous rental rate when the unit is returned to the rental market. Specifically, as summarized in **Table 7**, the proposed Ordinance expands the coverage, increases the length of time, and includes program-administered notice requirements. These obligations appear to be especially significant in cases involving withdrawal from the rental market, substantial renovation, or demolition for redevelopment.

Table 7. Summary of Ordinance's Strengthened Tenant Right to Return Provisions

Right to Return	State Tenant Protection Act	City Tenant Protection Ordinance	Proposed Ordinance
Owner Move In ***(Owner doesn't re-occupy)***	• **Yes** – same rent and lease terms • Owner must re-occupy within 90 days and use as primary residence for 12 months		• **Yes** – same rent and landlord must pay tenant reasonable moving expenses. Owner must reoccupy within 90 days and use as primary residence for 36 months
Owner Move In ***(Owner re-occupies)***		No	• **Yes** – same lease terms and rent • Owner must re-occupy within 90 days and use as primary residence for 36 months • Right to return does not expire
Substantial renovation ***(Project not completed)***	**Yes** –same rent and lease terms		• **Yes** – same lease terms and rent • Right to return does not expire
Substantial renovation ***(Project completed)***	No	• **Yes** -same lease terms and rent plus allowable increases by State law • Fair rate of return appeal process	• **Yes** – same lease terms and rent • Right to return does not expire
Withdrawal from rental market		No	• **Yes** – same lease terms and rent • Punitive damages, if returned early • Right to return does not expire
Demolition ***(Project not completed)***	**Yes** – same lease terms and rent		**Yes –** same lease terms and rent
Demolition ***(Project completed)***		No	• **Yes** – if new rental units are constructed on site within five (5) years, then same rent • Rent control provisions apply to new replacement rental units • Right to return does not expire

For properties withdrawn from the rental market or demolished, the proposed Ordinance establishes a multi-year framework. If a withdrawn unit is offered again for rent within a two-year period, the landlord may face damages exposure and must offer the unit back to the displaced tenant at the rent in effect at the time of withdrawal. If the unit is re-rented within five years, the rent is limited to the rent in effect at the time of withdrawal, plus allowable annual increases. If a rental unit is offered within ten years, the landlord must first offer the unit to the displaced tenant at the rent in effect at the time of withdrawal. The proposed Ordinance also requires program tracking, landlord reporting, and recorded notice, and that these obligations apply to successor owners.

Stakeholders also raised concerns about how right-to-return requirements would apply when a property is redeveloped with a different number of units, bedroom mix, affordability structure, or rent level. For example, if a seven-unit building is redeveloped into a 20-unit building, owners may need clarity on which replacement units are considered comparable, and how obligations apply if the project is sold, refinanced, converted to condominiums but subsequently rented, or transferred to successor owners.

It should be noted that in the above example the property would be subject to State law pursuant to SB 330 (Government Code Section 66300.5) which provides additional tenant protections and unit replacement obligations if the city approves a development project that requires the demolition of residential dwelling units. Under SB 330, any housing units that are demolished to accommodate a development project must be replaced either on site or, if the development project is non-residential, off site. If the units to be demolished are "protected units"[14] those units must be replaced with units that are deed restricted affordable to lower income households for 55 years (45 years if ownership). Additionally, low-income occupants of protected units are entitled to relocation assistance in accordance with Government Code Section 7260 and have a right of first refusal to occupy the newly constructed housing at an affordable rent or cost, as defined in State law.[15]

As illustrative in **Table 8**, City data indicate that, over the past 15 years, redevelopment has generally resulted in substantially more housing units than were previously on site. During this period, 995 new housing units were constructed compared to 123 units demolished, representing approximately 8.1

[14] Protected Units are units that are subject to (i) recorded covenants restricting the rents to rents affordable to low or very low income households; (ii) rental units subject to any form of rent or price control; (iii) rental units that are or were rented to lower income households in the last five years or (iv) rental units that were withdrawn from the rental market pursuant to the Ellis Act (Government Code Section 7060 et seq.) in the last ten years.

[15] GC Section 7260 essentially requires that the landlord provide the tenant with a rent differential payment of the difference between the lower of the tenant's pre-displacement rent and 30 percent of the tenant's income and the rent for a comparable replacement unit for 42 months. This relocation amount can vary depending upon the tenant's actual income and the costs of comparable rentals but the City of Los Angeles has estimated that the relocation payments required under SB 330 for lower income households are in the range of $100,000. (B. Relocation Assistance Bulletin - Eviction for Demolition for New Construction Under the Resident Protections Ordinance)

new units constructed for every unit demolished. This reflects a common redevelopment pattern in which lower-density development, often single-family ownership housing, is replaced with higher-density multifamily rental housing, rather than a one-for-one replacement of existing units.

Table 8. Redwood City Demolished and Newly Constructed Units (2011 – 2026 YTD)

Occupancy Type	Demolished Units	Newly Constructed Units	New-to-Demolished Ratio (2011 - 2026 YTD)[1]
Ownership	101	126	**1.2 x**
Rental	22	869	**39.5 x**
Total	**123**	**995**	**8.1 x**

[1] Ratio compares total demolished and newly constructed units by occupancy type over the study period. It does not represent a direct replacement rate for individual properties.

This trend is reflected in the occupancy mix. Over the past 15 years, 101 ownership units and 22 rental units were demolished, while 869 of the 995 newly constructed units were rental units. The high ratio of new rental units to demolished rental units does not indicate that rental units are replacing rental units. Rather, it reflects the broader redevelopment pattern in which lower-density ownership housing is frequently redeveloped into higher-density multifamily rental projects.

This finding is also relevant to Housing Element implementation. Many Housing Element opportunity sites are located on commercial or underutilized nonresidential land and therefore may not involve demolition of existing residential units. However, where redevelopment does involve existing residential properties, the City's recent pattern suggests that demolition has often been associated with net increases in housing production. Right-to-return obligations could therefore have the greatest feasibility implications for the subset of redevelopment projects that both remove existing rental housing and are not expected to produce substantially more units.

A further feasibility issue is the requirement to return at the prior rent could function similarly to rent stabilization for replacement or newly constructed units that would otherwise be exempt from local rent control under Costa-Hawkins. This issue is particularly important where the proposed Ordinance would require a tenant to return at the same rent or would apply prior-rent restrictions to newly constructed rental units after demolition. The potential interaction between the proposed Ordinance's right-to-return framework, replacement-unit rent restrictions, successor-owner obligations, and Costa-Hawkins may require further legal review.

If redevelopment obligations are difficult to underwrite, unclear to administer, or perceived as creating long-term title or successor-owner risk, owners, buyers, lenders, or investors may discount property value, delay reinvestment, or avoid redevelopment opportunities. Over time, this could affect housing production, rehabilitation, and RHNA implementation. But again, many of these risks are the result of existing State laws which the City does not control.

Table 9. Summary of Potential Impacts from Right to Return

Type and Incidence of Impact	Description of Ordinance's Potential Impacts
Building Rehabilitation or Remodel Costs	Increase for substantial rehabilitation / remodel projects that require tenant relocation[16]
Post 1995 Market Rate Multi-Family Rental Stock	May reduce financial incentives for substantial rehabilitation / remodel projects and / or convert rentals to condos. But landlords can mitigate impacts by raising rents over time. For demolition, property owners are already required to comply with similar requirements under SB 330.
Pre-1995 Multi-Family Market Rate Rental Stock	Incentive to rehabilitate or remodel further diminished by tightened rent controls. For demolition, property owners are already required to comply with similar requirements under SB 330.
Deed Restricted Affordable Housing (pre and post 1995)	Less impact because most affordable housing operators / developers are already required to comply with similar requirements under TPO and State law
Single-Family, Condos and ADU Rentals	Because State and local laws currently exempt most of these units, the proposed Ordinance further incentivizes owners to permanently remove units from rental market. But SB 330 does not exempt these units for right to return requirements for demolition.
New Housing Production (City RHNA Targets)	Will potentially decrease feasibility of new residential projects (including affordable). But historically, most development in City does not displace existing residential.

[16] Projects may be able to petition for an upward rent adjustment under the proposed Ordinance to maintain a fair return

Elimination of Ratio Utility Billing System (RUBS)

Ratio Utility Billing Systems (RUBS) is a method many landlords use to divide shared utility costs (like water, trash, energy, and sewer) among tenants in buildings that lack individual unit meters. The proposed Ordinance prohibits use of RUBS or other utility allocation methods, in all rent-controlled units. Consequently, owners of master-metered properties may be required to at least temporarily absorb costs that are currently paid by tenants.

The elimination of RUBS is most likely to affect older apartment buildings, naturally occurring affordable housing, and smaller multifamily buildings that are rent-controlled and not designed with individual utility meters or submeters. Moreover, the cost of separately metering existing buildings is often cost prohibitive, especially for utilities like water and gas.

EPS was unable to obtain data on the proportion of Redwood City rental units that currently utilize RUBS. However, property owners / managers interviewed for this indicated that the practice represents the norm, especially for older units, and usually covers water, sewer, and garbage. They also reported that separate metering is physically impractical for water and sewer because it would require costly retrofitting of building systems. For garbage, most multi-family buildings lack adequate space for separate bins for each unit.

The elimination of RUBS for rent controlled units creates both financial and behavioral concerns. Owners may face higher and less controllable operating costs, while tenants may have less incentive to conserve water, gas, or electricity if the cost is embedded in rent rather than separately billed. Stakeholders indicated that utility usage may increase when tenants no longer receive a direct cost signal, which could affect property operating expenses, conservation goals, replacement reserves, and long-term affordability.

These concerns are supported by a 2024 national study by Fannie Mae on energy consumption trends of multifamily billing structures. It found that at properties that use RUBS formulas, property-level energy or water saving measures often achieve cost savings that accrue to both owners and tenants. Because the RUBS formula allocates a set percentage of the building's total master-metered utility bill to residents, any property-wide reduction in consumption automatically shrinks the grand total, lowering utility bills for every resident.[17] The report found that even when upgrades are limited to a handful of units or common areas, all tenants benefit.

The Fannie Mae findings support a 2025 survey prepared for the California Apartment Association of about 4,000 San Jose apartment units affected by the City's prohibition on RUBS. The survey found that median water usage increased

[17] Fannie Mae Multifamily, *Benefitting from Efficiency Measures: How Multifamily Utility Billing Structures Impact Cost Savings* (2024), p. 4.

by about 11 - 12 percent after ordinance eliminating RUBS was adopted.[18] The analysis also notes that COVID-19 and uncertainty regarding the timing of the transition away from RUBS complicate attribution, so the findings should be interpreted as suggestive rather than conclusive proof. However, the San Jose experience provides a relevant local example of how removing tenant utility cost signals in master-metered buildings may increase consumption and shift costs to property owners.

As illustrated in **Table 10,** the potential cost exposure to landlords is material. Data from the Housing Authority of the County of San Mateo's Utility Allowance Schedule 2026 suggests that water, trash, and gas or electric can represent approximately $200 to $330 per unit per month across studio to five-bedroom multifamily units, depending on unit size and building systems (excluding gas and electric which are often separately metered). This data is consistent with estimates from property owners / landlords who noted that eliminating RUBS would result in a 10 percent reduction in operating revenues[19], before accounting for impacts on tenant consumption patterns.

Table 10. Summary of Typical Monthly Utility Costs

Utility Category	Fee Amount by # of bedrooms					
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Sewer [1]	$82	$82	$82	$82	$82	$82
Water	$80	$82	$108	$139	$174	$209
Trash	$39	$39	$39	$39	$39	$39
Total [2]	**$201**	**$203**	**$229**	**$260**	**$295**	**$330**

[1] Sewer rates are published separately by the City as a per unit cost for multifamily units, and not listed in the Housing Authority of the County of San Mateo utility allowance schedule
[2] Totals exclude gas and electric because these are often seperately metered

As illustrated in **Table 11**, the pre-1995 buildings will be most impacted since landlords cannot pass on the increase in utility costs until the unit is vacated or until the property owner seeks and is granted an upward adjustment in rent through the petition process. This impact will be exacerbated because the proposed Ordinance requires that rents be rolled back to 2025 levels. It is worth noting this provision is unlikely to affect deed restricted affordable housing because these units generally do not utilize RUBS.

[18] San Jose Ordinance Prohibiting RUBS: Impact on Water Consumption (PDF)

[19] CoStar reports Market Rent/Unit of $2,520 for Redwood City for pre-1995 units for which the elimination of RUBS is applicable

The elimination of RUBS for rent controlled units may also have broader implications beyond individual property owners. If tenants no longer receive a direct price signal for water and sewer usage, overall consumption may increase, as suggested by the San Jose experience discussed above. For City-owned utility systems, sustained increases in water demand and wastewater flows can increase operating, maintenance, and long-term capital costs, including the need for additional water supplies, treatment capacity, and infrastructure improvements. Higher system costs are ultimately borne by the community's utility ratepayers. Consequently, the elimination of RUBS for rent controlled units may have indirect fiscal impacts that extend beyond affected landlords by increasing long-term pressure on water and wastewater rates for all customers.

Table 11. Summary of Potential Impacts from the Elimination of RUBS

Type and Incidence of Impact	Description of Ordinance's Potential Impacts
Building or Unit Operating Costs (all buildings that use RUBS)	Increase for units subject to the rent stabilization requirements under the proposed Ordinance that rely on RUBS due to potential for higher utility usage
Post 1995 Market Rate Multi-Family Rental Buildings	No impact unless Costa Hawkins is amended or repealed[20]
Pre-1995 Multi-Family Market Rate Rental Buildings	Potential long-term impact because landlords can only increase rents to off-set costs when units are vacated (absent a successful upward adjustment petition)
Deed Restricted Affordable Housing (pre and post 1995)	Minimal impact because RUBS is not typically used
Single-Family, Condos and ADUs	No impact unless Costa Hawkins is amended or repealed
New Housing Production (City RHNA Targets)	No impact unless Costa Hawkins is amended or repealed[20]

[20] If Costa Hawkins is repealed, housing that has been issued a certificate of occupancy within the previous 10 years is still exempt from the rent stabilization requirements in the proposed Ordinance.

3. Cumulative Impacts

A consistent theme across stakeholder interviews suggests that the proposed Ordinance may create operating, administrative, and feasibility issues that are not fully captured by evaluating rent stabilization alone. Additionally, interviewees also identified several external factors that are outside the scope of the proposed Ordinance and/or City control that have increased the operating cost of rental housing that will compound the magnitude of the proposed Ordinance.

This chapter focuses on the cumulative impacts of the proposed Ordinance and external factors that may compound compliance cost from the perspective landlords. These factors create uncertainty because they may alter the regulatory or financial environment in which the proposed Ordinance would operate. They are also likely to be more onerous for smaller "mom and pop" rental property owner / operators because they generally have less financial and administrative resources and costs are spread across fewer units.

Local Government Fees and Charges

Proposed Ordinance Housing Fee

As discussed further in **Chapter 5**, the proposed Ordinance will require the City to establish and impose annual program fees on rental units, including affordable units, sufficient to recover the full cost of program administration. While this new fee has not yet been established, stakeholder interviewees expressed concern that they will exacerbate the impact or other recent increases in local government fees and charges. This increasing fee burden would be most significant for pre-1995 rent-stabilized units, where owners may have limited ability to increase rents to offset new costs. Affordable housing providers may face similar constraints because they cannot raise rents to market levels, even upon vacancy, as discussed further in **Chapter 4**.

Other City Fees

Affordable Housing Monitoring Fee

More recently developed or converted affordable housing projects are subject to an annual affordable housing monitoring fee of up to $177 per unit for compliance review and monitoring. This is a relatively new cost reflected in the City's current Affordable Housing Program fee schedule and applies to regulated affordable units that require ongoing City monitoring. However, with recent changes to State law, the City cannot impose a monitoring fee on

some 100 percent affordable projects that received a state density bonus and/or related waivers and concessions. Therefore, this fee mostly remains in place for inclusionary and density bonus projects that have a mix of market-rate and affordable units.

Residential Rental Business License Fee

The City also recently approved a new residential rental business license fee through Measure BB. Beginning in 2025, rental housing businesses that have four or more units (owners with three or fewer units are exempt) are subject to a $90/property fixed annual registration fee, plus approximately $32 per rental unit tax annually[21]. This fee applies broadly to rental housing and would be layered on top of any program fees established to administer the proposed Ordinance. Note, deed-restricted affordable units are required to pay the registration fee but are exempt from the per unit tax.

Utilities and Operating Expenses

Property owners identified rising utility costs as an ongoing operating challenge, particularly for older and master-metered properties. Water, sewer, solid waste, electricity, and natural gas costs were frequently cited as expenses that have increased materially in recent years. Sewer costs were specifically identified as a concern. Redwood City's sewer, Solid Waste and Water utility rates are shown in **Table 12.**

For pre-1995 multifamily properties that are master-metered, these increases are particularly difficult to absorb because owners often rely on RUBS or similar allocation methods to recover shared utility costs from tenants. To the extent the proposed Ordinance restricts or prohibits the use of RUBS, the burden of these rising utility costs falls more directly on property owners, reducing net operating income and limiting flexibility to absorb other new regulatory costs. However, under the proposed Ordinance, property owners may petition for an upward rent adjustment for increase in utility costs.

[21] The prior business license tax rate was $21/unit

Table 12. Annual Utility Rate Increases

	FY 2023-2024	FY 2024-2025	FY 2025-2026	FY 2026-2027
Sewer				
Single Family Residential (Monthly per dwelling unit)	$89.28	$97.74	$104.58	$111.90
Multi Family (1-9 dwelling units)(Monthly per dwelling unit)	$89.28	$76.31	$81.65	$87.37
Multi-Family (10+ dwelling units)(Monthly per dwelling unit)	$80.36			
Solid Waste				
20-gallon (Monthly)	$23.87	$30.87	$38.37	$44.87
32-gallon (Monthly)	$38.86	$45.86	$52.86	$58.86
64-gallon (Monthly)	$67.20	$74.20	$80.20	$86.20
96-gallon (Monthly)	$95.31	$102.31	$107.31	$113.31
Yard Bins (for multi-family)				
Subscription level (yards per week)				
1-10	$144.29	$144.29	$144.29	$150.06
11-20	$148.61	148.61	148.61	154.55
21-30	$153.07	153.07	153.07	159.19
31-50	$157.68	157.68	157.68	163.99
51+	$162.39	162.39	162.39	168.89
Water [1]				
Single Family Residential (bi-montly per dwelling unit)				
	$76.72	$82.09	$82.09	$92.38
Multi-Family Residential *(bi-monthly per meter)*				
5/8'' Meters	$76.72	$82.09	$82.09	$92.38
3/4'' Meters	$105.30	$112.67	$112.67	$119.58
1'' Meters	$162.46	$173.83	$173.83	$173.98
1.5'' Meters	$305.38	$326.76	$326.76	$310.00
2'' Meters	$476.88	$510.26	$510.26	$473.24
3'' Meters	$1,262.32	$1,351.35	$1,351.35	$1,221.36
4'' Meters	$2,163.32	$2,314.75	$2,314.75	$2,078.28
6'' Meters	$4,592.92	$4,914.42	$4,914.42	$4,390.64
8'' Meters	$8,022.96	$8,584.57	$8,584.57	$7,655.16
10'' Meters	$12,024.68	$12,866.41	$12,866.41	$11,463.74

[1] Water rates decreased slightly in 2026, reflecting a reallocation of costs informed by the City's most recent water rate study, which was prepared by an outside consultant.

Table 13 illustrates the cumulative annual cost burden associated with the proposed Ordinance, existing City fees, and recent utility rate increases for an illustrative 10-unit multifamily property. Excluding business license registration fees, water usage charges, and other variable operating costs, these items alone represent approximately $806 per unit annually, or about $67 per unit per month.

These increasing costs have occurred during a period in which Redwood City apartment rents have generally moved in the opposite direction. Between 2021 and 2025, the average asking rent in Redwood City declined by approximately $188 per month, while the illustrative owner cost burden shown above equates to approximately $67 per unit per month before accounting for insurance, labor, maintenance, property taxes, utility consumption, and other operating expenses. This combination of declining rents and increasing operating costs may place additional pressure on property cash flow, particularly for older properties, naturally occurring affordable housing, and deed-restricted affordable housing where owners may have limited ability to offset rising expenses through rent increases.

Table 13. Illustrative Cumulative Change in Operating Cost from Local Fees and Charges (10-unit Bldg.)

Cost Component	Assumption	Illustrative Cost Increase from FY 2023–24 to FY 2026–27 (rounded)		
		Monthly	Annual	Total Annual Increase (10-Unit Building)
Proposed Ordinance Administration Fee [1]	Average enforcement scenario	$39	$471	$4,710
Business License Fee [2]	Per rental unit fee, excluding registration fee	$1	$11	$110
Sewer / Wastewater Rate Increase [3]	See Table 12	$7	$84	$841
Water Fixed Charge Increase 4]	See Table 12	$1	$11	$111
Solid Waste Rate Increase [5]	See Table 12	$5	$62	$309
Total	Excludes business license registration fee, water usage, and other variable costs	**$53**	**$639**	**$6,081**

[1] Proposed Ordinance Administration Fee reflects the midpoint enforcement scenario per-unit fee from the EPS program administration cost estimate. Under the maximum enforcement scenario, the estimated ongoing fee would increase to approximately $685 per unit annually. During Years 1 and 2, the per-unit cost could increase further to approximately $756 per unit when operating reserve contributions and interfund loan repayment for start-up costs are included. Actual fees could be higher or lower depending on final program costs, fee structure, number of covered and partially covered units, collection rates, and whether a unit is subject to the higher fully covered fee tier.

[2] Business License Fee reflects the 2025 residential rental business license tax adopted through Measure BB in 2024. The modeled amount includes the annual $32 per rental unit charge, up from the prior $21 per unit rate, and excludes the separate fixed annual registration fee.

[3] Fee increase for FY 23-34 to FY 26-27, assuming Multi-Family (10+ dwelling units) rate

[4] Fee increase for FY 23-34 to FY 26-27, Yard bin service rate of 11-20 yards

[5] Fee increase for FY 23-34 to FY 26-27, Assuming 1.5" water meter

Other External and Market-Based Cost Pressures

Stakeholders emphasized that the proposed Ordinance's impact should be considered in the context of other cost pressures already affecting the financial performance of rental housing. These external cost pressures are not caused by the proposed Ordinance but may affect owners' ability to absorb additional requirements. Key factors cited by stakeholders as driving the operating and management cost of commercial real estate are summarized below.

Insurance Costs

Stakeholders reported substantial increases in insurance premiums in recent years, reducing operating margins and limiting owners' ability to absorb new regulatory costs. This concern is consistent with broader market conditions: the Federal Reserve found that multifamily property insurance costs increased by more than 75 percent from 2019 to 2024 in real terms[22], and the California Department of Insurance has identified wildfire losses, liability, inflation, and building-material costs as factors driving higher insurance rates.[23]

Owners also noted that insurance coverage has become more restrictive and less predictable for certain property-level incidents, particularly water damage. Industry data supports the broader concern: National Multifamily Housing Council's (NMHC) 2023 State of Multifamily Risk Survey found that multifamily property insurance costs increased by an average of 26 percent over the prior year, while many respondents reported higher deductibles, new policy limitations, and reduced coverage amounts[24].

Stakeholders also reported that water-damage claims may be denied or only partially covered where an insurer determines that the damage resulted from tenant conduct, negligence, deferred maintenance, or failure to prevent further damage. This is consistent with California Department of Insurance guidance indicating that sudden and accidental water damage is generally covered, while seepage, leaks, wear and tear, maintenance issues, mold, and neglect are generally excluded or subject to policy limitations[25] As a result, repeated or disputed water-damage claims may increase operating risk for rental property owners by contributing to higher premiums, higher deductibles, reduced coverage, or greater difficulty obtaining coverage.

[22] Rising Property Insurance Costs

[23] Factors Driving Insurance Costs

[24] NHMC State of Multifamily Risk Survey and Report

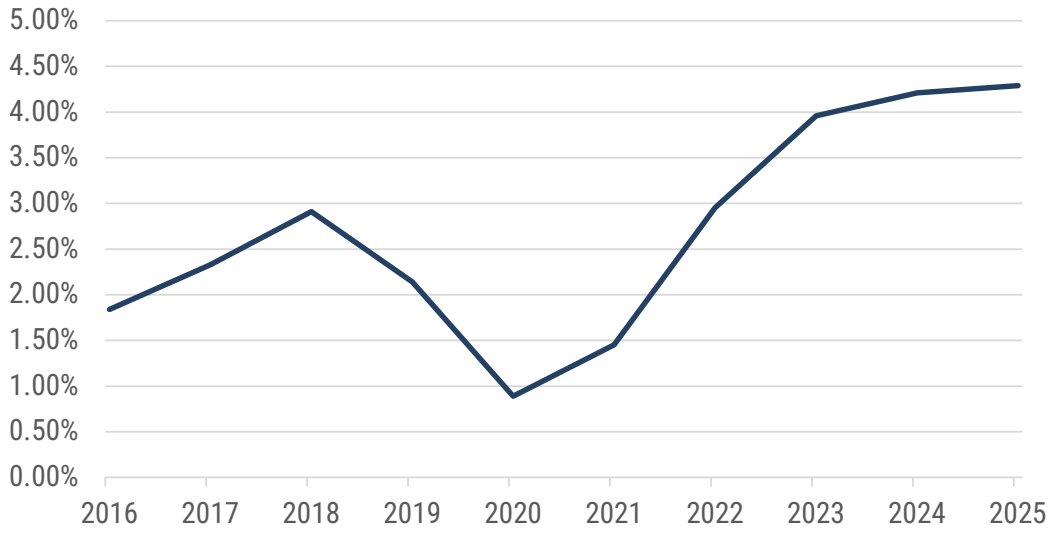
[25] California Department of Insurance, Residential Insurance: Homeowners and Renters

Financing Costs

Developers and property owners emphasized that higher interest rates have significantly affected refinancing costs and project feasibility, particularly for properties requiring substantial rehabilitation. Due to cash-flow constraints, property owners often rely on commercial loans to finance large repairs and rehabilitation projects. However, interest rates have increased substantially in the post pandemic era in response to inflationary pressures and other factors, driving up project financing costs.

While loan terms for commercial real estate can vary significantly depending on project specifics and borrower credit, the 10-year Treasure Bill is a well-accepted indicator of general trends. As illustrated in **Figure 1**, the average annual yield for a 10-year T-Bill has increased significantly since 2020, mirroring a parallel trend in commercial real estate interest rates.

Figure 1. Annual Yield on 10-Year Treasury



Property Maintenance, Repair and Management Costs

Stakeholders reported that routine maintenance, contractor services, replacement materials, and building repairs have become increasingly expensive. Owners of older properties noted that deferred maintenance is often not an option because aging systems require ongoing investment to remain functional and habitable. These cost pressures have been accentuated by State, and in some cases local, electrification requirements that are triggered when repairing or replacing building systems, equipment, appliances, etc. These include new requirements in California's 2025 Energy Code, (part of the Title 24 Building Standards Code), that push for conversion from gas to electric water and heating systems (e.g., heat pump HVAC and water heaters).

Property managers and owners also noted that staffing costs have increased due to wage growth, labor shortages, and increased compliance responsibilities. Several stakeholders indicated that additional requirements of the proposed Ordinance may require more staff time or outside professional assistance.

While reliable data on property maintenance, repair, and management costs is not readily available, it is likely that they generally track with the Consumer Price Index (CPI). As documented in the initial 9212 Report, market rents in Redwood City have generally not kept pace with CPI adjusted inflation over the last ten years, a trend that was particularly acute during the pandemic. This suggests that for many building owners, general property maintenance, repair, and management costs may be increasing faster than rental revenue.

In addition to routine maintenance, the cumulative financial impacts described above, and the proposed Ordinance may reduce property owners' ability to finance substantial capital improvements, including soft-story seismic retrofits, roof replacements, and other major investments necessary to maintain the safety, resilience, and long-term preservation of the City's older rental housing stock.

Increased Legal Complexity and Uncertainty

Administrative Complexity

Stakeholders consistently identified administrative complexity as a central concern. The proposed Ordinance would create a new local compliance system that extends beyond rent stabilization. The burden is greatest where owners either do not currently interact with a local rent program or already operate under complex affordable housing compliance systems.

Stakeholders raised concerns about expanded enforcement remedies, private litigation, treble damages, anti-harassment provisions, and uncertainty about how the proposed Ordinance would be interpreted. This concern was especially pronounced among smaller “mom and pop” owners and affordable housing providers. These smaller scale operators often lack legal capacity or financial resources and may settle claims to avoid litigation costs even where they believe they acted appropriately. Affordable housing providers may face a different problem: they operate under complex regulatory agreements and may be exposed to claims if local requirements of the proposed Ordinance conflict with federal, State, tax credit, voucher, or public financing rules.

Several stakeholders emphasized that inadvertent errors are more likely when multiple regulatory systems overlap. Examples include rent calculations for deed restricted units, utility allowance adjustments, over-income tenant issues, unit

transfers, voucher payment standards, and regulatory agreement compliance. If the proposed Ordinance creates significant penalties for errors, owners may perceive higher legal risk even if they are acting in good faith.

Potential Changes to Costa-Hawkins

As discussed in the initial 9212 Report, several stakeholders raised concerns regarding potential future changes to State rent control law, particularly the possibility that Costa-Hawkins could be amended or repealed. These concerns generally relate to long-term investment certainty and project underwriting rather than the direct effects of the proposed Ordinance under current law. Because any modification to Costa-Hawkins would require separate State legislative action and remains speculative, this supplemental analysis does not independently evaluate potential future regulatory scenarios.

4. Affordable Housing Impacts

This chapter evaluates how the proposed Ordinance could affect affordable housing operations and production in Redwood City. Because the proposed Ordinance does not exempt deed restricted affordable housing, it may create financial and operational challenges for buildings that already operate under federal, State, and local requirements. These challenges are related to income restrictions, rent limits, lender and investor reporting, and, in many cases, voucher or operating subsidy contracts.

Affordable housing providers interviewed for this study stressed that because these properties are already subject to layered oversight, an additional local compliance framework could increase costs, reduce operating flexibility, and create duplicative or conflicting requirements. Among cities that have rent stabilization policies, most exempt deed-restricted affordable housing for this reason and because these units are critical to meeting local RHNA goals.

Composition of Redwood City's Affordable Housing

As documented in the initial 9212 Report, deed restricted affordable housing plays an important role in Redwood City's housing market, accounting for almost 10 percent of all rental units. As summarized in **Table 14**, the City has an estimated 48 buildings and about 1,506 deed restricted, or below market rate (BMR), units. Of this, 197 are inclusionary units (i.e., integrated in mixed-income buildings) and the remaining 1,309 units are contained in buildings that are 100 percent affordable (excluding manager units).

It is also important to note that about 676 of the City's deed restricted units (45 percent) are in pre-1995 buildings. These pre-1995 affordable units face the greatest exposure because they would be subject to the proposed Ordinance's rent stabilization provisions in addition to existing local, State, and federal affordability requirements. In contrast, post-1995 affordable units would generally be exempt from rent stabilization under Costa-Hawkins, though they would still be subject to other elements of the proposed Ordinance, including fees, reporting requirements, relocation provisions, tenant safety plans, and related protections.

Table 14. Composition of Redwood City's Affordable Housing Stock

Item	Pre 1995	Post 1995	Total	Pre 1995 as % of Total
# of Buildings				
Mixed-income / Inclusionary[1]	2	9	11	18%
100% Deed Restricted	27	10	37	73%
	29	19	48	60%
Below Market Rate Units (BMR)				
Inclusionary Units[1]	19	178	197	10%
100% Deed Restricted[2]	657	652	1,309	50%
Total BMR[3]	676	830	1,506	45%
Avg. Units / Bldg.[1]	27	116	64	43%
Avg. building Age[1]	61	15	43	141%
City Funding	$9,311,078	$7,612,054	$17,323,132	54%

[1] Includes mixed-income buildings with inclusionary units.

[2] Excludes Manager Units.

[3] Estimates slightly exceed those provided in previous EPS 9212 Report due to updated data from City.

Table 14 also highlights other important differences between older and newer properties. Pre-1995 buildings are smaller and older on average, with about 27 units per building compared to about 116 units per building for post-1995 properties, and an average age of roughly 61 years (compared to 15 years for post-1995). These characteristics limit the ability of older properties to absorb additional costs, as expenses must be spread across fewer units. At the same time these older buildings typically have greater maintenance needs, further exacerbating their financial challenges.

As a result, new requirements may have a disproportionate impact on these smaller, older affordable properties. Costs associated with compliance—such as legal and administrative matters, relocation payments, and tenant safety plans—can represent a significant share of available operating funds. From a feasibility standpoint, smaller properties and operators typically have fewer administrative resources and financial reserves to manage additional obligations. At the same time, because these buildings are not protected by Costa Hawkins, they will have limited ability to absorb costs by increasing rents.

Affordable Housing's Unique Financial Structure

Affordable housing projects typically operate under structured financing agreements that determine how project revenues are used. Each agreement is unique, but project revenues are generally first applied to cover operating costs, including resident services, and senior debt obligations, with any remaining cash flow allocated to replacement reserves and other subordinate obligations such payments to "soft lenders" in the form of residual receipts[26].

If rents grow more slowly than operating expenses, net operating income will decline over time. The first impact is often to reduce or eliminate residual receipts payments to the soft lenders such as the City, County, or other public lenders. Because these loans are subordinate and payable only from available cash flow, they are among the first sources affected when project margins tighten. As shown in **Table 14**, Redwood City has provided about $17.3 million in funding for affordable housing projects, about 54 percent for projects built before 1995.

If financial pressure continues, affordable housing providers may then reduce contributions to replacement reserves or defer maintenance and capital improvements. Replacement reserves are critical to long-term preservation because they fund major repairs and upgrades such as roofs, painting, and general building systems (e.g., plumbing, electrical, HVAC, elevators). Depleted replacement reserve funds will ultimately lead to deferred maintenance, increasing probably of major failure, cost of future rehabilitation, and / or general building deterioration.

Providers may also reduce resident services, staffing, or other discretionary program expenditures. These services can be especially important in deeply affordable, extremely low-income, senior, supportive housing, and formerly homeless housing communities, where residents may rely on on-site staff, case management, transportation assistance, after-school programs, food support, or other stability services. While these costs may be more flexible than debt service, reducing services can affect resident outcomes and long-term housing stability.

If projects exhaust their ability to use funds from more flexible accounts, such as day-to-day maintenance, services, and residual receipts, the pressure may eventually affect the ability to meet senior debt service. At that point, the long-term financial viability of the project may be at risk. This risk may be especially acute for smaller or local affordable housing providers that do not have large portfolios or unrestricted reserves that can be used to cross-subsidize funds from better capitalized properties.

[26] Residual receipts are payments made only from remaining project cash flow after required operating expenses and senior obligations have been paid.

Overall, the impact of additional fees, compliance costs, relocation obligations, or constrained rent growth is not limited to one line item. These costs move through the project's financing "waterfall" and may reduce public loan repayment, weaken reserve funding, reduce resident services, defer maintenance, and increase the likelihood that additional public subsidy will be needed to preserve the property over time.

Illustrative Affordable Housing Cash-Flow Analysis

As part of this study, EPS has prepared an illustrative development and operating cash-flow analysis demonstrating how new fees and constrained rent growth could affect the financial viability of a 100 percent affordable Low Income Tax Credit (LITC) project over time. While the analysis simulates the cash-flow of a hypothetical 101-unit affordable housing project (that includes one manager unit) under three scenarios, the assumptions and methodology have been informed by financial documentation from real Redwood City projects. The scenarios are designed to illustrate the potential financial impact of the proposed Ordinance, as follows:

- **Scenario 1: Baseline / No Costs Related to Ordinance:** This scenario is designed to reflect the cash-flow of a financially viable affordable housing project that could realistically be underwritten in the current regulatory environment. It assumes the project is not subject to the rent control provisions or administrative fees imposed by the proposed Ordinance (see calculations in **Chapter 5**). Rent growth is assumed to grow at 2.5 percent annually, consistent with assumptions affordable housing developers typically use to underwrite projects[27]. Meanwhile, operating expenses are assumed to grow at 3.5 percent annually, generally consistent with CPI and typical operating cost escalation assumptions in all three scenarios.

- **Scenario 2: Proposed Ordinance's Impact on Post-1995 Affordable Housing Project:** This scenario assumes the project is exempt from local rent stabilization under Costa-Hawkins because it was built after 1995. However, the project is subject to new cost burdens, including the proposed Ordinance's administration fee[28]. Rental revenue is assumed to grow at 2.5 percent annually, and operating cost at 3.5 percent annually, consistent with the baseline scenario.

[27] The State Tenant Protection Act exempts deed-restricted affordable housing however, as of 2025, state law now requires tax credit projects to enforce a rent cap of 5% + CPI or 10%, whichever is lower, if the area median income is rising faster than this cap.

[28] The proposed Ordinance administration fee is assumed to be $471 per unit annually, which reflects the midpoint estimate for ongoing administration costs only and does not include interfund loan repayment or operating reserve contributions, as described further in **Chapter 5**. The proposed Ordinance refers to a tiered fee system, with a higher fee for fully covered units than partially covered units. For illustrative purposes, this case study does not apply tiered fees and instead uses the midpoint administration fee for both the post-1995 and pre-1995 scenarios.

- **Scenario 3: Ordinance's Potential Impact on a Pre-1995 Affordable Housing Project:** This scenario assumes the project is subject to the same new fee burdens as Scenario 2, plus local rent stabilization under the proposed Ordinance (thus only applies to pre-1995 units). Rental revenue is assumed to grow at 2.0 percent annually, reflecting the approximate 10-year average of 60 percent of percent change in CPI under the proposed Ordinance.

The cash-flow analysis compares the differential financial performance of the three scenarios described above by forecasting their respective (1) debt coverage ratio, (2) funding for replacement reserve, and (3) funding for resident services over time (detailed assumptions and calculations are provided in **Appendix A**). The scenarios do not quantify the financial impact of other tenant protection provisions discussed in **Chapter 2**, including tenant safety plans, relocation assistance, legal exposure, right-to-return obligations, administrative hearings, or compliance costs. As a result, the modeled impacts likely understate the full potential cost burden of the proposed Ordinance

The pro forma analysis is designed to serve as an illustrative model for how the proposed Ordinance may affect an existing operating affordable housing project over time, but it also has implications for prospective affordable housing development. To the extent similar cost pressures, reduced rent growth, or additional operating uncertainty are anticipated at the time of underwriting, affordable housing projects may face greater difficulty securing debt, tax credit equity, public subsidy, or other financing needed to proceed.

Debt Service Coverage Ratio (DSCR)

A project's debt service coverage is the most important operating feasibility metric in the case study because it shows the project's ability to generate sufficient operating income to meet required debt obligations over time. The DSCR is calculated as the ratio of annual net operating revenue (including all fees and contributions to reserves) to debt service (a ratio of 1.0 means that a building has zero surplus cash-flow and is at risk of default). The baseline scenario begins with a relatively healthy debt service coverage ratio of 1.15. It should be noted that many older affordable multifamily projects may already operate with lower debt service coverage ratios, thinner reserves, or more limited cash flow.

In the analysis, residual receipts (e.g., loan repayments to so-called soft lenders such as the City or county) are treated as a "below-the-line" use of remaining cash flow and are reduced first as the project experiences financial pressure. Replacement reserve contributions and resident services funding are treated as above-the-line operating uses. The model continues funding these items unless doing so would prevent the project from fulfilling senior debt obligations, meaning the DSCR would otherwise fall below 1.0. If residual receipts are reduced to zero and additional pressure remains, the model then limits replacement reserve contributions, followed by reductions to resident services funding.

As illustrated in **Figure 2**, debt service coverage remains above 1.0 throughout the full 40-year period in the "Baseline" and "Post-1995 scenarios. Under Scenario 3, the pre-1995 scenario, debt service coverage declines more quickly because the project is affected by both new fee burdens and lower allowable rent growth. The project reaches the minimum DSCR threshold around Year 17 and remains at approximately 1.0 for several years as the model reduces other funding uses to preserve debt service coverage. By approximately Year 35, however, those sources of flexibility are no longer sufficient, and DSCR falls below 1.0. At that point, the project can no longer fully cover required debt payments from operating income and may require restructuring, additional subsidy, or other intervention to remain financially viable. The project may also be able to petition for an upward rent adjustment under the proposed Ordinance to maintain a fair return, although the timing, outcome, and administrative requirements of that process may create additional uncertainty.

Figure 2. Debt Service Coverage by Scenario

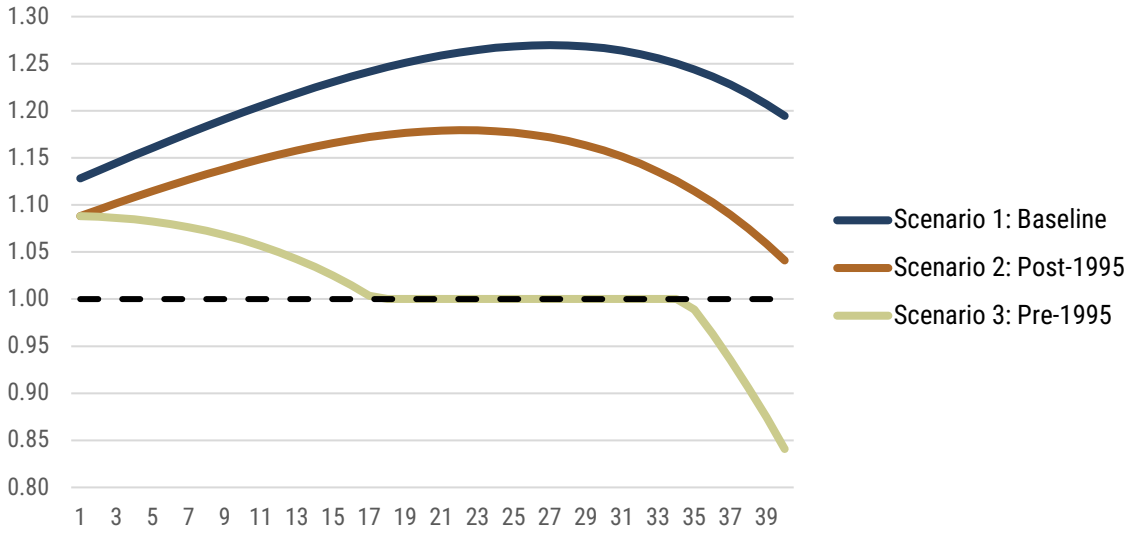


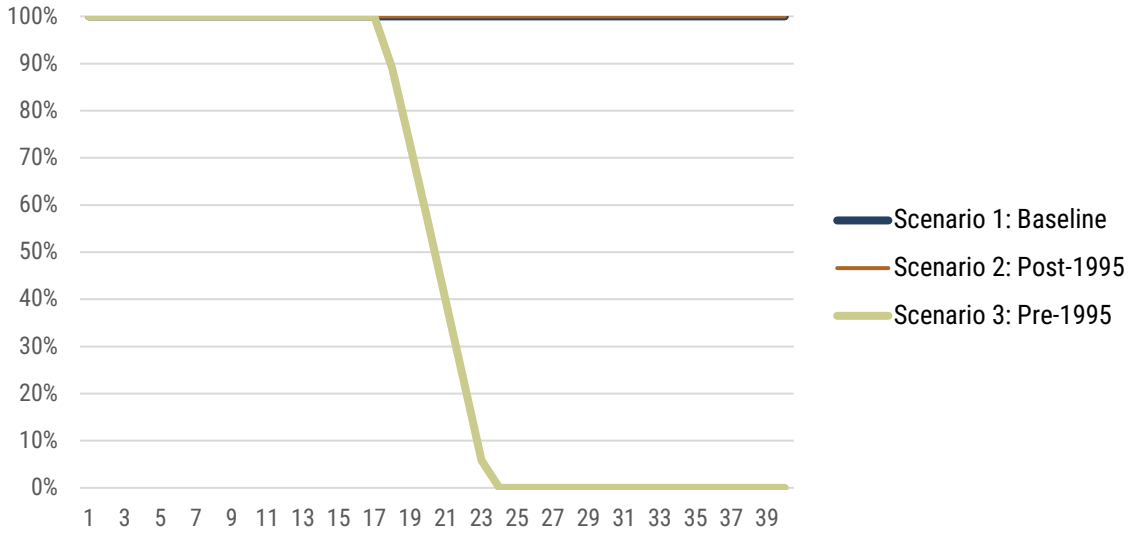
Figure 2 should be read as a cumulative measure of impact after the model applies the project's operating waterfall. In other words, the figures do not show the immediate effect of new fees and slower rent growth before other cash-flow adjustments are made; it shows the resulting effect on debt service coverage after the model has first applied available operating flexibility. The flat portion of Scenario 3 at a DSCR of 1.0 reflects this modeled adjustment: the project maintains the minimum debt service threshold only by reducing other available uses of cash flow.

Reserve Funding

The replacement reserve contribution target reflects the level of annual funding needed to maintain building systems and support long-term capital needs over the 40-year projection period. The analysis assumes an initial replacement reserve contribution target of $500 per unit, which escalates by 3.5 percent annually to reflect rising capital repair, maintenance, and replacement costs over time. For example, the Year 2 reserve contribution target would increase to $517.50 per unit.

As shown in **Figure 3**, the baseline and post-1995 scenarios can fully fund the replacement reserve target throughout the projection period. In Scenario 3, however, the pre-1995 project begins to experience pressure on reserve funding around Year 18. Reserve funding then declines rapidly and is fully depleted by approximately Year 24. This indicates that, after residual receipts have been reduced, the project must begin reducing above-the-line reserve contributions to preserve required debt service coverage.

Figure 3. Replacement Reserve Funding Capacity by Scenario

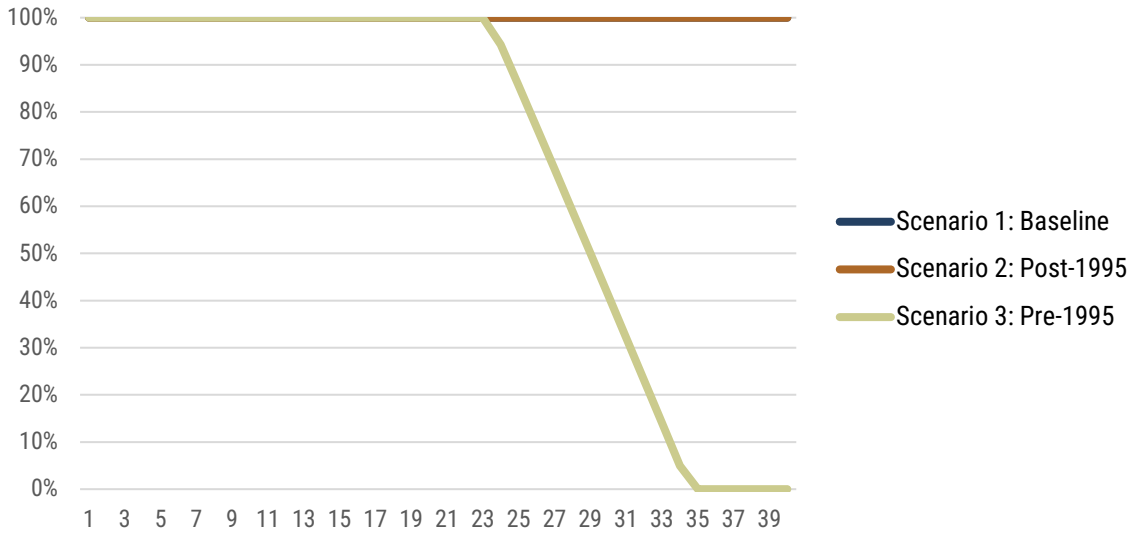


Funding for Resident Services

Figure 4 shows the next stage of impact in the operating waterfall: resident service funding. The analysis assumes an initial resident services funding target of $1,000 per unit annually, which escalates by 3.5 percent each year to reflect rising service delivery costs. This funding is intended to support services available to all residents, while also accounting for more intensive service needs among higher-need units or resident populations. The baseline and post-1995 scenarios can maintain targeted service funding throughout the projection period. In Scenario 3, service funding remains fully funded for several years after reserve funding begins to decline but then begins to fall around Year 24 and is fully depleted by approximately Year 35. This sequencing reflects the model's

assumption that resident services are reduced only after other sources of flexibility, including residual receipts and replacement reserve contributions, have already been reduced.

Figure 4. Resident Service Funding Capacity by Scenario



Conclusions from Cash-flow Analysis

Overall, the case study suggests that even when a project begins with relatively healthy financial metrics, new fees and slower rent growth can materially affect a building's financial stability over time. For post-1995 affordable housing (Scenario 2), the modeled impact is limited to new ordinance administration fees, and the project can maintain reserve and service funding throughout the projection period. Primary impacts are likely to be payments of residual receipts to "soft lenders" such as the City or County.

For pre-1995 affordable housing, the impact is larger because the project is also subject to rent stabilization. For these older buildings, the analysis suggests operators will first cut residual receipts, followed by cuts to the replacement reserve account, then reduce resident services, before ultimately falling below the minimum debt service coverage threshold. This distinction is important because older affordable housing properties are often smaller, have greater rehabilitation needs, and may have less financial capacity to absorb new costs without additional subsidy, restructuring, or reductions in operating support.

Interaction with Affordable Housing Programs

The proposed Ordinance may interact with existing state and federal affordable housing programs in complicated ways, potentially adding costs and reducing flexibility, and making it more difficult to carry out mission-based activities.

Subsidy Programs

Affordable housing providers also identified current uncertainty regarding federal housing assistance programs, including Housing Choice Vouchers, Project-Based Vouchers, VASH, and other rental subsidy programs. Many affordable housing developments rely on voucher revenue to support operations, maintain services, and preserve long-term financial stability.

While potential cuts to federal programs that benefit affordable housing is not caused by the proposed Ordinance, it may affect the flexibility affordable housing providers need to respond to future funding changes. If federal voucher funding were reduced, eliminated, or otherwise made less reliable, providers may need to rely more heavily on allowable rent adjustments, operating subsidies, reserves, or additional public funding to maintain project viability.

Stakeholders noted that many affordable housing providers do not currently increase rents to the maximum level permitted under area median income (AMI)-based limits or regulatory agreements. Instead, providers may use CPI-based increases, internal rent policies, or other conservative approaches to balance operating needs with tenant affordability. If voucher revenue declines, providers may need greater flexibility to increase rents within existing affordable housing rules to offset lost subsidy revenue and maintain operations.

The proposed Ordinance could reduce that flexibility in certain circumstances. If local rent limits constrain rent adjustments below levels otherwise allowed, providers may have fewer tools to respond to external funding shocks. The result could be greater pressure on residual receipts, reserves, maintenance, resident services, and future subsidy needs. Voucher uncertainty should therefore be understood as an external risk factor that could amplify ordinance impacts over time. The ordinance would not create federal funding risk, but it could make affordable housing projects less able to absorb that risk if other revenue sources become less reliable.

Affordable Housing Preservation Through Re-Syndication

Affordable housing providers also identified potential impacts on future re-syndication and preservation rehabilitation projects. Even without the proposed Ordinance, affordable housing projects often face long-term operating pressure because allowable rents may grow more slowly than insurance, utilities, maintenance, staffing, and other operating expenses. Over time, this can cause expenses to approach or exceed revenues, particularly in older properties with increasing capital needs.

Re-syndication is one tool used to address this issue. Many affordable housing LITC projects are recapitalized after the initial tax credit compliance period or later in the project life cycle, when original investors may seek to exit the partnership and /or the property seeks a capital infusion for rehabilitation, modernization, or long-term preservation. Re-syndication can bring in new tax credit equity, restructure financing, and fund major reinvestment needed to preserve the property as affordable housing.

This issue is important because re-syndication is not only a financing event; it is often a major rehabilitation event. Building preservation scopes may include roof replacement, plumbing, electrical systems, HVAC, life-safety improvements, accessibility upgrades, unit interiors, building envelope repairs, and other capital needs. These projects often require work in occupied buildings and may require temporary relocation of existing tenants, particularly when work affects kitchens, bathrooms, utilities, hazardous materials, or building-wide systems.

The proposed Ordinance may interact with this process in several ways. If rent growth is further constrained, projects may reach operating deficits earlier than they otherwise would, potentially before the next feasible recapitalization or re-syndication window. At the same time, reduced cash flow may limit the project's ability to contribute to reserves, making it harder to demonstrate long-term financial stability or fund needed rehabilitation at re-syndication.

Affordable housing providers generally have experience relocating tenants during rehabilitation with minimal disruption and returning residents to their units. They are also governed by a variety of existing requirements to address the relocation needs of their tenants, the costs of which may exceed what is required in the proposed Ordinance. Unlike the proposed Ordinance, both the State Tenant Protection Act and Redwood City's existing Tenant Protection Ordinance exempt deed-restricted affordable housing from certain relocation assistance requirements, in part because of these existing requirements.

The proposed Ordinance may also increase uncertainty of rehabilitation by adding a new layer of requirements that may affect cost, timing risk, and administrative complexity. The incremental impact of the proposed Ordinance would vary depending on the project, existing relocation obligations, and scope of rehabilitation.

This could have broader implications for Redwood City's affordable housing preservation strategy. Re-syndication and rehabilitation are key tools for maintaining older affordable housing over the long term. If the proposed Ordinance accelerates operating deficits, reduces reserve capacity, or increases the cost and uncertainty of occupied rehabilitation, preservation projects may become more difficult to finance and may require greater City, County, State, or other public subsidy support.

Housing Element and RHNA Implications

The potential impacts described above may also affect Redwood City's ability to advance affordable housing production and preservation over time. If affordable housing becomes more costly or difficult to finance, operate, or preserve in Redwood City, providers may be less likely to advance future projects or may require additional subsidy to do so. Increasing the cost of affordable housing projects is likely to require additional subsidy and extend development timelines, potentially affecting the City's ability to deliver projects needed to meet its RHNA obligations[29].

The potential impact is most relevant for projects that require public subsidy, tax credit equity, vouchers, or rehabilitation financing. For new affordable housing projects, these impacts are more likely to relate to ongoing program fees, administrative compliance requirements, operating uncertainty, or investor/lender concerns, rather than no-fault eviction or rehabilitation-related requirements. If the proposed Ordinance increases operating costs, creates uncertainty around rent adjustments or reduces investor confidence, projects may take longer to finance or may need additional funding sources before moving forward. Relocation, tenant safety plan, and right-to-return costs are more likely to be relevant for preservation and rehabilitation rather than new affordable housing projects.

This does not mean the proposed Ordinance would directly prevent the City from meeting RHNA. However, if affordable housing production or preservation becomes more difficult, the City may face greater challenges implementing its Housing Element, advancing pipeline projects, and maintaining progress toward lower-income RHNA targets.

[29] Affordable housing projects generally rely on multiple competitive funding sources, including City and County housing funds and Low-Income Housing Tax Credits. If additional subsidy is required, projects may need to compete in multiple funding cycles, potentially delaying development. There is no guarantee that the City, County, or other funding agencies will have sufficient funding available to provide the additional subsidy necessary to close any resulting financing gap.

5. Impact on City Finances

This section evaluates potential financial and operational impacts to the City associated with implementation and administration of the proposed Ordinance. The initial 9212 report estimated the direct annual cost of administering a rent stabilization and tenant protections program. This supplemental analysis builds on that work by incorporating additional information regarding tenant legal services, Human Resources (HR) implementation costs, start-up funding, reserve requirements, and fee sufficiency.

The proposed Ordinance would create a new City-administered renter protection program funded through annual fees paid by landlords. Program responsibilities would likely include a rental registry, rent increase tracking, termination notice tracking, tenant safety plan review, petitions and appeals, landlord and tenant education, enforcement, annual reporting, data management, and legal services for low-income tenants.

The Ordinance identifies annual fees of $84 per partially covered unit and $120 per fully covered unit[30]. However, the initial 9212 Report found that these fees are substantially below the amount likely needed to administer the program. Because the Ordinance does not allow ongoing General Fund support, program fees would need to recover all ongoing operating costs, start-up cost repayment obligations, and reserve contributions.

Annual Program Administration Cost

The initial 9212 Report estimated annual program administration costs ranging from approximately $4.0 million under a minimum enforcement scenario to approximately $10.1 million under a maximum enforcement scenario, with a midpoint estimate of approximately $6.6 million annually. These costs reflected staffing, office space, technology, hearing administration, enforcement activities, and other ongoing program expenses. EPS estimated that a basic program would require at least seven full-time staff, while a more active enforcement model could require up to 18 full-time staff. Actual costs could vary depending on final program design, compliance rates, petition volume, enforcement activity, legal disputes, registry complexity, tenant safety plan workload, and the number of covered and partially covered units.

[30] Under the proposed Ordinance, "fully covered" units generally refer to units subject to the Ordinance's full set of requirements, including local rent stabilization and applicable tenant protection provisions. "Partially covered" units generally refer to units that are exempt from local rent stabilization, such as units exempt under Costa-Hawkins, but remain subject to the other tenant protection, noticing, reporting, or administrative requirements.

However, the initial 9212 Report did not include a separate cost estimate for the proposed Ordinance's requirement that the City provide free legal services for low-income tenants. Because tenant legal services would be an ongoing City-administered responsibility, this cost should be treated as an additional annual program administration cost beyond the program cost estimates identified above.

The City East Palo Alto provides the most useful local benchmark for estimating this potential cost because the city provided a detailed legal services contract amount and service breakdown, including legal services intakes and administrative costs. Because East Palo Alto is substantially smaller than Redwood City, these costs were scaled based on renter-occupied households to develop an illustrative Redwood City estimate.

Table 15. East Palo Alto Legal Services Benchmark

Item	East Palo Alto	Redwood City Equivalent
Total households	8,267	33,516
Owner-occupied households	4,056	17,348
Renter-occupied households / rental units	4,211	16,168
Renter unit scale factor	-	3.84
Legal services intakes	$240,000	$921,600
Administrative costs	15%	15%
Total Legal Cost	**$276,000**	**$1,059,840**
Per Unit Cost	**$66**	**$66**

Based on this benchmark, a comparable legal services program in Redwood City would cost approximately $1.06 million annually, or approximately $66 per rental unit per year if spread across all rental units.

When tenant legal services are added to the initial administration cost estimates, total annual program administration costs increase as shown in **Table 16** below.

Table 16. Annual Program Administration Cost

Cost	Assumption	Level of Enforcement		
		Minimum	Average	Maximum
Annual Administration Cost				
Number of Staff	See 9212 Report	7	11	18
Fully-Burdened Cost of Staff	$535,397 per FTE [1]	$3,549,116	$6,124,390	$9,522,020
Office Space Required	200 sq. ft./employee [2]	1,326	2,288	3,557
Cost of Office Space	$48.00 per sq. ft./year [3]	$63,638	$109,814	$170,736
Rent Registry Software	Annual Subscription	$90,000	$90,000	$90,000
Hearing Officer	Consultant	$100,000	$100,000	$100,000
Outreach + Education	Consultant	$135,000	$135,000	$135,000
Legal Services for low-income tenants	Consultant	$1,059,840	$1,059,840	$1,059,840
Total Annual Administration Cost		**$4,997,594**	**$7,619,044**	**$11,077,596**
Ongoing Program Cost Per Unit	16,168 Units	*$309*	*$471*	*$685*

[1] Estimate provided by City of Redwood City staff
[2] Office employment estimate assumes 200 square feet per employee, based on CBRE office planning benchmarks
[3] Costar Office lease rates based on an average of current offices leased by the City

These estimates should be treated as planning-level estimates. Actual costs may vary depending on program utilization, staffing requirements, enforcement activity, and legal services demand[31].

Start-Up Costs and Initial Funding Gap

The initial 9212 report identified one-time implementation costs but did not address how those costs would be funded before the annual fee revenue is collected[32]. City staff indicated that start-up costs would likely need to be fronted through an interfund loan and repaid through future landlord fees.

Start-up costs include both the one-time implementation costs identified in the initial 9212 report and additional HR costs associated with establishing new classifications/positions, recruiting, hiring, and onboarding program staff. As noted in the initial 9212 report, Redwood City does not currently have excess staff capacity to absorb these additional responsibilities on top of current workloads. The City will likely need to hire between 7 to 18 new staff to implement and administer the proposed Ordinance. This would include the need

[31] The fully burdened cost rates used in the initial report are based on the City's current cost recovery methodology and include the full complement of benefit costs, including pension costs. Consistent with best practices, the City should re-evaluate its cost recovery model periodically, which the City intends to do in preparation for the FY 2027-28 budget process.

[32] As noted above, the City's adopted FY 2026–2027 budget includes a projected deficit of more than $12 million. According to staff, there is no guarantee that the City would be able to fully recover all start-up costs associated with implementing the program. Any unrecovered costs would place additional pressure on the City's already constrained financial outlook.

to develop new job classifications as well as elevate or reclassify certain existing positions to ensure adequate capacity for the program while continuing to manage other housing programs. These HR-related costs include consultant costs for classification and compensation studies and recruitment services for executive level positions as well as a one-year contract Senior Human Resources Analyst that would be tasked with recruiting, consultant support, onboarding activities, and labor relations coordination. Based on preliminary City HR estimates shown in **Table 17**, HR implementation costs total approximately $364,183.

Table 17. Human Resources Cost Estimates Summary

Consultant Costs	# of positions	Cost/Position	Total Estimated Cost
Position Study (Existing Position)	1	$3,200	$3,200
New Classification Development	3	$6,000	$18,000
Executive / Senior Management Recruitment	1	$34,500	$34,500
Mid-Management / Supervisory Recruitment	1	$33,325	$33,325
HR Staffing Costs			
1.0 FTE Contract Senior Human Resources Analyst			$275,158
Total Estimated Cost			**$364,183**

For purposes of this analysis only, repayment is assumed over a five-year period using a 3.81 percent interest rate, consistent with the current Local Agency Investment Fund (LAIF) rate[33]. Under this assumption, annual repayment costs would range from approximately $153,000 to $234,000 during the repayment period.

If spread across all rental units, this would add approximately $9 to $15 per unit per year during the repayment period.

[33] 3.81% is the current LAIF rate but the LAIF rate may fluctuate

Table 18. Startup Costs and Interfund Loan Repayment

Cost	Assumption	Level of Enforcement		
		Minimum	*Average*	*Maximum*
One-Time Startup Costs				
Tenant Improvements	$165 per sq. ft. [1]	$218,755	$377,486	$586,904
Equipment	$100,000 per office [2]	$100,000	$100,000	$100,000
Human Resources Costs	Table 17	$364,183	$364,183	$364,183
One-Time Startup Costs		**$682,938**	**$841,669**	**$1,051,087**
Interfund Loan Repayment	5 years at 3.81%	**$152,589**	**$188,054**	**$234,844**
Intrafund loan payment per unit	16,168 Units	*$9*	*$12*	*$15*

[1] Tenant improvement costs based on Cushman and Wakefield Office Tenant Improvement Cost Guide
[2] Equipment cost based on Burbank rent control 9212 report

Operating Reserve

City staff also indicated that the program would establish an operating reserve funded through landlord fees. A reserve is appropriate because the proposed Ordinance would create a new program with uncertain expenditure and revenue patterns and it does not allow any General Fund support should revenues fall short. Early-year workload, fee collection, registration compliance, petition volume, hearing activity, legal services demand, and enforcement activity may differ from initial estimates.

City staff proposed a reserve equal to two months of expenditures, funded over two years through landlord fees. This assumption is consistent with Government Finance Officers Association (GFOA) best practice guidance recommending a minimum unrestricted fund balance equal to at least two months of operating expenditures.

Once the reserve is fully funded, it would not need to be replenished on an ongoing basis except to maintain its value relative to program costs. As annual program administration costs increase over time, including adjustments for inflation or CPI-based cost growth, the reserve target would need to be adjusted accordingly to remain equal to two months of operating expenditures. This would require periodic incremental contributions through fees to ensure the reserve remains aligned with current program costs.

Because tenant legal services are part of annual program administration costs, the reserve requirement should be calculated based on total annual program administration costs, including legal services.

Table 19. Operating Reserve

Cost	Assumption	Level of Enforcement		
		Minimum	*Average*	*Maximum*
Operating Reserve				
Ongoing Annual Program Cost		$4,997,594	$7,619,044	$11,077,596
Operating Reserve	Two Month Reserve	**$832,932**	**$1,269,841**	**$1,846,266**
Annual Reserve Contribution	Funded Over Two Years	**$416,466**	**$634,920**	**$923,133**
Annual Reserve Contribution per Unit	16,168 Units	*$26*	*$39*	*$57*

Cost and Schedule

The program's financial obligations would vary over time as start-up costs are repaid and reserves are established. The following schedule summarizes the anticipated cost structure across different phases of implementation.

During the first two years, program fees would need to support full operations while also funding reserve contributions and repaying start-up costs. In years three through five, reserve contributions would no longer be required, but interfund loan repayment would continue. After year five, once start-up costs have been fully repaid, fees would only need to cover ongoing program administration costs.

Table 20. Program Cost Schedule by Year

Cost	Level of Enforcement		
	Minimum	*Average*	*Maximum*
Years 1-2			
Interfund loan repayment	$152,589	$188,054	$234,844
Reserve contribution	$416,466	$634,920	$923,133
Ongoing administration costs	$4,997,594	$7,619,044	$11,077,596
Total Cost Year 1-2	**$5,566,649**	**$8,442,018**	**$12,235,572**
Cost Per Unit Years 1-2	*$344*	*$522*	*$757*
Years 3-5			
Interfund loan repayment	$152,589	$188,054	$234,844
Ongoing administration costs	$4,997,594	$7,619,044	$11,077,596
Total Cost Year 3-5	**$5,150,183**	**$7,807,098**	**$11,312,439**
Cost Per Unit Years 3-5	*$319*	*$483*	*$700*
Years 6 and Beyond			
Ongoing administration costs	$4,997,594	$7,619,044	$11,077,596
Total Cost Year 6 and Beyond	**$4,997,594**	**$7,619,044**	**$11,077,596**
Cost Per Unit Years 6 and Beyond	*$309*	*$471*	*$685*

Taken together, the cost schedule illustrates that the proposed fee levels would need to cover more than the base annual operating cost, particularly during the first five years of implementation. The first two years would be the most cost-intensive because fees would need to fund ongoing administration, interfund loan repayment, and reserve contributions at the same time. This front-loaded cost structure increases the importance of setting fees at a level sufficient to recover full program costs from the outset, especially given the proposed Ordinance's restriction on General Fund support.

6. Conclusion

This supplemental analysis finds that the proposed Ordinance would likely create impacts beyond the direct application of rent stabilization. While Costa-Hawkins limits which units can be subject to local rent caps, the proposed Ordinance includes several non-rent control provisions that may apply more broadly, including expanded just cause protections, relocation assistance, right-to-return requirements, tenant safety plans, registry requirements, legal services for low-income tenants, fees, petitions, appeals, and enforcement. These provisions may affect property operations, repair decisions, redevelopment feasibility, affordable housing preservation, and City administrative costs.

The potential impacts would not be uniform across the rental housing stock. Older multifamily buildings, master-metered properties, pre-1995 rent-restricted units, smaller scale operators, and deed restricted affordable housing providers are likely to have less flexibility to absorb new costs or administrative burdens. For older buildings, the main concern is that routine repairs or system replacements may trigger more complex compliance, tenant safety plan, relocation, or right-to-return obligations. For affordable housing providers, the concern is that additional costs may reduce funds available for resident services, maintenance, replacement reserves, residual receipts payments, or preservation rehabilitation.

Smaller scale operators may face disproportionate impacts because they have fewer units and less administrative infrastructure over which to spread compliance costs. A tenant safety plan, hearing, relocation payment, registry obligation, or program fee can represent a significant cost relative to annual property cash flow.

The proposed Ordinance may also affect rehabilitation, redevelopment, and affordable housing preservation. Relocation assistance, right-to-return obligations, successor-owner requirements, and tenant safety plan requirements could increase uncertainty for projects requiring temporary relocation, substantial renovation, or when units are demolished or withdrawn from rental market. These impacts may be especially important for affordable housing re-syndication and preservation rehabilitation projects, which often rely on fixed financing sources, limited reserves, and carefully phased construction schedules.

The City would also face significant implementation responsibilities. The proposed Ordinance would require a new fee-funded program with staffing, registry, enforcement, hearings, legal services, reporting, and data management functions. The analysis indicates that the stated fee levels may be substantially below the amount needed to recover full program costs, particularly when tenant legal

services, start-up cost repayment, and operating reserve funding are included. Because the proposed Ordinance restricts ongoing General Fund support, fee sufficiency would be a central implementation issue.

Overall, the proposed Ordinance may provide additional tenant protection, but it would also create new financial, administrative, and legal complexity for property owners, affordable housing providers, and the City. The potential impacts are most significant where new obligations are difficult to administer, difficult to underwrite, or layered onto properties with limited operating flexibility. If adopted, successful implementation would likely depend on clear applicability rules, detailed administrative guidance, adequate program funding, and coordination with affordable housing regulatory systems.

Appendix A

Table A-1. Permanent Sources Capital Stack

Permanent Sources	Amount	% of Capital Stack
Permanent Loan	**$18,197,125**	21.7%
City of Redwood City	**$8,402,625**	10.0%
Other Public Funding (e.g. State or County)	**$16,805,250**	20.0%
Contributed Developer Fee	**$4,900,833**	5.8%
Deferred Developer Fee	**$2,450,417**	2.9%
Land Contribution	**$6,000,000**	7.1%
Tax Credit Investor Equity [1]	**$27,270,000**	32.5%
Total Sources	**$84,026,250**	**100.0%**

[1]Tax Credit Investor Equity calculation detailed in table 5, assumes Project Outside QCT/DDA

Table A-2. Development Costs

Uses	Total	Per Unit
Acquisition Costs	$6,000,000	$59,406
Hard Costs[1]	$54,540,000	$540,000
Soft Costs[2]	$13,635,000	$135,000
Developer Fee[3]	$9,851,250	$97,537
	$84,026,250	**$734,406**

[1] Assumes hard costs of $600 per gross square foot, an average unit size of 720 square feet, and 80 percent efficiency
[2]Assumes soft costs equal 25 percent of hard costs.
[3] Developer fee calculation is detailed in Table 6.

Table A-3. Annual Operating Expenses

Operating Budget Category	Total	Per Unit
Property Operations, Utilities & Required Services[3]	$828,200	$8,200
Other Public Lender Monitoring Fees[1]	$10,000	$100
TCAC Asset Management Fee[2]	$8,540	$85
Operating Expenses (Less Services)	**$846,885**	**$8,385**
Resident Services[4]	$100,000	$1,000
Total	**$927,685**	**$9,185**

[1] Includes core property operations, utilities, management, compliance, and service-related activities required by regulatory agreements.
[2] Modeled after San Mateo County Fee
[3] TCAC monitoring is $7,500 plus $40 for every unit over 75 units
[4] Represents resident services and engagement costs above mandatory operating and compliance requirements.

Table A-4. Permanent Loan Financing Assumptions

Permanent Loan	$18,197,125
Interest rate	5.85%
Term Yrs	40

Table A-5. Tax Credit Calculation

Tax Credit Calculation	In QCT/ DDA	Outside QCT/DDA
Hard Costs	$54,540,000	$54,540,000
Soft Costs	$13,635,000	$13,635,000
Eligible Basis	$68,175,000	$68,175,000
QCT/ DDA Boost[1]	130%	0%
Adjusted Eligible Basis	$88,627,500	$68,175,000
Applicable Fraction[2]	100%	100%
Qualified Basis	$88,627,500	$68,175,000
Tax Credit Rate	4%	4%
Annual Tax Credit	$3,545,100	$2,727,000
x 10 years	10	10
Total Tax Credit	$35,451,000	$27,270,000
Tax Credit Pricing[3]	$0.90	$0.90
Investor Equity	**$31,728,645**	**$24,406,650**

[1] Model assumes the project is not located in a Qualified Census Tract (QCT) or Difficult Development Area (DDA). Projects located in a QCT or DDA may be eligible for up to a 30 percent basis boost, which increases the eligible basis used to calculate Low-Income Housing Tax Credits and can increase available tax credit equity.
[2] Applicable fraction reflects the share of the project treated as income-restricted affordable housing for tax credit purposes. The model assumes a 100 percent applicable fraction, meaning all residential units are assumed to be rent-restricted and occupied by income-qualified households, so the full eligible residential basis is included in the tax credit calculation.
[3] Estimated based on Q4 2025 tax credit pricing

Table A-6. Developer Fee Calculation

Developer Fee	In QCT/ DDA	Outside QCT/DDA
Unadjusted eligible basis	$65,675,000	$65,675,000
Maximum Percent [1]	15%	15%
Maximum Developer Fee	$9,851,250	$9,851,250
Take Home Developer Fee [2]	$2,500,000	$2,500,000
Contributed/ Deferred Developer Fee	$7,351,250	$7,351,250

[1] Reflects the assumed 4% LIHTC developer fee limit, calculated as 15 percent of unadjusted eligible basis.
[2] Take-home developer fee is capped at $2.5 million. Any developer fee above this amount is assumed to be deferred or contributed back to the project as equity.

Table A-7. Unit Mix and Rental Subsidy

Unit Mix						
Area Median Income	Bedroom Size	# Units for each BR size	Max Tenant Rent-Monthly	Rent Methodology	Utility Allowance	Net Tenant Rent
20%	1	25	$774	TCAC	$196	$578
50%	1	60	$1,835	TCAC	$196	$1,639
60%	1	0	$2,332	TCAC	$196	$2,136
70%	1	15	$3,134	TCAC	$196	$2,938
Manager	1	1	$0		$0	$0
Total		**101**				

Rental Subsidy						
Area Median Income	Bedroom Size	# Units for each BR size	Total Annual Rent	Contract Rent	Subsidy Over Net Rent	Total Annual Subsidy
20%	1	25	$173,400	$2,500	$1,922	$576,600
50%	1	60	$1,180,080	$0	$0	$0
60%	1	0	$0	$0	$0	$0
70%	1	15	$528,840	$0	$0	$0
Manager	1	1	$0	$0	$0	$0
Total		**101**	**$1,882,320**			**$576,600**

Table A-8. Utility Allowances

	Allowance Amount per County					Allowance for this Property				
Property	Studio	1-bed	2-bed	3-bed	4-bed	Studio	1-bed	2-bed	3-bed	4-bed
HEATING										
a. Natural Gas	$30	$37	$41	$46	$51					
c. Electric	$24	$29	$37	$45	$53	$24	$29	$37	$45	$53
COOKING										
a. Natural Gas	$7	$7	$12	$14	$19					
c. Electric	$10	$12	$17	$22	$28	$10	$12	$17	$22	$28
OTHER ELECTRIC/AC										
Other Electric	$32	$39	$58	$80	$102	$32	$39	$58	$80	$102
Air Conditioning*	$5	$6	$8	$11	$12	$5	$6	$8	$10	$12
WATER HEATING										
a. Gas	$14	$16	$23	$33	$40					
b. Electric	$24	$28	$35	$43	$51	$24	$28	$35	$43	$51
WATER USAGE										
	$80	$82	$108	$139	$174	$80	$82	$108	$139	$174
SEWER [1]										
	$82	$82	$82	$82	$82	$0	$0	$0	$0	$0
TRASH [1]										
	$39	$39	$39	$39	$39	$0	$0	$0	$0	$0
TOTAL UTILITIES AND FEES										
					Total:	$175	$196	$263	$339	$420

[1] Assumes landlord pays for sewer and trash so no utility allowance is allocated.

Table A-9. Scenario 1
Baseline Cashflow

Cash Flow	Escalator	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10
Tenant Rents	2.50%	$1,882,320	$1,929,378	$1,977,612	$2,027,053	$2,077,729	$2,129,672	$2,182,914	$2,237,487	$2,293,424	$2,350,760
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($122,946)	($125,299)	($127,711)	($130,183)	($132,716)	($135,314)	($137,976)	($140,704)	($143,501)	($146,368)
Effective Gross Income		$2,335,974	$2,380,679	$2,426,502	$2,473,470	$2,521,613	$2,570,959	$2,621,538	$2,673,383	$2,726,523	$2,780,992
Operating Expenses (Less Services)	3.50%	$846,740	$876,376	$907,049	$938,796	$971,654	$1,005,662	$1,040,860	$1,077,290	$1,114,995	$1,154,020
Resident Service Expenses	3.50%	$100,000	$103,500	$107,123	$110,872	$114,752	$118,769	$122,926	$127,228	$131,681	$136,290
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,389,234	$1,400,803	$1,412,330	$1,423,803	$1,435,207	$1,446,529	$1,457,753	$1,468,865	$1,479,847	$1,490,682
Replacement Reserves	3.50%	$50,500	$52,268	$54,097	$55,990	$57,950	$59,978	$62,077	$64,250	$66,499	$68,826
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Proposed Ordinace Fee	3.50%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash available for debt service		$1,338,734	$1,348,536	$1,358,233	$1,367,812	$1,377,257	$1,386,550	$1,395,676	$1,404,615	$1,413,348	$1,421,856
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$152,113	$161,915	$171,612	$181,191	$190,636	$199,929	$209,055	$217,994	$226,727	$235,235
Debt Service Coverage Ratio		**1.13**	**1.14**	**1.14**	**1.15**	**1.16**	**1.17**	**1.18**	**1.18**	**1.19**	**1.20**
Additional Subsidy Required		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Residual Receipts		$127,113	$136,915	$146,612	$156,191	$165,636	$174,929	$184,055	$192,994	$201,727	$210,235
Developer	35%	$44,013	$47,407	$50,765	$54,082	$57,352	$60,570	$63,730	$66,825	$69,849	$72,795
Other Public Funding	44%	$55,400	$59,672	$63,898	$68,073	$72,189	$76,240	$80,217	$84,113	$87,919	$91,627
City of Redwood City	22%	$27,700	$29,836	$31,949	$34,036	$36,095	$38,120	$40,108	$42,056	$43,959	$45,813
	100%										

Cont.

Table A-9. Scenario 1
Baseline Cashflow

Cash Flow	Escalator	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20
Tenant Rents	2.50%	$2,409,529	$2,469,767	$2,531,511	$2,594,799	$2,659,669	$2,726,161	$2,794,315	$2,864,172	$2,935,777	$3,009,171
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($149,306)	($152,318)	($155,406)	($158,570)	($161,813)	($165,138)	($168,546)	($172,039)	($175,619)	($179,289)
Effective Gross Income		$2,836,822	$2,894,049	$2,952,706	$3,012,829	$3,074,455	$3,137,623	$3,202,369	$3,268,734	$3,336,758	$3,406,483
Operating Expenses (Less Services)	3.50%	$1,194,410	$1,236,215	$1,279,482	$1,324,264	$1,370,613	$1,418,585	$1,468,235	$1,519,624	$1,572,810	$1,627,859
Resident Service Expenses	3.50%	$141,060	$145,997	$151,107	$156,396	$161,869	$167,535	$173,399	$179,468	$185,749	$192,250
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,501,352	$1,511,837	$1,522,116	$1,532,169	$1,541,973	$1,551,503	$1,560,735	$1,569,643	$1,578,199	$1,586,374
Replacement Reserves	3.50%	$71,235	$73,728	$76,309	$78,980	$81,744	$84,605	$87,566	$90,631	$93,803	$97,086
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Proposed Ordinace Fee	3.50%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash available for debt service		$1,430,117	$1,438,108	$1,445,807	$1,453,189	$1,460,229	$1,466,898	$1,473,169	$1,479,012	$1,484,395	$1,489,287
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$243,496	$251,487	$259,186	$266,568	$273,607	$280,277	$286,548	$292,391	$297,774	$302,666
Debt Service Coverage Ratio		**1.21**	**1.21**	**1.22**	**1.22**	**1.23**	**1.24**	**1.24**	**1.25**	**1.25**	**1.26**
					$0						
Additional Subsidy Required		$0	$0	$0		$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Residual Receipts		$218,496	$226,487	$234,186	$241,568	$248,607	$255,277	$261,548	$267,391	$272,774	$277,666
Developer	35%	$75,655	$78,422	$81,088	$83,644	$86,081	$88,391	$90,562	$92,585	$94,449	$96,143
Other Public Funding	44%	$95,227	$98,710	$102,066	$105,283	$108,351	$111,257	$113,990	$116,537	$118,883	$121,016
City of Redwood City	22%	$47,614	$49,355	$51,033	$52,641	$54,175	$55,629	$56,995	$58,268	$59,442	$60,508
	100%										

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Table A-9. Scenario 1
Baseline Cashflow

Cash Flow	Escalator	Yr21	Yr22	Yr23	Yr24	Yr25	Yr26	Yr27	Yr28	Yr29	Yr30
Tenant Rents	2.50%	$3,084,400	$3,161,511	$3,240,548	$3,321,562	$3,404,601	$3,489,716	$3,576,959	$3,666,383	$3,758,043	$3,851,994
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($183,050)	($186,906)	($190,857)	($194,908)	($199,060)	($203,316)	($207,678)	($212,149)	($216,732)	($221,430)
Effective Gross Income		$3,477,950	$3,551,205	$3,626,291	$3,703,254	$3,782,141	$3,863,000	$3,945,881	$4,030,834	$4,117,910	$4,207,164
Operating Expenses (Less Services)	3.50%	$1,684,834	$1,743,803	$1,804,836	$1,868,005	$1,933,386	$2,001,054	$2,071,091	$2,143,579	$2,218,604	$2,296,256
Resident Service Expenses	3.50%	$198,979	$205,943	$213,151	$220,611	$228,333	$236,324	$244,596	$253,157	$262,017	$271,188
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,594,138	$1,601,459	$1,608,304	$1,614,637	$1,620,423	$1,625,622	$1,630,194	$1,634,098	$1,637,289	$1,639,721
Replacement Reserves	3.50%	$100,484	$104,001	$107,641	$111,409	$115,308	$119,344	$123,521	$127,844	$132,319	$136,950
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Proposed Ordinace Fee	3.50%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash available for debt service		$1,493,653	$1,497,458	$1,500,662	$1,503,228	$1,505,114	$1,506,278	$1,506,673	$1,506,254	$1,504,970	$1,502,771
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$307,032	$310,836	$314,041	$316,607	$318,493	$319,657	$320,052	$319,633	$318,349	$316,150
Debt Service Coverage Ratio		**1.26**	**1.26**	**1.26**	**1.27**	**1.27**	**1.27**	**1.27**	**1.27**	**1.27**	**1.27**
Additional Subsidy Required		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Residual Receipts		$282,032	$285,836	$289,041	$291,607	$293,493	$294,657	$295,052	$294,633	$293,349	$291,150
Developer	35%	$97,655	$98,972	$100,082	$100,970	$101,623	$102,026	$102,163	$102,018	$101,573	$100,812
Other Public Funding	44%	$122,918	$124,576	$125,973	$127,091	$127,913	$128,420	$128,593	$128,410	$127,850	$126,892
City of Redwood City	22%	$61,459	$62,288	$62,987	$63,546	$63,957	$64,210	$64,296	$64,205	$63,925	$63,446
	100%										

Cont.

Table A-9. Scenario 1
Baseline Cashflow

Cash Flow	Escalator	Yr31	Yr32	Yr33	Yr34	Yr35	Yr36	Yr37	Yr38	Yr39	Yr40
Tenant Rents	2.50%	$3,948,293	$4,047,001	$4,148,176	$4,251,880	$4,358,177	$4,467,132	$4,578,810	$4,693,280	$4,810,612	$4,930,877
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($226,245)	($231,180)	($236,239)	($241,424)	($246,739)	($252,187)	($257,770)	($263,494)	($269,361)	($275,374)
Effective Gross Income		$4,298,649	$4,392,421	$4,488,537	$4,587,056	$4,688,038	$4,791,545	$4,897,639	$5,006,386	$5,117,852	$5,232,104
Operating Expenses (Less Services)	3.50%	$2,376,625	$2,459,806	$2,545,900	$2,635,006	$2,727,231	$2,822,684	$2,921,478	$3,023,730	$3,129,561	$3,239,095
Resident Service Expenses	3.50%	$280,679	$290,503	$300,671	$311,194	$322,086	$333,359	$345,027	$357,103	$369,601	$382,537
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,641,345	$1,642,111	$1,641,967	$1,640,856	$1,638,721	$1,635,502	$1,631,134	$1,625,554	$1,618,690	$1,610,471
Replacement Reserves	3.50%	$141,743	$146,704	$151,839	$157,153	$162,653	$168,346	$174,238	$180,337	$186,649	$193,181
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Proposed Ordinace Fee	3.50%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash available for debt service		$1,499,602	$1,495,407	$1,490,128	$1,483,703	$1,476,068	$1,467,155	$1,456,896	$1,445,217	$1,432,041	$1,417,290
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$312,981	$308,786	$303,507	$297,082	$289,446	$280,534	$270,275	$258,596	$245,420	$230,669
Debt Service Coverage Ratio		**1.26**	**1.26**	**1.26**	**1.25**	**1.24**	**1.24**	**1.23**	**1.22**	**1.21**	**1.19**
Additional Subsidy Required		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Residual Receipts		$287,981	$283,786	$278,507	$272,082	$264,446	$255,534	$245,275	$233,596	$220,420	$205,669
Developer	35%	$99,714	$98,262	$96,434	$94,209	$91,566	$88,480	$84,927	$80,883	$76,321	$71,214
Other Public Funding	44%	$125,511	$123,683	$121,382	$118,582	$115,254	$111,370	$106,898	$101,808	$96,066	$89,637
City of Redwood City	22%	$62,755	$61,841	$60,691	$59,291	$57,627	$55,685	$53,449	$50,904	$48,033	$44,818
	100%										

Table A-10. Scenario 2: Post -1995 Cashflow

Cash Flow	Escalator	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10
Tenant Rents	2.50%	$1,882,320	$1,929,378	$1,977,612	$2,027,053	$2,077,729	$2,129,672	$2,182,914	$2,237,487	$2,293,424	$2,350,760
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($122,946)	($125,299)	($127,711)	($130,183)	($132,716)	($135,314)	($137,976)	($140,704)	($143,501)	($146,368)
Effective Gross Income		$2,335,974	$2,380,679	$2,426,502	$2,473,470	$2,521,613	$2,570,959	$2,621,538	$2,673,383	$2,726,523	$2,780,992
Operating Expenses (Less Services)	3.50%	$846,740	$876,376	$907,049	$938,796	$971,654	$1,005,662	$1,040,860	$1,077,290	$1,114,995	$1,154,020
Resident Service Expenses	3.50%	$100,000	$103,500	$107,123	$110,872	$114,752	$118,769	$122,926	$127,228	$131,681	$136,290
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,389,234	$1,400,803	$1,412,330	$1,423,803	$1,435,207	$1,446,529	$1,457,753	$1,468,865	$1,479,847	$1,490,682
Replacement Reserves	3.50%	$50,500	$52,268	$54,097	$55,990	$57,950	$59,978	$62,077	$64,250	$66,499	$68,826
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Proposed Ordinace Fee	3.50%	$47,571	$49,236	$50,959	$52,743	$54,589	$56,499	$58,477	$60,524	$62,642	$64,834
Cash available for debt service		$1,291,163	$1,299,300	$1,307,274	$1,315,069	$1,322,668	$1,330,051	$1,337,199	$1,344,091	$1,350,706	$1,357,022
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$104,542	$112,679	$120,653	$128,448	$136,047	$143,430	$150,578	$157,470	$164,085	$170,401
Debt Service Coverage Ratio		**1.09**	**1.09**	**1.10**	**1.11**	**1.11**	**1.12**	**1.13**	**1.13**	**1.14**	**1.14**
Additional Subsidy Required		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Residual Receipts		$79,542	$87,679	$95,653	$103,448	$111,047	$118,430	$125,578	$132,470	$139,085	$145,401
Developer	35%	$27,542	$30,359	$33,120	$35,819	$38,450	$41,007	$43,482	$45,868	$48,159	$50,346
Other Public Funding	44%	$34,667	$38,213	$41,689	$45,086	$48,398	$51,615	$54,731	$57,735	$60,618	$63,370
City of Redwood City	22%	$17,333	$19,107	$20,844	$22,543	$24,199	$25,808	$27,365	$28,867	$30,309	$31,685
	100%										

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Table A-10. Scenario 2: Post -1995 Cashflow

Cash Flow	Escalator	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20
Tenant Rents	2.50%	$2,409,529	$2,469,767	$2,531,511	$2,594,799	$2,659,669	$2,726,161	$2,794,315	$2,864,172	$2,935,777	$3,009,171
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($149,306)	($152,318)	($155,406)	($158,570)	($161,813)	($165,138)	($168,546)	($172,039)	($175,619)	($179,289)
Effective Gross Income		$2,836,822	$2,894,049	$2,952,706	$3,012,829	$3,074,455	$3,137,623	$3,202,369	$3,268,734	$3,336,758	$3,406,483
Operating Expenses (Less Services)	3.50%	$1,194,410	$1,236,215	$1,279,482	$1,324,264	$1,370,613	$1,418,585	$1,468,235	$1,519,624	$1,572,810	$1,627,859
Resident Service Expenses	3.50%	$141,060	$145,997	$151,107	$156,396	$161,869	$167,535	$173,399	$179,468	$185,749	$192,250
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,501,352	$1,511,837	$1,522,116	$1,532,169	$1,541,973	$1,551,503	$1,560,735	$1,569,643	$1,578,199	$1,586,374
Replacement Reserves	3.50%	$71,235	$73,728	$76,309	$78,980	$81,744	$84,605	$87,566	$90,631	$93,803	$97,086
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Proposed Ordinace Fee	3.50%	$67,104	$69,452	$71,883	$74,399	$77,003	$79,698	$82,487	$85,375	$88,363	$91,455
Cash available for debt service		$1,363,013	$1,368,656	$1,373,924	$1,378,790	$1,383,226	$1,387,200	$1,390,681	$1,393,637	$1,396,033	$1,397,832
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$176,392	$182,035	$187,303	$192,169	$196,604	$200,579	$204,060	$207,016	$209,412	$211,211
Debt Service Coverage Ratio		**1.15**	**1.15**	**1.16**	**1.16**	**1.17**	**1.17**	**1.17**	**1.17**	**1.18**	**1.18**
					$0						
Additional Subsidy Required		$0	$0	$0		$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Residual Receipts		$151,392	$157,035	$162,303	$167,169	$171,604	$175,579	$179,060	$182,016	$184,412	$186,211
Developer	35%	$52,420	$54,374	$56,198	$57,883	$59,419	$60,795	$62,000	$63,024	$63,853	$64,476
Other Public Funding	44%	$65,981	$68,441	$70,737	$72,858	$74,791	$76,523	$78,040	$79,328	$80,372	$81,156
City of Redwood City	22%	$32,991	$34,220	$35,368	$36,429	$37,395	$38,261	$39,020	$39,664	$40,186	$40,578
	100%										

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Table A-10. Scenario 2: Post -1995 Cashflow

Cash Flow	Escalator	Yr21	Yr22	Yr23	Yr24	Yr25	Yr26	Yr27	Yr28	Yr29	Yr30
Tenant Rents	2.50%	$3,084,400	$3,161,511	$3,240,548	$3,321,562	$3,404,601	$3,489,716	$3,576,959	$3,666,383	$3,758,043	$3,851,994
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($183,050)	($186,906)	($190,857)	($194,908)	($199,060)	($203,316)	($207,678)	($212,149)	($216,732)	($221,430)
Effective Gross Income		$3,477,950	$3,551,205	$3,626,291	$3,703,254	$3,782,141	$3,863,000	$3,945,881	$4,030,834	$4,117,910	$4,207,164
Operating Expenses (Less Services)	3.50%	$1,684,834	$1,743,803	$1,804,836	$1,868,005	$1,933,386	$2,001,054	$2,071,091	$2,143,579	$2,218,604	$2,296,256
Resident Service Expenses	3.50%	$198,979	$205,943	$213,151	$220,611	$228,333	$236,324	$244,596	$253,157	$262,017	$271,188
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,594,138	$1,601,459	$1,608,304	$1,614,637	$1,620,423	$1,625,622	$1,630,194	$1,634,098	$1,637,289	$1,639,721
Replacement Reserves	3.50%	$100,484	$104,001	$107,641	$111,409	$115,308	$119,344	$123,521	$127,844	$132,319	$136,950
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Proposed Ordinace Fee	3.50%	$94,656	$97,969	$101,398	$104,947	$108,620	$112,422	$116,357	$120,429	$124,644	$129,007
Cash available for debt service		$1,398,997	$1,399,488	$1,399,264	$1,398,281	$1,396,494	$1,393,856	$1,390,317	$1,385,825	$1,380,326	$1,373,764
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$212,376	$212,867	$212,643	$211,660	$209,873	$207,235	$203,695	$199,204	$193,705	$187,143
Debt Service Coverage Ratio		**1.18**	**1.18**	**1.18**	**1.18**	**1.18**	**1.17**	**1.17**	**1.17**	**1.16**	**1.16**
Additional Subsidy Required		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Residual Receipts		$187,376	$187,867	$187,643	$186,660	$184,873	$182,235	$178,695	$174,204	$168,705	$162,143
Developer	35%	$64,880	$65,050	$64,972	$64,632	$64,013	$63,100	$61,874	$60,319	$58,415	$56,143
Other Public Funding	44%	$81,664	$81,878	$81,781	$81,352	$80,573	$79,424	$77,881	$75,923	$73,527	$70,667
City of Redwood City	22%	$40,832	$40,939	$40,890	$40,676	$40,287	$39,712	$38,940	$37,962	$36,763	$35,333
	100%										

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Table A-10. Scenario 2: Post -1995 Cashflow

Cash Flow	Escalator	Yr31	Yr32	Yr33	Yr34	Yr35	Yr36	Yr37	Yr38	Yr39	Yr40
Tenant Rents	2.50%	$3,948,293	$4,047,001	$4,148,176	$4,251,880	$4,358,177	$4,467,132	$4,578,810	$4,693,280	$4,810,612	$4,930,877
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($226,245)	($231,180)	($236,239)	($241,424)	($246,739)	($252,187)	($257,770)	($263,494)	($269,361)	($275,374)
Effective Gross Income		$4,298,649	$4,392,421	$4,488,537	$4,587,056	$4,688,038	$4,791,545	$4,897,639	$5,006,386	$5,117,852	$5,232,104
Operating Expenses (Less Services)	3.50%	$2,376,625	$2,459,806	$2,545,900	$2,635,006	$2,727,231	$2,822,684	$2,921,478	$3,023,730	$3,129,561	$3,239,095
Resident Service Expenses	3.50%	$280,679	$290,503	$300,671	$311,194	$322,086	$333,359	$345,027	$357,103	$369,601	$382,537
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,641,345	$1,642,111	$1,641,967	$1,640,856	$1,638,721	$1,635,502	$1,631,134	$1,625,554	$1,618,690	$1,610,471
Replacement Reserves	3.50%	$141,743	$146,704	$151,839	$157,153	$162,653	$168,346	$174,238	$180,337	$186,649	$193,181
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Proposed Ordinace Fee	3.50%	$133,522	$138,195	$143,032	$148,038	$153,220	$158,582	$164,133	$169,877	$175,823	$181,977
Cash available for debt service		$1,366,080	$1,357,212	$1,347,096	$1,335,665	$1,322,848	$1,308,573	$1,292,763	$1,275,339	$1,256,218	$1,235,313
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$179,459	$170,591	$160,475	$149,043	$136,227	$121,952	$106,142	$88,718	$69,597	$48,692
Debt Service Coverage Ratio		**1.15**	**1.14**	**1.14**	**1.13**	**1.11**	**1.10**	**1.09**	**1.07**	**1.06**	**1.04**
Additional Subsidy Required		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Residual Receipts		$154,459	$145,591	$135,475	$124,043	$111,227	$96,952	$81,142	$63,718	$44,597	$23,692
Developer	35%	$53,482	$50,411	$46,909	$42,951	$38,513	$33,570	$28,096	$22,063	$15,442	$8,203
Other Public Funding	44%	$67,318	$63,453	$59,044	$54,062	$48,476	$42,255	$35,364	$27,770	$19,437	$10,326
City of Redwood City	22%	$33,659	$31,726	$29,522	$27,031	$24,238	$21,127	$17,682	$13,885	$9,718	$5,163
	100%										

Table A-11. Scenario 3:
Pre -1995 Cashflow

Cash Flow	Escalator	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10
Tenant Rents	2.00%	$1,882,320	$1,919,966	$1,958,366	$1,997,533	$2,037,484	$2,078,233	$2,119,798	$2,162,194	$2,205,438	$2,249,547
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($122,946)	($124,828)	($126,748)	($128,707)	($130,704)	($132,742)	($134,820)	($136,940)	($139,102)	($141,307)
Effective Gross Income		$2,335,974	$2,371,738	$2,408,217	$2,445,426	$2,483,380	$2,522,092	$2,561,578	$2,601,854	$2,642,936	$2,684,839
Operating Expenses (Less Services)	3.50%	$846,740	$876,376	$907,049	$938,796	$971,654	$1,005,662	$1,040,860	$1,077,290	$1,114,995	$1,154,020
Resident Service Expenses	3.50%	$100,000	$103,500	$107,123	$110,872	$114,752	$118,769	$122,926	$127,228	$131,681	$136,290
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,389,234	$1,391,862	$1,394,046	$1,395,759	$1,396,974	$1,397,662	$1,397,793	$1,397,337	$1,396,260	$1,394,530
Replacement Reserves	3.50%	$50,500	$52,268	$54,097	$55,990	$57,950	$59,978	$62,077	$64,250	$66,499	$68,826
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Proposed Ordinace Fee	3.50%	$47,571	$49,236	$50,959	$52,743	$54,589	$56,499	$58,477	$60,524	$62,642	$64,834
Cash available for debt service		$1,291,163	$1,290,359	$1,288,990	$1,287,026	$1,284,435	$1,281,184	$1,277,239	$1,272,563	$1,267,119	$1,260,869
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$104,542	$103,738	$102,369	$100,405	$97,814	$94,563	$90,618	$85,942	$80,498	$74,248
Debt Service Coverage Ratio		**1.09**	**1.09**	**1.09**	**1.08**	**1.08**	**1.08**	**1.08**	**1.07**	**1.07**	**1.06**
Additional Subsidy Required		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Residual Receipts		$79,542	$78,738	$77,369	$75,405	$72,814	$69,563	$65,618	$60,942	$55,498	$49,248
Developer	35%	$27,542	$27,263	$26,789	$26,109	$25,212	$24,086	$22,720	$21,101	$19,217	$17,052
Other Public Funding	44%	$34,667	$34,316	$33,720	$32,864	$31,734	$30,318	$28,598	$26,560	$24,188	$21,464
City of Redwood City	22%	$17,333	$17,158	$16,860	$16,432	$15,867	$15,159	$14,299	$13,280	$12,094	$10,732
	100%										

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Table A-11. Scenario 3:
Pre -1995 Cashflow

Cash Flow	Escalator	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20
Tenant Rents	2.00%	$2,294,538	$2,340,428	$2,387,237	$2,434,982	$2,483,681	$2,533,355	$2,584,022	$2,635,702	$2,688,416	$2,742,185
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($143,557)	($145,851)	($148,192)	($150,579)	($153,014)	($155,498)	($158,031)	($160,615)	($163,251)	($165,939)
Effective Gross Income		$2,727,581	$2,771,177	$2,815,645	$2,861,003	$2,907,267	$2,954,457	$3,002,591	$3,051,687	$3,101,766	$3,152,846
Operating Expenses (Less Services)	3.50%	$1,194,410	$1,236,215	$1,279,482	$1,324,264	$1,370,613	$1,418,585	$1,468,235	$1,519,624	$1,572,810	$1,627,859
Resident Service Expenses	3.50%	$141,060	$145,997	$151,107	$156,396	$161,869	$167,535	$173,399	$179,468	$185,749	$192,250
% of Service Expense Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Net Operating Income		$1,392,110	$1,388,965	$1,385,056	$1,380,343	$1,374,784	$1,368,337	$1,360,957	$1,352,596	$1,343,206	$1,332,737
Replacement Reserves	3.50%	$71,235	$73,728	$76,309	$78,980	$81,744	$84,605	$87,566	$80,601	$68,223	$54,660
% of Replacement Reserve Target		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**89%**	**73%**	**56%**
Proposed Ordinace Fee	3.50%	$67,104	$69,452	$71,883	$74,399	$77,003	$79,698	$82,487	$85,375	$88,363	$91,455
Cash available for debt service		$1,253,772	$1,245,784	$1,236,864	$1,226,964	$1,216,037	$1,204,034	$1,190,903	$1,186,621	$1,186,621	$1,186,621
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$67,150	$59,163	$50,243	$40,343	$29,416	$17,413	$4,282	$0	$0	$0
Debt Service Coverage Ratio		**1.06**	**1.05**	**1.04**	**1.03**	**1.02**	**1.01**	**1.00**	**1.00**	**1.00**	**1.00**
					$0						
Additional Subsidy Required		$0	$0	$0		$0	$0	$0	$0	$0	$0
General Partner Fee		$25,000	$25,000	$25,000	$25,000	$25,000	$17,413	$4,282	$0	$0	$0
Residual Receipts		$42,150	$34,163	$25,243	$15,343	$4,416	$0	$0	$0	$0	$0
Developer	35%	$14,595	$11,829	$8,740	$5,313	$1,529	$0	$0	$0	$0	$0
Other Public Funding	44%	$18,370	$14,889	$11,002	$6,687	$1,925	$0	$0	$0	$0	$0
City of Redwood City	22%	$9,185	$7,445	$5,501	$3,343	$962	$0	$0	$0	$0	$0
	100%										

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Table A-11. Scenario 3: Pre -1995 Cashflow

Cash Flow	Escalator	Yr21	Yr22	Yr23	Yr24	Yr25	Yr26	Yr27	Yr28	Yr29	Yr30	
Tenant Rents	2.00%	$2,797,029	$2,852,969	$2,910,028	$2,968,229	$3,027,594	$3,088,145	$3,149,908	$3,212,907	$3,277,165	$3,342,708	
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	
Vacancy	5%	($168,681)	($171,478)	($174,331)	($177,241)	($180,210)	($183,237)	($186,325)	($189,475)	($192,688)	($195,965)	
Effective Gross Income		$3,204,947	$3,258,091	$3,312,297	$3,367,588	$3,423,984	$3,481,508	$3,540,183	$3,600,031	$3,661,076	$3,723,343	
Operating Expenses (Less Services)	3.50%	$1,684,834	$1,743,803	$1,804,836	$1,868,005	$1,933,386	$2,001,054	$2,071,091	$2,143,579	$2,218,604	$2,296,256	
Resident Service Expenses	3.50%	$198,979	$205,943	$213,151	$208,014	$195,357	$181,411	$166,114	$149,402	$131,207	$111,459	
% of Service Expense Target		**100%**	**100%**	**100%**	**94%**	**86%**	**77%**	**68%**	**59%**	**50%**	**41%**	
Net Operating Income		$1,321,134	$1,308,344	$1,294,310	$1,291,568	$1,295,241	$1,299,043	$1,302,978	$1,307,050	$1,311,265	$1,315,628	
Replacement Reserves	3.50%	$39,857	$23,754	$6,291	$0	$0	$0	$0	$0	$0	$0	
% of Replacement Reserve Target		**40%**	**23%**	**6%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Proposed Ordinace Fee	3.50%	$94,656	$97,969	$101,398	$104,947	$108,620	$112,422	$116,357	$120,429	$124,644	$129,007	
Cash available for debt service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	
Net Cash		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Debt Service Coverage Ratio		**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	
Additional Subsidy Required		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
General Partner Fee		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Residual Receipts		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Developer	35%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Other Public Funding	44%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
City of Redwood City	22%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
	100%											

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Table A-11. Scenario 3:
Pre -1995 Cashflow

Cash Flow	Escalator	Yr31	Yr32	Yr33	Yr34	Yr35	Yr36	Yr37	Yr38	Yr39	Yr40
Tenant Rents	2.00%	$3,409,562	$3,477,753	$3,547,308	$3,618,255	$3,690,620	$3,764,432	$3,839,721	$3,916,515	$3,994,845	$4,074,742
Rental Subsidy		$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600	$576,600
Vacancy	5%	($199,308)	($202,718)	($206,195)	($209,743)	($213,361)	($217,052)	($220,816)	($224,656)	($228,572)	($232,567)
Effective Gross Income		$3,786,854	$3,851,636	$3,917,713	$3,985,112	$4,053,859	$4,123,980	$4,195,505	$4,268,459	$4,342,873	$4,418,775
Operating Expenses (Less Services)	3.50%	$2,376,625	$2,459,806	$2,545,900	$2,635,006	$2,727,231	$2,822,684	$2,921,478	$3,023,730	$3,129,561	$3,239,095
Resident Service Expenses	3.50%	$90,086	$67,013	$42,160	$15,447	$0	$0	$0	$0	$0	$0
% of Service Expense Target		**32%**	**23%**	**14%**	**5%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Net Operating Income		$1,320,143	$1,324,816	$1,329,653	$1,334,659	$1,326,627	$1,301,296	$1,274,026	$1,244,729	$1,213,313	$1,179,680
Replacement Reserves	3.50%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
% of Replacement Reserve Target		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Proposed Ordinace Fee	3.50%	$133,522	$138,195	$143,032	$148,038	$153,220	$158,582	$164,133	$169,877	$175,823	$181,977
Cash available for debt service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,173,408	$1,142,714	$1,109,894	$1,074,852	$1,037,490	$997,703
Debt Service		$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621	$1,186,621
Net Cash		$0	$0	$0	$0	($13,213)	($43,907)	($76,727)	($111,769)	($149,131)	($188,918)
Debt Service Coverage Ratio		**1.00**	**1.00**	**1.00**	**1.00**	**0.99**	**0.96**	**0.94**	**0.91**	**0.87**	**0.84**
Additional Subsidy Required		$0	$0	$0	$0	$13,213	$43,907	$76,727	$111,769	$149,131	$188,918
General Partner Fee		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Residual Receipts		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Developer	35%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Public Funding	44%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Redwood City	22%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	100%										