VII. APPENDIX A: DETAILED PRO FORMA RESULTS

The full pro formas for each prototype are included below. Scenarios that are considered feasible are highlighted in green.

Set 1 Results

FIGURE 31. PRO FORMA RESULTS: STACKED FOURPLEX RENTAL

	Tier 1	Tier 2	Tier 3
Revenues			
Annual Gross Scheduled Income	$172,800	$162,259	$146,880
Less Vacancy	-$8,640	-$8,113	-$7,344
Less Expenses	-$51,840	-$48,678	-$44,064
Net Operating Income	$112,320	$105,468	$95,472
Capitalized Value	$2,642,824	$2,481,611	$2,246,400
Development Costs			
Site Prep	$75,000	$75,000	$75,000
Vertical Hard Costs	$1,320,000	$1,320,000	$1,320,000
Contingency	$69,750	$69,750	$69,750
Soft Costs	$161,600	$161,600	$161,600
Municipal Fees (excl. Parkland, Site Development)	$63,327	$63,327	$63,327
Parkland In-Lieu Fee	$76,167	$38,425	$40,600
Site Development Permit Fees	$17,588	$17,588	$17,588
Financing Costs	$57,371	$57,371	$57,371
Total Development Cost	$1,840,803	$1,803,061	$1,805,236
Minimum Return	$156,468	$153,260	$153,445
Residual Land Value	$645,552	$525,290	$287,719
Typical Site Acquisition Cost	$1,275,000	$1,162,500	$975,000
Residual Land Value Less Typical Acquisition Cost	-$629,448	-$637,210	-$687,281

Source: Strategic Economics, 2021.

FIGURE 32. PRO FORMA RESULTS: STACKED FOURPLEX CONDO

	Tier 1	Tier 2	Tier 3
Revenues			
Gross Sales Revenue	$3,324,000	$2,916,000	$2,644,000
Less Marketing Costs	-$132,960	-$116,640	-$105,760
Net Sales Revenue	$3,191,040	$2,799,360	$2,538,240
Development Costs			
Site Prep	$75,000	$75,000	$75,000
Vertical Hard Costs	$1,440,000	$1,440,000	$1,440,000
Contingency	$75,750	$75,750	$75,750
Soft Costs	$171,200	$171,200	$171,200
Municipal Fees (excl. Parkland and Site Development)	$63,327	$63,327	$63,327
Parkland In-Lieu Fee	$61,667	$51,600	$38,175
Site Development Permit Fees	$17,588	$17,588	$17,588
Financing Costs	$61,612	$61,612	$61,612
Total Development Costs	$1,966,143	$1,956,077	$1,942,652
Feasibility Summary			
Net Revenue Less Development Costs	$1,224,897	$843,283	$595,588
Minimum Return	$353,906	$352,094	$349,677
Residual Land Value	$870,991	$491,190	$245,911
Typical Site Acquisition Cost	$1,275,000	$1,162,500	$975,000
Residual Land Value Less Typical Acquisition Cost	-$404,009	-$671,310	-$729,089

Source: Strategic Economics, 2021.

Missing Middle Housing Types

Missing Middle Housing types offer a palette of house-form multi-unit housing options that are compatible with the range of two to four units per lot being considered for Opportunity Housing in San Jose.

Why Definition Matters

Building form will be an important consideration when establishing policies to deliver multi-unit housing into San Jose's existing primarily single-family neighborhoods in a way that expands housing options and also has a positive impact on the surrounding neighborhood.

Building form is an essential component of the concept of **Missing Middle Housing**, which is why several Missing Middle housing types have been considered for this study. Defined as "*a range of multi-unit or clustered housing types (ranging from two to 19 units per lot) that are compatible in scale with single-family homes, Missing Middle Housing types help meet the growing demand for walkable urban living, respond to shifting household demographics, and meet the need for more housing choices at different price points.*"[1]

Beginning with a specific building type in mind such as a stacked duplex or a stacked fourplex enables sharp economic analysis and a clear and communicable vision for the built results of any proposed policy change for Opportunity Housing.

Since the upper threshold established by the San Jose Opportunity Housing Task Force is of four housing units per lot, a stacked fourplex is an important prototype to consider for both its unit count and also its form characteristics.

What Is A Stacked Fourplex?

A Missing Middle Housing type with four units in one house-form building, a stacked fourplex is an optimal building type to study the implications of allowing four units per lot in Opportunity Housing Areas.

A Building Type, Not Just Unit Count

In this study, the term *fourplex* and *stacked fourplex* have been used interchangeably. Both refer to the Missing Middle housing type, and not (as the term is sometimes used) to just any configuration of four housing units on a lot. A stacked fourplex is defined as **"a small to medium-sized structure that consists of two units on the ground floor and two units stacked directly above them."**[2] Delivering four units as a stacked fourplex has many benefits: it can be built on smaller lots, it lives much like a single-family home, and its small-to-medium footprint and two-story height is compatible in scale with existing single-family neighborhoods.

What Is *Not* a Stacked Fourplex

Other ways to deliver four units on a lot may include four side-by-side townhouses, oriented to face the street, or perpendicular to the street with a driveway on one side (sometimes called a "slot home"); or even as four detached units. These alternatives do deliver housing but typically have larger unit sizes than the stacked fourplex, and are thus likely not available at attainable price points. Also, not all configurations of four units on a lot may contribute to good urban form and an active public realm.

[1, 2] *Parolek, Dan. Missing Middle Housing: Thinking Big and Building Small to Respond to Today's Housing Crisis*

Typical Lot Dimensions	
Lot Width	50' - 100'
Lot Depth	100' - 150'
Resultant Density (du/acre)	
Without ADU	12 - 36
With ADU	18 - 55

Stacked Fourplex

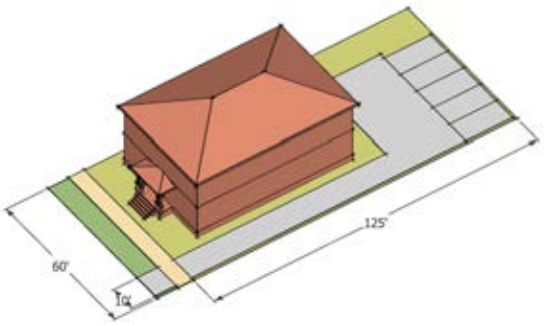
- *Two units are located on the ground floor and two other units are stacked above them*
- *A common stoop and entrance is used to access all four units*
- *Has the form and scale of one house*

Not a Stacked Fourplex

- *Units are located side-by-side, not stacked*
- *Each unit has distinct massing and a separate entrance*
- *Much wider than one house*

Round 1 Test an "idealized" housing type and additions

Stacked Fourplex



This lot test used a typical stacked fourplex building type, known to promote livability and attainability. A typical fourplex has smaller individual units, with an overall building footprint that closely matches that of a medium-to-large single-family house. For achieving the equity goals of Opportunity Housing, it was important to test this type.

However, the financial model showed this prototype to be financially infeasible, for both rental and for-sale products. **As a result, this type is unlikely to contribute to additional housing in San Jose.** A variation tested was a larger side-by-side duplex. **This type was found to be feasible as a for-sale product in two of the three submarket tiers.** However, the larger unit sizes indicate that attainability may be an issue with this prototype.

Lot + Building Specifications	
Lot size	*7,500 sf*
Lot dimensions	*60 ft x 125 ft*
# of units	*4*
# of parking spaces	*5 (1.25 per unit)*
Unit types	*2 bd / 2 ba*
Unit sizes	*1,080 sf*
Density	*23 du/ac*
FAR	*0.64*

Feasibility by Submarket

Note: Calculated based on residual value to acquisition cost ratio

	For-Sale	***Rental***
Tier 1	*Not feasible*	*Not feasible*
Tier 2	*Not feasible*	*Not feasible*
Tier 3	*Not feasible*	*Not feasible*

Attainability **Feasibility** **Livability**

Variation Tested (not shown here)

Two-Story Side-by-Side Large Duplex. This was tested as a for-sale product and was feasible in Tiers 1 and 2.