



a r c h i t e c t u r e

FEASIBILITY STUDY FOR MULTIFAMILY DEVELOPMENT

3042 BROADWAY

PREPARED BY ERGO ARCHITECTURE

FOR

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EXECUTIVE SUMMARY

3042 Broadway is located near the east edge of Golden Hill, in a “very walkable” neighborhood with a walk score of 81. The property has alley access, and a significant slope. The 50-foot-wide lot is too narrow for a double-loaded parking lot, so parking along the alley is the only practical option.

ZONING

The property is zoned RM-3-7, which is a medium-density multifamily zone. This zoning allows 7 base units and 2 ADUs by right. These minimums can be increased by providing micro-units, affordable units, or affordable ADUs. The property is subject to a Floor Area Ratio (FAR) of 1.8, allowing 12,600 SF of development with a 30/40-foot height limit. See *Zoning Summary* below for additional details.

COMPLETE COMMUNITIES

The property is also eligible for Complete Communities (CC) development bonuses which allow virtually unlimited development in exchange for 5 affordable housing units and an \$82,000 amenity fee. CC projects tend to be 6 to 8 stories and 40 units or more to make up for the fixed costs of providing the affordable housing and amenity fee.

PRO FORMAS

We have attached several quick pro formas comparing development options assuming new construction over the entire site. I won't comment in great detail, but the 9-unit base zone is not likely a viable approach due to the high land value per door coupled with demolition and construction costs. A micro-unit development fairs much better, and may be a viable approach. This balances a reasonable number of units with no affordable units, making the new construction more reasonable. While the Complete Communities developments show greater profits, they also carry far more risk, and may be more unparked units than that areas can absorb at this time.

CHALLENGES

The primary challenges of this site are the high land value - which currently includes the value of the existing units and the cost of demolition to restore the site to a buildable condition - as well as the slope and inability to add significant parking.

SOLUTIONS

The challenges above could be reframed as opportunities if the existing structure were left in place, and reimagined in the context of a (slightly) larger development. You could max out your allowable units, avoid affordable housing penalties, and build low-risk additional units at the front and/or back. This strategy effectively reduces the land cost to zero; allows you to simultaneously address maintenance issues and raise rents at the existing units; and provide new units and amenities which could provide a halo effect to the existing units.



3042 BROADWAY - ZONING SUMMARY

October 15, 2025

Parcel Information

Assessor's parcel number(s)	
Zone	RM-3-7
Lot width	50 FT
Lot depth	140 FT
Total lot area	7,000 SF

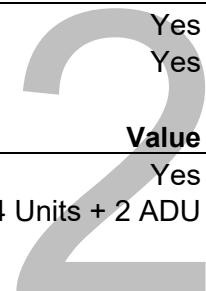
Regulation [Table 131-04G]	Base Zone	Complete Communities
Max. density	1 DU/1000 SF	Unlimited
Allowable units: 7,000 SF x DU/SF	7 Units + 2 ADU	Unlimited
Minimum affordable units	0 Units	5 Units
Max height	40 FT	Unlimited
Max. FAR	1.8 FAR	6.5 FAR
Max floor area (7,000 SF x FAR)	12,600 SF	45,500 SF
Maximum base FAR	1.8	
Front setback [131.0443(f)(1)]	10 FT/20 FT FT	0 FT (incentive)
Side setback [131.0443(f)(2)]	5/10%/0 FT	0 FT (incentive)
Street side setback [131.0443(f)(3)]	10	0 FT (incentive)
Rear setback	5	0 FT (incentive)
Ground-floor height [131.0548]	Does not apply	
Transparency [131.0552]	0 SF	
Storage requirements	No longer required	
Private exterior open space	60 SF in 75% of DUs	
Building articulation [131.0554]	Applies	
Parking Lot Orientation [131.0556]	Applies	
Common open space (25 SF/Unit - 300 max)	175 SF	300 SF
Architectural projections	Permitted	
Supplemental requirements	Applies	
Refuse & recyclable material storage	72 SF	Dependent on units
Dwelling unit protection regulations	5 years	7 years
Amenity fee at \$11.78 per lot SF	N/A	\$82,460

Key Zoning Overlays

	Value
Complete Communities	Yes
Sustainable Development Area	Yes

Micro Units

	Value
Eligible?	Yes
Maximum micro-units	14 Units + 2 ADU





3042 BROADWAY - APPROACH COMPARISON

October 15, 2025

Parcel Information	Assumptions
Total lot area	7,000 SF
Base zone	RM-3-7
Base zone max permitted density	1 DU/1,000 SF
Base zone Floor Area Ratio (FAR)	1.80 FAR
Complete Communities - Tier 3 FAR	6.5 FAR
Land cost	\$2,000,000
Investment Parameters	
Capitalization rate	5.0%
Expense ratio	35%
Soft cost ratio	25%
RM-3-7 Base Zone Total Allowable Units	
9 Units	
Base allowable Gross Floor Area (GFA)	12,600 SF
Base density	7 Units
Allowable market rate ADUs	2 Units
Affordable units required (10% of market units if 10 or more)	0 Units
Additional replacement units required	0 Units
Total market-rate units	9 Units
Affordable unit percentage of total	0.0%
Complete Communities (CC) Allowable Market-Rate Units	
Unlimited	
Allowable GFA	45,500 SF
Maximum projected total units	68 Units
Required moderate-income units	2 Units
Required low-income units	1 Units
Required very-low-income units	2 Units
Maximum projected market-rate units	63 Units
Affordable unit percentage of total	7.3%

**3042 BROADWAY - BASE ZONE DEVELOPMENT**

October 15, 2025

Scenario-Specific Parameters	Assumptions
Number of residential stories	3 Stories
Estimated parking spaces	5 Parking Spaces
Probable Net Floor area (NFA = average unit size * units)	9,450 SF
Probable Gross Floor Area (GFA = NFA/Net Ratio)	12,600 SF
Average unit size	1,050 SF/Unit
Average rent per unit	\$4,095/Month
Estimated rent per net square foot	\$3.90 PSF
Estimated rent per parking space per month	\$150/Month
Construction hard cost per square foot	\$300 PSF
Lot coverage per floor	60% Coverage
Assumed net floor area to gross floor area ratio	75% Net Ratio
Total Base Zone Units	9 Units
Allowable GFA	12,600 SF
Probable net floor area	9,450 SF
Maximum base zone units	7 Units
Allowable market-rate ADUs	2 Units
Additional affordable Housing Density Bonus at 0%	Units
Required affordable units	0 Units
Probable market units	9 Units
Affordable unit percentage of total	0.0%
Valuation - Base Zone	\$5,866,380
Gross revenue per month	\$37,605
Net operating income	\$24,443
Net income per year	\$293,319
Capitalized value	\$5,866,380
Cost - Base Zone	\$7,040,000
Hard cost	\$3,780,000
Soft cost	\$1,260,000
Land cost	\$2,000,000
Profit - Base Zone Development	-\$1,173,620
Gross profit margin (profit/cost)	-16.7%
Land cost per door	\$222,200

**3042 BROADWAY - MICRO-UNIT DEVELOPMENT**

October 15, 2025

Scenario-Specific Parameters	Assumptions
Number of residential stories	3 Stories
Estimated parking spaces	5 Parking Spaces
Probable Net Floor Area (NFA = average unit size * units)	9,450 SF
Probable Gross Floor Area (GFA = NFA/Net Ratio)	12,600 SF
Average unit size	591 SF/Unit
Average rent per unit	\$3,248/Month
Estimated rent per square foot	\$5.50 PSF
Estimated rent per parking space per month	\$100/Month
Construction hard cost per square foot	\$325 PSF
Lot coverage per floor	60% Coverage
Assumed net floor area to gross floor area ratio	75% Net Ratio
Total Micro-Units	16 Units
Maximum base zone units	7 Units
100% density bonus for micro units	7 Units
Allowable market rate ADUs	2 Units
Additional affordable Housing Density Bonus at 0%	0 Units
Required Affordable Units	0 Units
Total market-rate units	16 Units
Affordable unit percentage of total	0.0%
Valuation - Micro-Units	\$8,186,100
Gross revenue per month	\$52,475
Net operating income	\$34,109
Net income per year	\$409,305
Capitalized value	\$8,186,100
Cost - Micro-Units	\$7,460,000
Hard cost	\$4,095,000
Soft cost	\$1,365,000
Land cost	\$2,000,000
Profit - Micro-Unit Development	\$726,100
Gross profit margin (profit/cost)	9.7%
Land cost per door	\$125,000

**3042 BROADWAY - MAXIMIZED CC DEVELOPMENT**

October 15, 2025

Scenario-Specific Parameters	Assumptions
Number of residential stories	8 Stories
Floors of podium parking	No Parking Podium
Estimated parking spaces	5 Parking Spaces
Maximum Gross Floor Area (GFA = lot area * FAR)	45,500 SF
Probable Net Floor Area (NFA = average unit size * units)	34,125 SF
Average unit size	500 SF/Unit
Average rent per unit	\$2,750/Month
Estimated rent per square foot	\$5.50 PSF
Estimated rent per parking space per month	\$150/Month
Construction hard cost per square foot	\$375 PSF
Podium hard cost per square foot	\$125 PSF
Lot coverage per floor	80% Coverage
Assumed net floor area to gross floor area ratio	75% Net Ratio
Maximized Complete Communities Projected Density	68 Units
Allowable GFA	45,500 SF
Probable NFA	34,125 SF
Affordable units required	5 Units
Maximum projected market units	63 Units
Affordable unit percentage of total	7.3%
Valuation - Maximized Complete Communities	\$27,597,320
Gross revenue per month	\$176,906
Net operating income	\$114,989
Net income per year	\$1,379,866
Capitalized value	\$27,597,320
Cost - Maximized Complete Communities	\$24,750,000
Hard cost	\$17,062,500
Soft cost	\$5,687,500
Land cost	\$2,000,000
Profit - Maximized Complete Communities	\$2,847,320
Gross profit margin (profit/cost)	11.5%
Land cost per door	\$29,300





3042 BROADWAY – PROBABLE DEVELOPMENT

October 15, 2025

Scenario-Specific Parameters	Assumptions
Number of residential stories	5 Stories
Floors of podium parking	No Parking Podium
Estimated parking spaces	5 Parking Spaces
Probable Net Floor Area (NFA = average unit size * units)	17,063 SF
Probable Gross Floor Area (GFA = Lot area * coverage * total floors)	22,750 SF
Average unit size	500 SF/Unit
Average rent per unit	\$2,875/Month
Estimated rent per net square foot	\$5.75 PSF
Estimated rent per parking space per month	\$100/Month
Construction hard cost per gross square foot	\$350 PSF
Lot coverage per floor	65% Coverage
Assumed net floor area to gross floor area ratio	75% Net Ratio
Density	34 Units
Allowable GFA	45,500 SF
Probable GFA	22,750 SF
Probable NFA	17,063 SF
Affordable units required	5 Units
Maximum projected market units	29 Units
Affordable unit percentage of total	14.7%
Valuation	\$14,536,497
Gross revenue per month	\$93,183
Net operating income	\$60,569
Net income per year	\$726,825
Capitalized value	\$14,536,497
Cost	\$12,616,667
Hard cost	\$7,962,500
Soft cost	\$2,654,167
Land cost	\$2,000,000
Profit	\$1,919,831
Gross profit margin (profit/cost)	15.2%
Land cost per door	\$58,600