

## **COST CONTAINMENT METHODOLOGY**

The cost containment score is based on each project's Adjusted Total Development Cost (TDC) per Square Foot, compared against the LACAHSAs Unit Cost Benchmark for its project type.

LACAHSAs Unit Cost Benchmark: The benchmark is the mean Adjusted Total Development Cost (TDC) per square foot across all applications, calculated separately for three project types:

New Construction:	\$828.34 per sq ft
Substantial Rehabilitation:	\$749.81 per sq ft
Light Rehabilitation:	\$439.74 per sq ft

Projects with an Adjusted TDC per Square Foot below the benchmark receive cost containment points on a sliding scale per the Scorecard.

**TDC Final Calculation: Adjusted TDC ÷ Total Square Footage = Adjusted TDC per Square Foot**

### **1. Adjusted TDC Calculation**

Start with Total Project Costs, then deduct the following:

- Developer fee contributed as GP equity
- Donated land (LIHTC projects only)
- Value of any below-market ground lease
- LACAHSAs Operating Deficit Reserve

= Adjusted TDC

### **2. Total Square Footage**

The following are included in the denominator:

- Residential Sq. Ft. (including ancillary residential space)
  - Common Space Sq. Ft.
  - Commercial Sq. Ft.
  - Parking Sq. Ft. (residential parking is included)
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- Note: These benchmarks are based on initial scoring and are subject to change once projects go through full underwriting.
  - Projects currently under review will be able to confirm that Total Project Costs and square footage accurately reflect the application.
  - Benchmarks used to score cost containment points are subject to change. Due to the limited number of Light Rehabilitation and Substantial Rehabilitation applications, benchmarks for these project types may be refined prior to final scoring. New Construction projects may also be subject to revision based on any clarifications to Adjusted Total Development Costs.