

Cost Sharing – Amortization Example

Mom and Pop Example: Mom and pop operations fall under soft story ordinance priority level 3, structures up to 4 units. Degenkolb estimates that the average Soft Story Retrofit cost is \$80,000, therefore per Table 1 the estimated monthly unit cost share is between \$166.67 and \$27.78 with a corresponding amortization period between 5 and 30 years.

Table 1	4-Unit Building Amortization Period (Years), \$80,000 Avg. Project Cost				
	5	10	15	20	30
Monthly Unit Cost Sharing	\$166.67	\$83.34	\$55.56	\$41.67	\$27.78
Minimum Rent for Full Monthly Pass-Through	\$5,555.67	\$2,777.83	\$1,851.89	\$1,388.92	\$925.94

Some of the mom-and-pop structures may be on the lower end of the estimate range at \$40,000 because they are relative smaller structures and will have only one line to retrofit. The amortization schedule for this situation is found in Table 2.

Table 2	4-Unit Building Amortization Period (Years), \$40,000 Avg. Project Cost				
	5	10	15	20	30
Monthly Unit Cost Sharing	\$83.34	\$41.67	\$27.78	\$20.83	\$13.89
Minimum Rent for Full Monthly Pass-Through	\$2,777.83	\$1,388.92	\$925.94	\$694.46	\$462.97

The longer the amortization period the lower the unit monthly cost sharing.