

# HOME UNDERWRITING & SUBSIDY LAYERING REVIEW

Woodbridge Apartments

City of Long Beach

Keyser Marston Associates, Inc.

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## Appendix A Pro Forma Analysis, Cash Flow Analysis, Cost Allocation

The City of Long Beach (City) intends to enter into a HOME Loan Agreement with Century Affordable Development, Inc. (Developer) for the purposes of providing HOME Program (HOME) funds for a scattered site acquisition and rehabilitation project. The Developer proposes to acquire an existing 25-unit apartment project located at 1117 Elm Avenue (Beachwood Terrace) and an existing 24-unit apartment project located at 421 West 33<sup>rd</sup> Street (Cambridge Place). Collectively, the acquisition and rehabilitation of both properties is considered the “Project” for the purposes of this Report.

The HOME Loan Agreement will require the City to provide \$1,100,000 in HOME funds to the Project that are allocated to the City by the United States Department of Housing and Urban Development (HUD). At the City’s request, Keyser Marston Associates, Inc. (KMA) prepared the following HOME Underwriting & Subsidy Layering Review for the Project. This analysis is prepared in compliance with the requirements imposed by the HOME Program and the City’s HOME Project Underwriting and Subsidy Layering Review Guidelines.

The KMA analysis includes the following components:

1. An underwriting review to determine the feasibility and to ensure that no more than the necessary amount of HOME funds, in combination with other governmental assistance, is invested by the City in order to provide affordable housing. This section also provides an assessment of the reasonableness of the Developer Fee, cash flow, equity appreciation and profit anticipated to be generated by the Project.
2. An evaluation of the Developer’s capacity to develop and operate the Project.
3. A review and summary of the residential rental market for the Project.
4. An assessment of other HOME requirements and deadlines, including the financial commitment documentation submitted by the Developer.

## I. EXECUTIVE SUMMARY

The Project is proposed to be financed with the following funding sources:

Funding	Source
<b>Tax-Exempt Multifamily Bonds</b>	To be determined
<b>4% Tax Credits</b>	Allocated by TCAC, Provided by TBD Investor
<b>HOME Loan</b>	Provided by City for construction of the Project
<b>Net Operating Income</b>	Generated by Project
<b>Purchased Reserves</b>	Purchased with the Property
<b>Deferred Developer Fee</b>	Provided by Developer

The KMA analysis concluded the following:

1. Underwriting Analysis:



- a. The Project costs are estimated at \$14,055,000 and the available funding sources are estimated at \$12,960,000, resulting in a financial gap of approximately \$1,095,000. The financial gap estimated by KMA is \$5,000, or approximately 1% less than the Developer's request of HOME funds from the City, which can be considered reasonable. Thus, the analysis demonstrates that the proposed \$1,100,000 in HOME assistance is necessary to provide the proposed affordable housing units.
  - b. The cash flow analysis projects that the Project will have positive cash flow through the 15-year affordability period and the 55-year loan term.
  - c. The developer fee, cash flow projection, equity appreciation, and profit anticipated to be generated by the Project are appropriate.
2. The Developer has demonstrated the development capacity and fiscal soundness to undertake the Project.
  3. The Project is currently operating as an affordable housing project. The Developer provided a market study prepared by Market Insights Consulting, LLC, which demonstrates if the units were vacated there would be sufficient demand in the market area to absorb the 49 affordable units within three months of opening. However, only two out of the 49 units were vacant at the time of the market study, with one of those units being a manager's unit. The Developer does not intend to permanently relocate a large number of the existing tenants.
  4. Other HOME Requirements:

HOME Requirement	Conclusion
<b>HOME Program Deadlines</b>	The Project is estimated to meet the construction commencement, Project completion and Project lease-up requirements imposed by HOME.
<b>Written Agreement</b>	The HOME Loan Agreement will meet the HOME requirements for written agreements.
<b>Layering Requirements</b>	The assistance package complies with the HOME layering requirements.
<b>HOME Unit Designation</b>	The Project will meet the HOME requirements for the number of HOME designated units as well as the number of units restricted to very-low income households. The HOME units will be fixed.
<b>Affordability Period</b>	The Project will meet the HOME requirement for the affordability period.
<b>Cost Allocation</b>	The HOME units are determined to not be comparable to other units within the Project. Thus, the standard cost allocation methodology was utilized.



<b>Property Standards</b>	The Project will meet the HOME property standard requirements for new construction and on-going property management.
<b>HOME Rents / Utility Allowances</b>	The HOME units will be restricted at the appropriate rents and utility allowances.
<b>Financial Commitments</b>	The funding sources discussed in this Report are sufficient, and timely in availability, to cover the Project costs.

## II. PROJECT DESCRIPTION

The proposed scope of development can be described as follows:

1. The scattered site development includes the following two properties:
  - a. Beachwood Terrace consists of 25 apartment units on a 0.51-acre parcel. The building was constructed as a Low Income Housing Tax Credit (Tax Credit) project in 1992. The Tax Credit regulatory agreement sunsets in 2024 with no extended use period.
  - b. Cambridge Place consists of 24 apartment units on a 0.46-acre parcel. The building was constructed as a Tax Credit project in 1993. The Tax Credit regulatory agreement sunsets in October 2025.
2. With both buildings, the Project will consists of 47 income-restricted apartment units and two un-restricted managers' units (one in each building).
3. The Project's total gross building area (GBA) is estimated at 41,260 square feet.
4. The Project's unit mix is as follows:

	<b>Number of Units</b>	<b>Avg Unit Size (Sf)</b>
One-Bedroom Units	2	700
Two-Bedroom Units	31	800
Three-Bedroom Units	16	980
<b>Total/Average</b>	<b>49</b>	<b>855</b>

5. The Project includes 106 subterranean parking spaces, which equates to 2.2 parking spaces per unit.
6. The affordability mix is proposed as follows:

Affordability Mix	
Tax Credit Median @ 50%	10
Tax Credit Median @ 60%	37
Manager's Unit (unrestricted)	2
<b>Total Units</b>	<b>49</b>

7. The Project will be required to designate at least five units as HOME designated units. At least one of these units will need to be designated as a Low HOME unit with the remainder as High HOME units.
8. The Project is proposed to include 15 Section 8 Project-Based Vouchers (PBVs) awarded by the Long Beach Housing Authority.

### III. PROJECT UNDERWRITING ASSESSMENT

KMA prepared a pro forma analysis to assist in evaluating the Developer's proposal. The analysis is in Appendix A located at the end of this report and is organized as follows:

Table 1:	Estimated Development Costs
Table 2:	Stabilized Net Operating Income
Table 3:	Financial Gap Calculation
Table 4:	Cash Flow Analysis
Table 5:	HOME Cost Allocation Analysis

#### A. Estimated Development Costs (Table 1)

KMA reviewed the Developer's pro forma and supporting documentation provided in April 2019. The Developer provided property condition reports for both properties, which support the proposed scope of rehabilitation. However, the Developer did not provide a cost estimator analysis or a contractor's contract. The City should review these documents prior to committing HOME funds to the Project.

As such, after reviewing the proposed scope of work and the acquisition costs, KMA found the assumptions to be reasonable and necessary to complete the proposed Project. The resulting estimated development costs are as follows:

##### *Property Assemblage Costs*

The total property assemblage costs are estimated to total \$6.63 million, or \$135,200 per unit as follows:

##### Property Acquisition Costs

The Developer has entered into a purchase and sale agreement to acquire the property for \$6.43 million, or \$131,100 per unit. According to an appraisal prepared by Novogradac &

Company, dated July 3, 2018, the As-Is market value of the property is \$7.0 million, which is \$575,000 higher than the purchase price.

#### Relocation Costs

The Developer estimates the relocation costs at \$200,000, or \$4,000 per unit. The Developer did not provide a relocation plan for review. However, given that the Project is a current Tax Credit project, the Developer anticipates that only temporary relocation will be required for the existing tenants. The Developer intends to hire a relocation consultant to prepare a formal relocation plan that will conform to Uniform Relocation Assistance and Real Property Acquisition Policy Act (URA). The City should review this relocation plan prior to disbursing any funds.

#### *Direct Costs*

The direct cost estimates assume that the Project will be subject to Federal Davis Bacon prevailing wage requirements. The direct costs are estimated at \$3,728,000, or \$76,100 per unit as follows:

1. The Developer does not anticipate that any off-site improvements will be required. City staff should confirm this assumption.
2. The building rehabilitation costs are estimated at \$2.89 million, or \$59,000 per unit.
3. The Developer included a \$50,000 allowance for furnishings, fixtures and equipment.
4. A 14% allowance for contractor fees and general requirements is included, which is equal to the maximum amount allowed by TCAC.
5. A 1.5% allowance for construction insurance and bonds is included.
6. A 10% direct cost contingency allowance, which is typical for rehabilitation projects.

KMA concludes that the proposed direct costs are reasonable and necessary for the construction of the Project per the proposed scope of work.

#### *Indirect Costs*

KMA utilized the following assumptions for the indirect costs:

1. The architecture, engineering and consulting costs are estimated at 10% of direct costs, or \$373,000.
2. The Developer estimated the public permits and fees costs at \$40,000, or \$816 per unit. City staff should verify the accuracy of this estimate.



3. The taxes, insurance, legal and accounting costs are estimated at 4% of direct costs, or \$149,000.
4. The Developer included a \$20,000 allowance for marketing and leasing costs.
5. The Developer Fee is set at \$1.68 million, which is the maximum amount allowed by TCAC.
6. A 5% indirect cost contingency allowance is provided.

KMA estimates the total indirect costs at \$2.38 million, which are reasonable and necessary for the development of the Project.

### *Financing Costs*

The Project is proposed to be financed with Tax-Exempt Multifamily Bonds allocated by the California Debt Limit Allocation Committee (CDLAC). To comply with the Internal Revenue Service (IRS) requirements, the Bonds must be equal to at least 50% of the land acquisition costs plus the eligible Tax Credit basis. In addition, the Bond funds must be sufficient to cover the construction costs that do not have funding from other sources.

In this case, the Project's estimated net operating income (NOI) can only support a \$7.21 million Bond; this will be called the Series A Bond. To fulfill the 50% Test, and to provide bridge funding for costs that will be paid for by other sources upon the Project's completion, a Series B Bond totaling \$2.70 million must be obtained. The sum of the Series A Bond and the Series B Bond totals \$9.90 million.

The financing costs for the Project are estimated as follows:

1. The Developer intends to obtain an acquisition bridge loan for acquiring the properties. The interest costs on the acquisition bridge loan are estimated at \$270,000 which is based on a 7.0% interest rate and an 8-month term.
2. The construction period and absorption period interest costs are estimated at \$426,000. These costs are based on the following assumptions:
  - a. The construction period interest costs are based on a 5.54% interest rate for the Series A Bond, a 5.89% interest rate for the Series B Bond, a 12-month construction period, and a 60% average outstanding balance.
  - b. The absorption period interest costs are based on a four-month absorption period with a 100% average outstanding balance.
3. The financing costs are estimated at \$404,000 and are based on the following:
  - a. The acquisition bridge loan is estimated at 1.0 point, or \$58,000; and

- b. The Series A and Series B Bonds are estimated at 3.5 points, or \$346,000.
- 4. A \$202,000 capitalized operating reserve is provided. This equates to three months of operating expenses and debt service payments on the permanent loan supported by the Project's income.
- 5. The Tax Credit fees are estimated at \$24,000 based on the following:
  - a. A \$2,000 application fee;
  - b. A \$410 per unit monitoring fee; and
  - c. One percent (1%) of the gross Tax Credit proceeds for one year.

KMA estimates the total financing costs at \$1.33 million, which are reasonable and necessary to complete the Project.

#### ***Total Development Costs***

As shown in Table 1, KMA estimates the total development costs at \$14.06 million, which equates to approximately \$286,800 per unit. This is approximately equal to the Developer's estimate.

As such, KMA finds the Developer's cost estimates to be reasonable and necessary to construct, lease-up, and complete the Project. As the Project moves through the development process, the City needs to keep track of the changes to the costs, if any.

### **B. Stabilized Net Operating Income (Table 2)**

The Project's funding sources include HOME Program funds and Tax Credits. The Project's income and affordability standards must comport with the most stringent of the following standards:

- 1. Income Restrictions: The tenants' household incomes cannot exceed the strictest of:
  - a. HOME Program income restrictions as defined under United States Code, Title 26, Section 142(d)(2)(B).
  - b. Federal Low Income Housing Tax Credits income restrictions defined under United States Code, Title 26, Section 142(d)(2)(B).
- 2. Affordability Restrictions: Rents applied to all of the units must reflect the most stringent of:
  - a. HOME Program rents published annually by HUD; and

- b. Tax Credit rents published annually by the California Tax Credit Allocation Committee (TCAC).

The HOME affordability requirements will remain in place for 15 years, which is the minimum period that HOME requires. Therefore, the Project will meet the minimum HOME requirements.

### *Achievable Rental Income*

The Project rents must adhere to the most restrictive of the requirements imposed by the proposed funding sources. The rents used in this analysis are based on 2018 income and rent information, which were the rents available at the time of the pro forma analysis. As such, the maximum allowable rents, net of the appropriate utility allowances, are estimated as follows:<sup>5</sup>

<b>Rent Restrictions</b>	<b>One-Bedroom Units</b>	<b>Two-Bedroom Units</b>	<b>Three-Bedroom Units</b>
<b><u>50% AMI TCAC / Low HOME</u></b>			
# of Units	N/A	8	2
TCAC Rent	N/A	\$1,032	\$1,185
HOME Rent	N/A	\$1,032	\$1,185
Applicable Rent	N/A	\$1,032	\$1,185
<b><u>60% AMI TCAC / High HOME</u></b>			
# of Units	2	21	14
TCAC Rent	\$1,044	\$1,250	\$1,437
HOME Rent	\$1,116	\$1,338	\$1,530
Applicable Rent	\$1,044	\$1,250	\$1,437

### *Estimated Net Operating Income (NOI)*

The Project's effective gross income (EGI) is estimated at approximately \$880,800 based on the following assumptions:

1. The gross potential rental income is estimated at \$709,000.
2. The PBV subsidy overhang is estimated at \$216,100.
3. The laundry and miscellaneous income is estimated at \$2,100 per year, or \$4 per unit per month.
4. A vacancy and collection allowance equal to 5% of gross income is deducted.

<sup>5</sup> The Developer estimates the monthly utility allowances at: \$47 for one-bedroom units; \$59 for two-bedroom units; and \$75 for three-bedroom units.



The residential operating expenses are estimated at \$340,600 based on the following assumptions:

1. The general operating expenses are estimated at \$6,250 per unit per year.
2. KMA assumes that the Developer will apply for the property tax abatement that is accorded to non-profit housing organizations that own income-restricted apartments.
3. The annual social services budget is estimated at \$12,000, or \$245 per unit.
4. The city monitoring fee is estimated at \$7,600, or \$155 per unit.
5. The annual capital replacement reserve deposits are estimated at \$300 per unit, which is required by TCAC for rehabilitation projects.

When the Project's \$340,600 in operating expenses are deducted from the Project's \$880,800 EGI, KMA estimates the stabilized NOI at \$540,200.

### **C. Financial Gap Analysis (Table 3)**

#### *Available Funding Sources:*

The following summarizes the available funding sources:

#### Tax-Exempt Multifamily Bonds

To estimate the maximum Bonds that can be supported by the Project's NOI, KMA assumed that the Bonds would be underwritten based on the following requirements:

1. A 35-year amortization period with a 20-year repayment term;
2. A 1.16 debt service coverage ratio; and
3. A 5.54% interest rate.

KMA estimates that the Project's stabilized NOI can support \$7.21 million in Bonds.

#### Tax Credit Proceeds

KMA estimates the net Federal Tax Credit proceeds at \$4.50 million. This estimate is based on the following assumptions:

1. The Project's eligible acquisition basis is estimated at \$7.09 million.
2. The Project's eligible rehabilitation basis is equal to the lesser of the depreciable costs for the 49 Tax Credit units, or the threshold basis limits established by TCAC. In this case, the depreciable costs of \$5.80 million are less than the threshold basis limits.

3. Only the Beachwood Terrace project is located in a Qualified Census Tract. This allows the requested eligible basis to be increased by 15%.
4. The Developer set the annual Federal Tax Credit rate at 3.27%. This rate is applied over the 10-year Federal Tax Credit period.
5. 100% of the Projects' building area that is included in the eligible basis is located in units that qualify for Federal Tax Credits.
6. The net syndication value supported by the Tax Credits is ultimately determined based on competitive market conditions and on the timing of disbursements. Based on currently available information, the Developer estimates the Tax Credit proceeds at \$1.00 per gross Tax Credit dollar.

#### Net Operating Income During Rehabilitation

The Developer anticipates that the Project will generate \$483,000 in NOI during the rehabilitation period which will be used as a funding source.

#### Purchased Reserves

The existing Tax Credit projects have reserve accounts with a \$50,000 balance. These reserve accounts will be transferred to the Developer upon the sale of the properties.

#### Deferred Developer Fee

The Developer is proposing to defer \$721,000, or 43%, of the \$1.68 million developer fee. The deferred developer fee will be paid from cash flow, and is required by the Internal Revenue Service to be repaid within 15 years.

#### Total Available Funding Sources

As shown in Table 3, the available funding sources total \$12.96 million.

#### *Financial Gap Calculation*

Based on the assumptions outlined in this analysis, the financial gap is calculated as follows:

Financial Gap Calculation	
Total Development Costs	\$14,055,000
(Less) Available Funding Sources	(12,960,000)
<b>Financial Gap</b>	<b>\$1,095,000</b>
<b>Per Affordable Unit</b>	<b>\$22,300</b>

Based on the KMA analysis, the Project's financial gap is estimated at \$1,095,000. In comparison, the Developer is requesting \$1,100,000 in HOME funds from the City, which is

approximately equal to the KMA financial gap estimate. Thus, it is concluded that the \$1.1 million in HOME assistance to the Project is warranted by the Project economics.

#### **D. Cash Flow Over Affordability Term (Table 4)**

KMA also conducted a cash flow analysis to estimate the net present value of the debt service payments to the City. The following describes the basic cash flow assumptions:

1. Year 1 is based on the pro forma rent and expense assumptions presented in the stabilized analysis (Table 2).
2. Additional revenue and expense assumptions are as follows:
  - a. The projected residential income and miscellaneous income are estimated to increase at 2.5% per year.
  - b. A 5.0% vacancy and collection allowance.
  - c. The general operating expenses and social services are increased at 3.5% per year.
  - d. The property taxes are increased at 2.0% per year.
  - e. Replacement reserves remain constant.
  - f. The Developer is proposing the following priority distributions:
    - i. An annual debt service payment of \$466,767;
    - ii. An asset management fee to the limited partner of \$8,000 for 15 years escalated at 3% per year;
    - iii. A partnership management fee to the general partner of \$20,000 for the life of the Project and escalated at 3% per year; and
    - iv. Repayment of the deferred Developer Fee, which will have a 0% interest rate.
  - g. The City HOME Loan is estimated to generate the following in nominal terms and present value terms, assuming a 6.0% discount rate:

	Loan Amount	Nominal Value	Present Value
<b>City HOME Loan</b>	<b>\$1,100,000</b>	<b>\$1,765,000</b>	<b>\$641,000</b>



3. The NOI is projected to be positive through Year 55. Thus, it is concluded that the Project will have a positive cash flow during the term of the HOME affordability and loan terms. The City HOME Loan is estimated to be repaid in Year 25.

## E. Profit and Returns

The following analyzes the anticipated profit to the Developer/Owner.

<b>Developer Fees</b>	\$1,681,000, which is the maximum allowed per TCAC.
<b>Cash Flow</b>	The Developer will receive 50% of the annual residual receipts until the HOME Loan is repaid in full. At that time, the Developer will receive 100% of the annual residual receipts. The Developer's share of residual receipts is estimated to total \$29.39 million over 55 years, or a net present value of \$3.26 million. This equates to an estimated 14% IRR based on the \$1.68 million deferred Developer Fee provided by the Developer. The HOME Loan is anticipated to be repaid in Year 25.
<b>Tax Benefits</b>	The Project will generate \$4.50 million in Federal Tax Credits that will be sold to a TBD investor and the cash will be used as equity in the Project.
<b>Equity Appreciation</b>	The equity appreciation is not expected to be significant until year 56 when the units can be converted to market rate units.
<b>Identity of Interest Roles</b>	No related parties will be benefiting from the Project.

In conclusion, the developer fee, cash flow projection, equity appreciation, and profit anticipated to be generated by the Project are appropriate.

## IV. DEVELOPER ASSESSMENT

The Developer, Century Housing Corporation, was founded in 1995 and is based in Los Angeles, California. The Developer develops and manages affordable and mixed-income apartment communities throughout California. The Developer's model focuses on projects that are financially viable, architecturally pleasing, affirmatively marketed with fairly selected tenants, service enriched, well-built and maintained, and compliant with all funder requirements. Since 1995, the Developer has developed more than 33,000 residential units with investments of over \$1.5 billion.

The following provides an assessment of the experience and the capacity of the Developer to implement the Project, as well as the fiscal soundness of the Developer to meet its financial obligations and risks of the Project.

## A. Development Team

The Developer's strategy is to secure and leverage local, state and federal funding sources, and arrange complex financial structures that ensure the highest and best use of available funds. In addition, the Developer has a strong sense of social advocacy, and interest in innovation to sustain strong relationships with public and private partners.

The Development Team involved in the Project will include the following:

1. Brian D'Andrea, Senior Vice President Housing and President – Since joining Century Housing in 2006, Brian serves as president of two Century affiliates, Century Villages at Cabrillo ("CVC") and Century Affordable Development, Inc. ("CADI"). In his CVC role, Mr. D'Andrea is responsible for the 27-acre Villages at Cabrillo campus that is home to more than 1,500 individuals on any given night and managed by a staff of 45. In addition to overseeing the campus' fundraising efforts, Mr. D'Andrea is actively involved with expanding the collaboration of some 20 nonprofit and government agencies that operate at the Villages, including US VETS and the VA. In his CADI role, Mr. D'Andrea manages a 5-member development team that handles all of Century's affordable housing preservation, investment, and development activities on the Villages at Cabrillo campus and beyond.
2. Oscar Alvarado, Director of Development – Since joining Century Housing, Mr. Alvarado has worked in affordable housing development for thirteen years. In that time, he has worked for both non-profit developers and a for profit developers and has managed diverse projects serving to house the homeless, disabled, as well as low income seniors, veterans and families. He has a professional and cooperative working relationship with various lenders, intermediaries, investors and consultants. Through his career, he has worked with various financial firms to underwrite and structure successful multi-family and mixed-use developments. Beyond working with financial firms, he has engaged entire project teams including general contractors, architects, engineers and environmental consultants for various phases of development. Mr. Alvarado is knowledgeable with securing and closing on major sources of affordable housing finance including 4% and 9% LIHTC, City and County soft loans, tax exempt bonds, California HCD sources of financing, Section 8, and FHLB AHP funding. He has secured financing for over 2,000 affordable homes in new construction and rehabilitation projects. He is experienced creating and managing budgets for all stages of development. Mr. Alvarado holds a B.A. in Political Economy from UC Berkeley and a Masters in Regional Planning from Cornell University.
3. Robert Baca, Senior Development Associate - Robert Baca, a Los Angeles native, is currently a Senior Development Associate at Century Housing. Prior to joining Century Housing in September 2017, Robert worked for a number of affordable housing developers and operators, including PATH Ventures, MidPen Housing, AMCAL, and Michaels Development Company. With over a decade of affordable housing



development experience, Robert has managed over 1,000 units of rehabilitation and 1,500 units of new construction in Northern and Southern CA, Colorado, Chicago, and other parts of the United States. His projects include both supportive and traditional affordable housing financed with 4% and 9% LIHTC as well as numerous local, state, and federal funding programs. Robert is fully equipped to manage all phases of real estate and affordable housing development cycle.

4. Drew Sarni, Development Associate - Drew Sarni is currently a Development Associate at Century Housing. Prior to joining Century Housing in February 2017, he has worked as a permanent employee or consultant for several affordable housing developers and third-party management companies that include Steadfast Companies, Pinnacle, AMCAL Multi-Housing, FPI Management and Skid Row Housing Trust. Over the course of the past 16 years in affordable housing, he has held positions in regulatory compliance, property management, asset management and development spanning 13 states with the majority of his experience in California. Prior to starting, and concurrent to, his career in affordable housing, Mr. Sarni served as a Paralegal Specialist in the United States Army Reserve for eight years receiving the Army Commendation Medal and Army Achievement Medal for meritorious service.

The development team was not finalized at the time of this Report. As such, the City should review final development team members prior to committing HOME funds to ensure that they have the necessary experience to undertake the project. At this time, the development team will consist of the following entities:

<b>Owner</b>	TBD
<b>Developer</b>	Century Affordable Development, Inc.
<b>Property Manager</b>	Century Villages Property Management
<b>Supportive Services Provider</b>	TBD
<b>Architect</b>	TBD
<b>Civil Engineer</b>	TBD
<b>Landscape Architect</b>	TBD
<b>Relocation Consultant</b>	TBD
<b>Appraiser</b>	Novogradac & Company LLP
<b>Energy Consultant</b>	TBD
<b>Attorney</b>	TBD
<b>CPA</b>	TBD
<b>General Contractor</b>	TBD

## B. Ability to Perform

HUD guidance related to this evaluation indicates that the Developer's recent, similar, successful experience developing and operating comparable projects may be used to assist in



establishing the Developer's capacity to undertake a project that is requesting HOME Program assistance.

- Since 1995, the Developer has built an asset portfolio that includes the development of and/or ownership interest in more than 33,000 affordable housing developments.
- The Developer has 25 years of experience providing quality affordable housing.
- The Developer has affirmed that none of their projects have been placed into foreclosure or are at risk of foreclosure.

The Developer has completed the following similar projects within the last five years:

Cabrillo Gateway – Long Beach, California

Cabrillo Gateway is an 81-unit apartment project that provides permanent affordable housing to families. The project's development costs totaled \$33.9 million, and it was completed in July 2015.

Century Arrowhead Vista – San Bernardino, California

Century Arrowhead Vista is a former HUD 202 property that provides units to disabled households. The project includes 40 units and development costs totaling \$6.0 million. The project was completed in 2014.

Anchor Place – Long Beach, California

Anchor Place is a 120-unit apartment project that provides housing for homeless veterans and families. The project's development costs totaled \$54 million, and it was completed in Fall 2017.

## **C. Fiscal Soundness**

The Developer has extensive affordable housing development and asset management experience using HOME funds as well as a variety of other federal funding sources. Therefore, it is determined that the Developer meets the financial management systems and practices required by the HOME Program.

The Developer provided audited financial statements for 2016 and 2017 prepared in accordance with generally accepted accounting principles. The financial statements demonstrate that the Developer has sufficient cash-on-hand and financial strength to complete the Project.

## **D. Conclusion**

The Developer has demonstrated the development capacity and fiscal soundness to undertake the Project.

## V. MARKET ASSESSMENT

The Developer provided KMA with a multifamily rental market study prepared by Market Insights Consulting, LLC. KMA has reviewed the Market Study and prepared a summary of the findings.

### A. Identification of Primary Market Area

The market study identifies the Primary Market Area (PMA) as Central Long Beach, which includes the central and western portions of the City of Long Beach, along with the City of Signal Hill.

Direction	Boundary
North:	Del Amo Blvd / I-405
South:	Pacific Ocean
East:	Cherry Ave / Lakewood Blvd / Ximeo Ave
West:	103 Freeway / Long Beach City Limits

### B. Pricing

The following compares the Project's highest proposed rents to the adjusted market rents of surveyed properties:

	One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units
Project's Highest Proposed Rents (2018)	\$1,032	\$1,250	\$1,437
Project's Square Footage	700	800	980
Comparable Properties' Adjusted Average Rent	\$1,700	\$2,250	\$2,600
Percentage Below Highest Rent	39%	44%	45%

### C. Absorption

The demand estimate indicates there are a sufficient number of income eligible households in the PMA. The Market Study evaluated four nearby affordable projects consisting of 311 units. All four properties are fully occupied with waiting lists.

The Project is currently occupied and the Developer anticipates that most tenants will remain in place during the rehabilitation period. However, if the Project was evaluated on an "as-if-vacated" basis, the Market Study estimates that the Project would reach stabilized occupancy within three months of completion.

## D. Market Study Conclusions

Based on the market assessment results, KMA concludes that there is adequate demand for affordable housing to support the Project. Therefore, it is anticipated that the Project will be leased up well before the six-month HOME requirement.

## VI. HOME REQUIREMENTS

The following summarizes additional HOME requirements.

### A. HOME Program Deadlines

Deadline	Regulations	Projections
Acquisition	§92.2 states that acquisition of housing will occur within 6 months of contract date.	
Demolition/Construction	§92.2 states that construction/demolition of property is scheduled or reasonably can be expected to start within 12 months of the agreement date (12/15/19).	The Project is anticipated to start construction by Spring 2019
Project Completion	§92.205(e)(2), 92.2 state that the project must be completed within 4 years of the date the funds are committed to the project (12/15/19).	Anticipated to be completed in within 18 months.
Lease-up	§92.252 states that HOME assisted units must be occupied by an eligible tenant within six months following project completion.	To be completed within 6 months

### B. Cost Reasonableness

To be completed by the City per the following:

KMA reviewed the Developer's pro forma and supporting documentation provided in April 2019. The Developer provided property condition reports for both properties, which support the proposed scope of rehabilitation. However, the Developer did not provide a cost estimator analysis or a contractor's contract. The City should review these documents prior to committing HOME funds to the Project.



### C. Written Agreement

The City must execute a written agreement before committing HOME funds to the Project. The written agreement must capture the Project and financing terms that result from the underwriting process. The following summarizes the financial deal points that should be memorialized in the written agreement:

1. The term of the HOME Loan is 55 years.
2. The term of the HOME affordability restrictions is at least 15 years.
3. A total of 5 units in the Project are restricted as fixed HOME units as follows:
  - a. Two (2) two-bedroom units will be restricted as HOME units; and
  - b. Three (3) three-bedroom units will be restricted as HOME units.
4. At least one HOME-designated unit must be restricted as a Low HOME unit.
5. The HOME Loan terms are as follows:
  - a. A total of \$1,100,000 will be disbursed to the Developer for eligible costs related to the construction of the five HOME-assisted units.
  - b. A 3.0% simple interest rate.
  - c. The outstanding loan balance will be due and payable at the end of the 55-year term.
  - d. The loan is secured by a subordinated deed of trust.
  - e. Annual payments will be made to the City based on 50% of total annual residual receipts.

The City must verify that the written agreement includes the provisions required in Section 92.504:

Required Provisions	Included in Written Agreement	Section of Written Agreement
Use of HOME Funds	<input type="checkbox"/>	
Affordability	<input type="checkbox"/>	
Project is identified by Address or Legal Description	<input type="checkbox"/>	
Project Requirements	<input type="checkbox"/>	
Property Standards	<input type="checkbox"/>	

Other Federal Requirements	<input type="checkbox"/>	
Affirmative Marketing	<input type="checkbox"/>	
Requests for Disbursement of Funds	<input type="checkbox"/>	
Records & Reports	<input type="checkbox"/>	
Enforcement of the Agreement	<input type="checkbox"/>	
Duration of the Agreement	<input type="checkbox"/>	
Conditions for Religious Organizations	<input type="checkbox"/>	
CHDO Provisions	<input type="checkbox"/>	
Identifies all Parties to the Agreement	<input type="checkbox"/>	
Provides dated signatures for each Party	<input type="checkbox"/>	
Recommended Additional Provisions:		
▪ Description of Project	<input type="checkbox"/>	
▪ Roles & Responsibilities	<input type="checkbox"/>	
▪ Conflict of Interest	<input type="checkbox"/>	
▪ Monitoring	<input type="checkbox"/>	

#### **D. Layering Requirements**

HOME regulations require projects to provide a layering analysis demonstrating that the HOME assistance is required to provide affordable housing. Based on the results of the preceding underwriting analysis, KMA concludes that the Developer's request for \$1,100,00 in HOME assistance from the City is warranted by the Project economics. As such, it can be concluded that the assistance package complies with the HOME layering requirement.

#### **E. Cost Allocation (§92.205(d)) and HOME Unit Designation (Table 5)**

HOME funds may only be used to pay eligible costs for HOME assisted units. When the City designates fewer than 100% of the units as HOME assisted, the City must calculate the eligible costs that are allocable to the assisted units and may only pay the actual costs related to those HOME assisted units, capped by the maximum subsidy limits. The financial gap analysis concludes that the Project needs \$1,100,000 in HOME assistance.

Given that the units are not uniform in size and thus, not considered comparable, KMA used the Standard Method to determine the cost allocation. As detailed in Table 5, KMA estimated that eligible project costs equate to \$328 per square foot of net residential area. Therefore, a total of \$1.49 million can be allocated to the five HOME-designated units as specified in Appendix A – Table 5.

However, there is also a maximum HOME subsidy requirement that must be met. In order to commit \$1,100,000 to this Project, based on the 2018 maximum subsidy limits, two (2) two-bedroom units and three (3) three-bedroom units need to be restricted as HOME units.

The following summarizes the maximum HOME subsidy that can be made to the Project based on five HOME units:



	Maximum HOME Assistance	Minimum HOME Designated Units
Proposed HOME Assistance	\$1,100,000	N/A
Cost Allocation Test	\$1,490,974	5 units
Maximum Subsidy Test	\$1,206,691	5 units
<b>Maximum Allowable HOME Subsidy</b>	<b>\$1,100,000</b>	<b>5 units</b>

## F. Affordability Period

The HOME assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion:

Rental Projects	Minimum Affordability Period
Acquisition / Rehabilitation Projects:	
HOME Funds Under \$15,000 per Unit	5 Years
HOME Funds Under \$15,000 - \$40,000 per Unit	10 Years
HOME Funds Over \$40,000 per Unit	15 Years
Rehabilitation Projects Involving Refinancing	15 Years
New Construction Projects	20 Years

The HOME Program affordability requirements must:

1. Apply without regard to the term of any loan or mortgage, repayment of the HOME investment, or the transfer of ownership;
2. Be imposed by a deed restriction, a covenant running with the land, an agreement restricting the use of the property, or other mechanisms approved by HUD and must give the City the right to require specific performance; and
3. Must be recorded in accordance with State recordation laws.

The HOME Agreement must require the five HOME units to be restricted as affordable for at least 15 years. Therefore, the Project will meet the HOME requirement for rehabilitation projects involving HOME funds over \$40,000 per unit. The affordability restrictions are detailed in the HOME Loan Agreement that will be recorded on the property.

## G. Property Standards (§92.251)

The Project will be subject to the following property standards:



Property Standard	Included in HOME Agreement
State and local codes, ordinances and zoning requirements	<input type="checkbox"/>
Accessibility: <ul style="list-style-type: none"> <li>Accessibility requirements of 24 CFR part 8</li> <li>Design and construction requirements at 24 CFR 100.205</li> </ul>	<input type="checkbox"/>
Disaster Mitigation	Not Applicable
Written cost estimates, construction contracts and construction documents	<input type="checkbox"/>
Construction progress inspections	<input type="checkbox"/>

## H. HOME Rents / Utility Allowances

The tenants will be responsible for paying utilities. The following provides the current HOME rents as of April 2019 for Long Beach as published by HUD less the estimated utility allowances:

Restriction Type	Unit Type	Gross Rent	Utility Allowance	Net Rent
Low HOME	2-Bedroom	\$1,091	\$59	\$1,032
Low HOME	3-Bedroom	\$1,260	\$75	\$1,185
High HOME	1-Bedroom	\$1,163	\$47	\$1,116
High HOME	2-Bedroom	\$1,397	\$59	\$1,338
High HOME	3-Bedroom	\$1,605	\$75	\$1,530

The HOME Program requires that at least 20% of the HOME designated units be restricted as Low HOME units. As such, the HOME Regulatory Agreement must require that at least one HOME unit is restricted as a Low HOME unit.

## I. Financial Commitments

The Developer did not provide KMA with any financial commitment documentation. The City must review the financial commitments prior to committing HOME funds to the Project.

## VII. CERTIFICATIONS

Based on the results of the analysis, the following certifications are provided:

Certifications	Requirement Met
The funding sources discussed in this Report are sufficient, and timely in availability, to cover the Project costs.	<input type="checkbox"/>
The estimated costs for the Project are necessary, reasonable, and in compliance with the cost principles described in 2 CFR part 200.	<input type="checkbox"/>

The scope and budget for the Project are sufficient to meet the HOME property standards set forth at 24 CFR 92.251 over the life of the affordability covenants imposed by the HOME Loan Financing Agreement.	<input checked="" type="checkbox"/>
The Developer's operating pro forma includes realistic assumptions regarding the base year revenues and expenses, and reasonable escalation factors for the revenues and expenses.	<input checked="" type="checkbox"/>
The market assessment confirms the demand for the Project, and the Project can be expected to be leased up within the 18-month period mandated by HUD.	<input checked="" type="checkbox"/>
The Developer's experience and financial capacity are adequate to implement the Project, and meet the financial obligations and risks related to the Project.	<input checked="" type="checkbox"/>
The developer fee, cash flow projection, equity appreciation, and profit anticipated to be generated by the Project are appropriate.	<input checked="" type="checkbox"/>
The Project meets the minimum HOME investment requirement of \$1,000 per HOME designated unit.	<input checked="" type="checkbox"/>
The Project will provide the minimum number of HOME-Assisted Units as required under the cost allocation rule at 24 CFR 92.504.	<input checked="" type="checkbox"/>
The HOME Program assistance provided to the Project does not exceed the subsidy limits, and the appropriate number of units have been designated as HOME units as established by 24 CFR 92.504.	<input checked="" type="checkbox"/>
In accordance with 24 CFR 92.205(e)(2), the Project will be completed within four years of the date the HOME funds are committed.	<input checked="" type="checkbox"/>
The Project will comply with the property standards and affordability requirements imposed by CFR 92.252(e).	<input checked="" type="checkbox"/>

## VIII. COMMITMENT CHECKLIST (§92.2)

HOME funds are not committed to an identifiable project in IDIS until the parties have provided the following:

Requirements	Requirement Met	Completion Dates
Project is associated with approved Consolidated Plan / Annual Action Plan projects	<input type="checkbox"/>	
Environmental Review Requirements have been met	<input type="checkbox"/>	
Legally binding written agreement has been executed	<input type="checkbox"/>	
All necessary financing is secured	<input type="checkbox"/>	
Subsidy Layering & Underwriting Analysis Completed	<input type="checkbox"/>	
Construction Expected to begin within 12 months	<input type="checkbox"/>	
Commitment Date	Not Applicable	By December 15, 2019

## Appendix A



**TABLE 1**  
**ESTIMATED DEVELOPMENT COSTS**  
**WOODBIDGE APARTMENTS**  
**LONG BEACH, CALIFORNIA**

<b>I. <u>Property Assemblage Costs</u></b>						<sup>1</sup>
Property Acquisition Costs	49	Units	\$131,100	/Unit	\$6,425,000	
Relocation Costs					200,000	
<b>Total Property Assemblage Costs</b>					<b>\$6,625,000</b>	
<b>II. <u>Direct Costs</u></b>						<sup>2</sup>
Rehabilitation Costs	49	Units	\$59,000	/Unit	\$2,891,000	<sup>3</sup>
Furnishings, Fixtures & Equipment					50,000	
Contractor Fees / General Requirements	14%	Construction Costs			405,000	
General Liability Insurance / Const Bonds	1.5%	Construction Costs			43,000	
Contingency Allowance	10%	Other Direct Costs			339,000	
<b>Total Direct Costs</b>					<b>\$3,728,000</b>	
<b>III. <u>Indirect Costs</u></b>						
Architecture, Engineering & Consulting	10%	Direct Costs			\$373,000	
Public Permits & Fees	49	Units	\$816	/Unit	40,000	<sup>4</sup>
Taxes, Insurance, Legal & Accounting	4%	Direct Costs			149,000	
Marketing & Leasing	49	Units	\$408	/Unit	20,000	
Developer Fee	15%	Eligible Costs			1,681,000	<sup>5</sup>
Contingency Allowance	5%	Other Indirect Costs			113,000	
<b>Total Indirect Costs</b>					<b>\$2,376,000</b>	
<b>IV. <u>Financing Costs</u></b>						
Interest During Construction						
Acquisition Bridge Loan	\$5,783,000	Loan Amount	7.00%	Interest	\$270,000	
Series A Bond	\$7,208,000	Loan Amount	5.54%	Interest	373,000	<sup>6</sup>
Series B Bond	\$2,695,000	Loan Amount	5.89%	Interest	53,000	
Financing Fees						
Acquisition Bridge Loan	\$5,783,000	Loan Amount	1.00	Points	58,000	
Series A Bond	\$7,208,000	Loan Amount	3.50	Points	252,000	
Series B Bond	\$2,695,000	Loan Amount	3.50	Points	94,000	
Capitalized Operating Reserve	3	Months Op Exp and Debt Svc Pmts			202,000	
TCAC Fees					24,000	<sup>7</sup>
<b>Total Financing Costs</b>					<b>\$1,326,000</b>	
<b>V. <u>Total Rehabilitation Costs</u></b>						
	49	Units	\$151,600	/Unit	\$7,430,000	
<b>Total Development Costs</b>						
	49	Units	\$286,800	/Unit	\$14,055,000	

- <sup>1</sup> The Developer provided an appraisal prepared by Novogradac & Company LLP on June 27, 2018 that estimates the As-Is fee simple interest of the property at \$7.0 million, which is higher than the proposed purchase price.
- <sup>2</sup> Estimates assume prevailing wage requirements will be imposed on the Project.
- <sup>3</sup> Based on Developer estimate. The City should review the proposed scope of rehabilitation.
- <sup>4</sup> Based on Developer estimate. The estimate should be verified by City staff.
- <sup>5</sup> Based on the requirements imposed by TCAC.
- <sup>6</sup> Includes debt on the 80% of the Tax Credit Equity that will not be funded during construction. Assumes a 12-month construction period with a 60% average outstanding balance and a 4-month absorption period with a 100% average outstanding balance.
- <sup>7</sup> Includes a \$2,000 application fee; \$410/unit monitoring fee; and 1% of the gross Tax Credit proceeds for one year.

**TABLE 2**  
**STABILIZED NET OPERATING INCOME**  
**WOODBIDGE APARTMENTS**  
**LONG BEACH, CALIFORNIA**

<b>I. <u>Income</u></b>				
Manager's Unit	2 Units	\$0 /Unit/Month	\$0	
<u>Tax Credit @ 50% Median / Low HOME</u>				
2-Bedroom Units @ (800-Sf)	8 Units	\$1,032 /Unit/Month	99,100	
3-Bedroom Units @ (980-Sf)	2 Units	\$1,185 /Unit/Month	28,400	
<u>Tax Credit @ 60% Median / High HOME</u>				
1-Bedroom Units @ (700-Sf)	2 Units	\$1,044 /Unit/Month	25,100	
2-Bedroom Units @ (800-Sf)	21 Units	\$1,250 /Unit/Month	315,000	
3-Bedroom Units @ (980-Sf)	14 Units	\$1,437 /Unit/Month	241,400	
<b>Section 8 Subsidy</b>				
<u>Tax Credit @ 50% Median / Low HOME</u>				
2-Bedroom Units @ (800-Sf)	4 Units	\$1,094 /Unit/Month	52,500	
3-Bedroom Units @ (980-Sf)	1 Unit	\$1,663 /Unit/Month	20,000	
<u>Tax Credit @ 60% Median / High HOME</u>				
2-Bedroom Units @ (800-Sf)	4 Units	\$876 /Unit/Month	42,000	
3-Bedroom Units @ (980-Sf)	6 Units	\$1,411 /Unit/Month	101,600	
Laundry/Miscellaneous Income	49 Units	\$4 /Unit/Month	2,100	
Gross Rent Income	49 Units		\$927,200	
(Less) Vacancy & Collection Allowance	5.0% Gross Rent Income		(46,400)	
<b>Effective Gross Rent Income</b>				<b>\$880,800</b>
<b>II. <u>Operating Expenses</u></b>				
General Operating Expenses	49 Units	\$6,250 /Unit	\$306,300	
Property Taxes	49 Units	\$0 /Unit	-	
Social Services	49 Units	\$245 /Unit	12,000	
City Monitoring Fee	49 Units	\$155 /Unit	7,600	
Replacement Reserve	49 Units	\$300 /Unit	14,700	
<b>Total Operating Expenses</b>	49 Units	\$6,951 /Unit		<b>\$340,600</b>
<b>III. <u>Stabilized Net Operating Income</u></b>				<b>\$540,200</b>

<sup>1</sup> Based on Los Angeles County 2018 Incomes distributed by HUD. As pertinent, the rents are based on rents published in 2018 by TCAC and the HOME Program. Utility Allowances per the Developer: \$47 for 1-Bdrm units; \$59 for 2-Bdrm units; and \$75 for 3-Bdrm units.

<sup>2</sup> Assumes the Developer will apply for the property tax welfare exemption accorded to non-profit housing organizations that own and operate apartment units restricted to households earning 80% AMI and below.

TABLE 3

FINANCIAL GAP CALCULATION  
 WOODBRIDGE APARTMENTS  
 LONG BEACH, CALIFORNIA

I. Available Funding SourcesPermanent Loan

Stabilized Net Operating Income		\$540,200 (See TABLE 2)	
Income Available for Mortgage	1	1.16 DSCR	\$466,779 Debt Service
Interest Rate		5.54% Interest Rate	6.48% Mortgage Constant

<b>Permanent Loan</b>			<b>\$7,208,000</b>
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Tax Credit Equity

Gross Tax Credit Value	2	\$4,498,000	
Syndication Rate		\$1.00 /Tax Credit Dollar	

<b>Net Tax Credit Equity</b>			<b>\$4,498,000</b>
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<b>Net Operating Income</b>	3		<b>\$483,000</b>
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<b>Purchased Reserves</b>	3		<b>\$50,000</b>
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<b>Deferred Developer Fee</b>	3	43% Total Developer Fee	<b>\$721,000</b>
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<b>Total Available Funding Sources</b>			<b>\$12,960,000</b>
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II. Financial Gap Calculation

Total Development Costs		\$14,055,000
(Less) Total Available Funding Sources		(12,960,000)

III. <b>Financial Gap</b>	<b>49 Units</b>	<b>\$22,300 /Unit</b>	<b>\$1,095,000</b>
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<sup>1</sup> Assumes a 35-year amortization term with a 20-year repayment term.

<sup>2</sup> Assumes a \$5.8 million eligible basis, plus a 115% difficult-to-develop premium, a 3.27% Tax Credit rate and an applicable fraction of 100%.

<sup>3</sup> Based on Developer estimate.



**TABLE 4**  
**CASH FLOW ANALYSIS**  
**WOODBRIIDGE APARTMENTS**  
**LONG BEACH, CALIFORNIA**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
<b>I. Gross Residential Income</b> <sup>1</sup>										
Gross Rent Income	\$927,200	\$950,380	\$974,140	\$998,493	\$1,023,455	\$1,049,042	\$1,075,268	\$1,102,149	\$1,129,703	\$1,157,946
Laundry/Miscellaneous Income	2,100	2,153	2,206	2,261	2,318	2,376	2,435	2,496	2,559	2,623
(Less) Vacancy & Collection Allowance	<u>(46,400)</u>	<u>(47,627)</u>	<u>(48,818)</u>	<u>(50,038)</u>	<u>(51,289)</u>	<u>(52,571)</u>	<u>(53,886)</u>	<u>(55,233)</u>	<u>(56,614)</u>	<u>(58,029)</u>
Effective Gross Rent Income	<b>\$880,800</b>	<b>\$904,905</b>	<b>\$927,528</b>	<b>\$950,716</b>	<b>\$974,484</b>	<b>\$998,846</b>	<b>\$1,023,817</b>	<b>\$1,049,413</b>	<b>\$1,075,648</b>	<b>\$1,102,539</b>
<b>II. Operating Expenses</b> <sup>2</sup>										
General Operating Expenses	\$306,300	\$317,021	\$328,116	\$339,600	\$351,486	\$363,788	\$376,521	\$389,699	\$403,339	\$417,455
Property Taxes	-	-	-	-	-	-	-	-	-	-
Social Services	12,000	12,420	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355
City Monitoring Fee	7,600	7,866	8,141	8,426	8,721	9,026	9,342	9,669	10,008	10,358
Replacement Reserve	<u>14,700</u>	<u>14,700</u>	<u>14,700</u>	<u>14,700</u>	<u>14,700</u>	<u>14,700</u>	<u>14,700</u>	<u>14,700</u>	<u>14,700</u>	<u>14,700</u>
Total Operating Expenses	<b>\$340,600</b>	<b>\$352,007</b>	<b>\$363,812</b>	<b>\$376,031</b>	<b>\$388,678</b>	<b>\$401,767</b>	<b>\$415,314</b>	<b>\$429,336</b>	<b>\$443,848</b>	<b>\$458,868</b>
<b>III. Net Operating Income</b>	<b>\$540,200</b>	<b>\$552,899</b>	<b>\$563,716</b>	<b>\$574,685</b>	<b>\$585,806</b>	<b>\$597,079</b>	<b>\$608,503</b>	<b>\$620,077</b>	<b>\$631,800</b>	<b>\$643,671</b>
(Less) Perm Loan Debt Service <sup>3</sup>	<u>(466,767)</u>	<u>(466,767)</u>	<u>(466,767)</u>	<u>(466,767)</u>	<u>(466,767)</u>	<u>(466,767)</u>	<u>(466,767)</u>	<u>(466,767)</u>	<u>(466,767)</u>	<u>(466,767)</u>
Net Income After Debt Service	<b>\$73,433</b>	<b>\$86,132</b>	<b>\$96,949</b>	<b>\$107,918</b>	<b>\$119,040</b>	<b>\$130,313</b>	<b>\$141,736</b>	<b>\$153,310</b>	<b>\$165,033</b>	<b>\$176,904</b>
<b>IV. Cash Flow Available for Contingent Payments</b>	<b>\$73,433</b>	<b>\$86,132</b>	<b>\$96,949</b>	<b>\$107,918</b>	<b>\$119,040</b>	<b>\$130,313</b>	<b>\$141,736</b>	<b>\$153,310</b>	<b>\$165,033</b>	<b>\$176,904</b>
(Less) Limited Partner Asset Mgt Fee <sup>4</sup>	<u>(8,000)</u>	<u>(8,240)</u>	<u>(8,487)</u>	<u>(8,742)</u>	<u>(9,004)</u>	<u>(9,274)</u>	<u>(9,552)</u>	<u>(9,839)</u>	<u>(10,134)</u>	<u>(10,438)</u>
(Less) Partnership Mgt Fee <sup>4</sup>	<u>(20,000)</u>	<u>(20,600)</u>	<u>(21,218)</u>	<u>(21,855)</u>	<u>(22,510)</u>	<u>(23,185)</u>	<u>(23,881)</u>	<u>(24,597)</u>	<u>(25,335)</u>	<u>(26,095)</u>
(Less) Deferred Developer Fee	<u>(45,433)</u>	<u>(57,292)</u>	<u>(67,244)</u>	<u>(77,322)</u>	<u>(87,525)</u>	<u>(97,853)</u>	<u>(108,303)</u>	<u>(118,874)</u>	<u>(129,484)</u>	<u>(140,154)</u>
<b>V. Cash Flow after Contingent Payments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$68,410</b>	<b>\$140,371</b>
Nominal Dollars	<b>\$31,154,997</b>	<b>\$3,903,000</b>	<b>NPV @ 6% Discount Rate</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,205</b>	<b>\$70,185</b>
<b>VI. Residual Receipt Payments to LBCIC</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Nominal Dollars	<b>\$1,764,706</b>	<b>\$641,000</b>	<b>NPV @ 6% Discount Rate</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,205</b>	<b>\$70,185</b>
<b>VII. Net Cash Flow to Developer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Nominal Dollars	<b>\$29,390,291</b>	<b>\$3,263,000</b>	<b>NPV @ 6% Discount Rate</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,205</b>	<b>\$70,185</b>

<sup>1</sup> The affordable rents and miscellaneous income are assumed to increase by 102.5%/year. Assumes Year 1 is at stabilization.

<sup>2</sup> General operating expenses are assumed to increase by 103.5%/year, property taxes at 102.0%/year and replacement and operating reserves remain constant.

<sup>3</sup> SEE TABLE 3

<sup>4</sup> Assumes fees increase at 103.0%/year.

TABLE 4

## CASH FLOW ANALYSIS

## WOODBRIIDGE APARTMENTS

## LONG BEACH, CALIFORNIA

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
<b>I. Gross Residential Income<sup>1</sup></b>											
Gross Rent Income	\$1,186,894	\$1,216,567	\$1,246,981	\$1,278,155	\$1,310,109	\$1,342,862	\$1,376,434	\$1,410,844	\$1,446,116	\$1,482,268	\$1,519,325
Laundry/Miscellaneous Income	2,688	2,755	2,824	2,895	2,967	3,041	3,117	3,195	3,275	3,357	3,441
(Less) Vacancy & Collection Allowance	(59,480)	(60,967)	(62,491)	(64,053)	(65,654)	(67,296)	(68,978)	(70,703)	(72,470)	(74,282)	(76,139)
Effective Gross Rent Income	\$1,130,103	\$1,158,355	\$1,187,314	\$1,216,997	\$1,247,422	\$1,278,608	\$1,310,573	\$1,343,337	\$1,376,921	\$1,411,344	\$1,446,627
<b>II. Operating Expenses<sup>2</sup></b>											
General Operating Expenses	\$432,066	\$447,189	\$462,840	\$479,040	\$495,806	\$513,159	\$531,120	\$549,709	\$568,949	\$588,862	\$609,472
Property Taxes	-	-	-	-	-	-	-	-	-	-	-
Social Services	16,927	17,520	18,133	18,767	19,424	20,104	20,808	21,536	22,290	23,070	23,877
City Monitoring Fee	10,721	11,096	11,484	11,886	12,302	12,733	13,178	13,640	14,117	14,611	15,122
Replacement Reserve	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700
<b>Total Operating Expenses</b>	<b>\$474,414</b>	<b>\$490,504</b>	<b>\$507,157</b>	<b>\$524,393</b>	<b>\$542,233</b>	<b>\$560,696</b>	<b>\$579,806</b>	<b>\$599,585</b>	<b>\$620,056</b>	<b>\$641,243</b>	<b>\$663,172</b>
<b>III. Net Operating Income</b>	<b>\$655,689</b>	<b>\$667,851</b>	<b>\$680,157</b>	<b>\$692,604</b>	<b>\$705,190</b>	<b>\$717,912</b>	<b>\$730,767</b>	<b>\$743,752</b>	<b>\$756,865</b>	<b>\$770,101</b>	<b>\$783,455</b>
(Less) Perm Loan Debt Service <sup>3</sup>	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)
<b>Net Income After Debt Service</b>	<b>\$188,922</b>	<b>\$201,085</b>	<b>\$213,390</b>	<b>\$225,837</b>	<b>\$238,423</b>	<b>\$251,145</b>	<b>\$264,000</b>	<b>\$276,986</b>	<b>\$290,098</b>	<b>\$303,334</b>	<b>\$316,688</b>
<b>IV. Cash Flow Available for Contingent Payments</b>	<b>\$188,922</b>	<b>\$201,085</b>	<b>\$213,390</b>	<b>\$225,837</b>	<b>\$238,423</b>	<b>\$251,145</b>	<b>\$264,000</b>	<b>\$276,986</b>	<b>\$290,098</b>	<b>\$303,334</b>	<b>\$316,688</b>
(Less) Limited Partner Asset Mgt Fee <sup>4</sup>	(10,751)	(11,074)	(11,406)	(11,748)	(12,101)	-	-	-	-	-	-
(Less) Partnership Mgt Fee <sup>4</sup>	(26,878)	(27,685)	(28,515)	(29,371)	(30,252)	(31,159)	(32,094)	(33,057)	(34,049)	(35,070)	(36,122)
(Less) Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Flow after Contingent Payments</b>	<b>\$151,292</b>	<b>\$162,326</b>	<b>\$173,469</b>	<b>\$184,718</b>	<b>\$196,070</b>	<b>\$219,985</b>	<b>\$231,906</b>	<b>\$243,929</b>	<b>\$256,049</b>	<b>\$268,264</b>	<b>\$280,566</b>
Nominal Dollars											
<b>VI. Residual Receipt Payments to LBCIC</b>	<b>\$75,646</b>	<b>\$81,163</b>	<b>\$86,734</b>	<b>\$92,359</b>	<b>\$98,035</b>	<b>\$109,993</b>	<b>\$115,953</b>	<b>\$121,964</b>	<b>\$128,025</b>	<b>\$134,132</b>	<b>\$140,283</b>
Nominal Dollars											
<b>VII. Net Cash Flow to Developer</b>	<b>\$75,646</b>	<b>\$81,163</b>	<b>\$86,734</b>	<b>\$92,359</b>	<b>\$98,035</b>	<b>\$109,993</b>	<b>\$115,953</b>	<b>\$121,964</b>	<b>\$128,025</b>	<b>\$134,132</b>	<b>\$140,283</b>
Nominal Dollars											

<sup>1</sup> The affordable rents and miscellaneous income are assumed to increase by 102.5%/year. Assumes Year 1 is at stabilization.

<sup>2</sup> General operating expenses are assumed to increase by 103.5%/year, property taxes at 102.0%/year and replacement and operating reserves remain constant.

<sup>3</sup> SEE TABLE 3

<sup>4</sup> Assumes fees increase at 103.0%/year.

Prepared by: Keyser Marston Associates, Inc.

File name: Woodbridge Apts\_7 11 19; CF; trb

TABLE 4  
CASH FLOW ANALYSIS  
WOODBIDGE APARTMENTS  
LONG BEACH, CALIFORNIA

	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Year 31	Year 32
<b>I. Gross Residential Income<sup>1</sup></b>											
Gross Rent Income	\$1,557,308	\$1,596,241	\$1,636,147	\$1,677,051	\$1,718,977	\$1,761,951	\$1,806,000	\$1,851,150	\$1,897,429	\$1,944,865	\$1,993,486
Laundry/Miscellaneous Income	3,527	3,615	3,706	3,798	3,893	3,991	4,090	4,193	4,297	4,405	4,515
(Less) Vacancy & Collection Allowance	(78,042)	(79,994)	(81,993)	(84,043)	(86,144)	(88,298)	(90,505)	(92,768)	(95,087)	(97,464)	(99,901)
Effective Gross Rent Income	\$1,482,793	\$1,519,863	\$1,557,859	\$1,596,806	\$1,636,726	\$1,677,644	\$1,719,585	\$1,762,575	\$1,806,639	\$1,851,805	\$1,898,100
<b>II. Operating Expenses<sup>2</sup></b>											
General Operating Expenses	\$630,804	\$652,882	\$675,733	\$699,384	\$723,862	\$749,197	\$775,419	\$802,559	\$830,648	\$859,721	\$889,811
Property Taxes	-	-	-	-	-	-	-	-	-	-	-
Social Services	24,713	25,578	26,473	27,400	28,359	29,352	30,379	31,442	32,543	33,682	34,860
City Monitoring Fee	15,652	16,199	16,766	17,353	17,961	18,589	19,240	19,913	20,610	21,332	22,078
Replacement Reserve	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700
<b>Total Operating Expenses</b>	<b>\$685,869</b>	<b>\$709,360</b>	<b>\$733,673</b>	<b>\$758,837</b>	<b>\$784,882</b>	<b>\$811,838</b>	<b>\$839,738</b>	<b>\$868,614</b>	<b>\$898,501</b>	<b>\$929,434</b>	<b>\$961,450</b>
<b>III. Net Operating Income</b>	<b>\$796,924</b>	<b>\$810,503</b>	<b>\$824,187</b>	<b>\$837,969</b>	<b>\$851,844</b>	<b>\$865,806</b>	<b>\$879,848</b>	<b>\$893,961</b>	<b>\$908,138</b>	<b>\$922,371</b>	<b>\$936,651</b>
(Less) Perm Loan Debt Service <sup>3</sup>	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	(466,767)	0
<b>Net Income After Debt Service</b>	<b>\$330,157</b>	<b>\$343,736</b>	<b>\$357,420</b>	<b>\$371,202</b>	<b>\$385,078</b>	<b>\$399,039</b>	<b>\$413,081</b>	<b>\$427,194</b>	<b>\$441,371</b>	<b>\$922,371</b>	<b>\$936,651</b>
<b>IV. Cash Flow Available for Contingent Payments</b>	<b>\$330,157</b>	<b>\$343,736</b>	<b>\$357,420</b>	<b>\$371,202</b>	<b>\$385,078</b>	<b>\$399,039</b>	<b>\$413,081</b>	<b>\$427,194</b>	<b>\$441,371</b>	<b>\$922,371</b>	<b>\$936,651</b>
(Less) Limited Partner Asset Mgt Fee <sup>4</sup>	-	-	-	-	-	-	-	-	-	-	-
(Less) Partnership Mgt Fee <sup>4</sup>	(37,206)	(38,322)	(39,472)	(40,656)	(41,876)	(43,132)	(44,426)	(45,759)	(47,131)	(48,545)	(50,002)
(Less) Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0
<b>V. Cash Flow after Contingent Payments</b>	<b>\$292,952</b>	<b>\$305,414</b>	<b>\$317,948</b>	<b>\$330,546</b>	<b>\$343,202</b>	<b>\$355,908</b>	<b>\$368,655</b>	<b>\$381,435</b>	<b>\$394,240</b>	<b>\$873,826</b>	<b>\$886,649</b>
Nominal Dollars											
<b>VI. Residual Receipt Payments to LBCIC</b>	<b>\$146,476</b>	<b>\$152,707</b>	<b>\$158,974</b>	<b>\$17,871</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Nominal Dollars											
<b>VII. Net Cash Flow to Developer</b>	<b>\$146,476</b>	<b>\$152,707</b>	<b>\$158,974</b>	<b>\$312,675</b>	<b>\$343,202</b>	<b>\$355,908</b>	<b>\$368,655</b>	<b>\$381,435</b>	<b>\$394,240</b>	<b>\$873,826</b>	<b>\$886,649</b>
Nominal Dollars											

<sup>1</sup> The affordable rents and miscellaneous income are assumed to increase by 102.5%/year. Assumes Year 1 is at stabilization.

<sup>2</sup> General operating expenses are assumed to increase by 103.5%/year, property taxes at 102.0%/year and replacement and operating reserves remain constant.

<sup>3</sup> SEE TABLE 3

<sup>4</sup> Assumes fees increase at 103.0%/year.



**TABLE 4**  
**CASH FLOW ANALYSIS**  
**WOODBIDGE APARTMENTS**  
**LONG BEACH, CALIFORNIA**

	<u>Year 33</u>	<u>Year 34</u>	<u>Year 35</u>	<u>Year 36</u>	<u>Year 37</u>	<u>Year 38</u>	<u>Year 39</u>	<u>Year 40</u>	<u>Year 41</u>	<u>Year 42</u>	<u>Year 43</u>
<b>I. Gross Residential Income <sup>1</sup></b>											
Gross Rent Income	\$2,043,323	\$2,094,407	\$2,146,767	\$2,200,436	\$2,255,447	\$2,311,833	\$2,369,629	\$2,428,869	\$2,489,591	\$2,551,831	\$2,615,627
Laundry/Miscellaneous Income	4,628	4,744	4,862	4,984	5,108	5,236	5,367	5,501	5,639	5,780	5,924
(Less) Vacancy & Collection Allowance	(102,398)	(104,958)	(107,582)	(110,272)	(113,029)	(115,854)	(118,751)	(121,720)	(124,763)	(127,882)	(131,079)
Effective Gross Rent Income	\$1,945,553	\$1,994,192	\$2,044,046	\$2,095,148	\$2,147,526	\$2,201,214	\$2,256,245	\$2,312,651	\$2,370,467	\$2,429,729	\$2,490,472
<b>II. Operating Expenses <sup>2</sup></b>											
General Operating Expenses	\$920,955	\$953,188	\$986,550	\$1,021,079	\$1,056,817	\$1,093,805	\$1,132,088	\$1,171,711	\$1,212,721	\$1,255,166	\$1,299,097
Property Taxes	-	-	-	-	-	-	-	-	-	-	-
Social Services	36,080	37,343	38,650	40,003	41,403	42,852	44,352	45,904	47,511	49,174	50,895
City Monitoring Fee	22,851	23,651	24,479	25,335	26,222	27,140	28,090	29,073	30,090	31,144	32,234
Replacement Reserve	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700
Total Operating Expenses	\$994,586	\$1,028,882	\$1,064,378	\$1,101,117	\$1,139,142	\$1,178,497	\$1,219,230	\$1,261,389	\$1,305,023	\$1,350,184	\$1,396,926
<b>III. Net Operating Income</b>	\$950,967	\$965,310	\$979,668	\$994,031	\$1,008,385	\$1,022,717	\$1,037,015	\$1,051,262	\$1,065,445	\$1,079,545	\$1,093,546
(Less) Perm Loan Debt Service <sup>3</sup>	0	0	0	0	0	0	0	0	0	0	0
<b>Net Income After Debt Service</b>	\$950,967	\$965,310	\$979,668	\$994,031	\$1,008,385	\$1,022,717	\$1,037,015	\$1,051,262	\$1,065,445	\$1,079,545	\$1,093,546
<b>IV. Cash Flow Available for Contingent Payments</b>	\$950,967	\$965,310	\$979,668	\$994,031	\$1,008,385	\$1,022,717	\$1,037,015	\$1,051,262	\$1,065,445	\$1,079,545	\$1,093,546
(Less) Limited Partner Asset Mgt Fee <sup>4</sup>	-	-	-	-	-	-	-	-	-	-	-
(Less) Partnership Mgt Fee <sup>4</sup>	(51,502)	(53,047)	(54,638)	(56,277)	(57,966)	(59,705)	(61,496)	(63,341)	(65,241)	(67,198)	(69,214)
(Less) Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Flow after Contingent Payments</b>	\$899,465	\$912,263	\$925,030	\$937,753	\$950,419	\$963,013	\$975,519	\$987,922	\$1,000,204	\$1,012,347	\$1,024,332
Nominal Dollars											
<b>VI. Residual Receipt Payments to LBCIC</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nominal Dollars											
<b>VII. Net Cash Flow to Developer</b>	\$899,465	\$912,263	\$925,030	\$937,753	\$950,419	\$963,013	\$975,519	\$987,922	\$1,000,204	\$1,012,347	\$1,024,332
Nominal Dollars											

<sup>1</sup> The affordable rents and miscellaneous income are assumed to increase by 102.5%/year. Assumes Year 1 is at stabilization.

<sup>2</sup> General operating expenses are assumed to increase by 103.5%/year, property taxes at 102.0%/year and replacement and operating reserves remain constant.

<sup>3</sup> SEE TABLE 3

<sup>4</sup> Assumes fees increase at 103.0%/year.

**TABLE 4**  
**CASH FLOW ANALYSIS**  
**WOODBIDGE APARTMENTS**  
**LONG BEACH, CALIFORNIA**

	<u>Year 44</u>	<u>Year 45</u>	<u>Year 46</u>	<u>Year 47</u>	<u>Year 48</u>	<u>Year 49</u>	<u>Year 50</u>	<u>Year 51</u>	<u>Year 52</u>	<u>Year 53</u>	<u>Year 54</u>
<b>I. <u>Gross Residential Income</u><sup>1</sup></b>											
Gross Rent Income	\$2,681,017	\$2,748,043	\$2,816,744	\$2,887,163	\$2,959,342	\$3,033,325	\$3,109,158	\$3,186,887	\$3,266,559	\$3,348,223	\$3,431,929
Laundry/Miscellaneous Income	6,072	6,224	6,380	6,539	6,703	6,870	7,042	7,218	7,398	7,583	7,773
(Less) Vacancy & Collection Allowance	(134,356)	(137,715)	(141,157)	(144,686)	(148,303)	(152,011)	(155,811)	(159,707)	(163,699)	(167,792)	(171,987)
Effective Gross Rent Income	\$2,552,734	\$2,616,552	\$2,681,966	\$2,749,015	\$2,817,741	\$2,888,184	\$2,960,389	\$3,034,398	\$3,110,258	\$3,188,015	\$3,267,715
<b>II. <u>Operating Expenses</u><sup>2</sup></b>											
General Operating Expenses	\$1,344,566	\$1,391,626	\$1,440,332	\$1,490,744	\$1,542,920	\$1,596,922	\$1,652,815	\$1,710,663	\$1,770,536	\$1,832,505	\$1,896,643
Property Taxes	-	-	-	-	-	-	-	-	-	-	-
Social Services	52,676	54,520	56,428	58,403	60,447	62,563	64,753	67,019	69,365	71,793	74,305
City Monitoring Fee	33,362	34,529	35,738	36,989	38,283	39,623	41,010	42,445	43,931	45,469	47,060
Replacement Reserve	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700
<b>Total Operating Expenses</b>	<b>\$1,445,304</b>	<b>\$1,495,375</b>	<b>\$1,547,199</b>	<b>\$1,600,836</b>	<b>\$1,656,351</b>	<b>\$1,713,809</b>	<b>\$1,773,277</b>	<b>\$1,834,828</b>	<b>\$1,898,532</b>	<b>\$1,964,466</b>	<b>\$2,032,708</b>
<b>III. <u>Net Operating Income</u></b>	<b>\$1,107,430</b>	<b>\$1,121,177</b>	<b>\$1,134,767</b>	<b>\$1,148,179</b>	<b>\$1,161,390</b>	<b>\$1,174,376</b>	<b>\$1,187,111</b>	<b>\$1,199,571</b>	<b>\$1,211,726</b>	<b>\$1,223,549</b>	<b>\$1,235,007</b>
(Less) Perm Loan Debt Service <sup>3</sup>	0	0	0	0	0	0	0	0	0	0	0
<b>Net Income After Debt Service</b>	<b>\$1,107,430</b>	<b>\$1,121,177</b>	<b>\$1,134,767</b>	<b>\$1,148,179</b>	<b>\$1,161,390</b>	<b>\$1,174,376</b>	<b>\$1,187,111</b>	<b>\$1,199,571</b>	<b>\$1,211,726</b>	<b>\$1,223,549</b>	<b>\$1,235,007</b>
<b>IV. <u>Cash Flow Available for Contingent Payments</u></b>	<b>\$1,107,430</b>	<b>\$1,121,177</b>	<b>\$1,134,767</b>	<b>\$1,148,179</b>	<b>\$1,161,390</b>	<b>\$1,174,376</b>	<b>\$1,187,111</b>	<b>\$1,199,571</b>	<b>\$1,211,726</b>	<b>\$1,223,549</b>	<b>\$1,235,007</b>
(Less) Limited Partner Asset Mgt Fee <sup>4</sup>	-	-	-	-	-	-	-	-	-	-	-
(Less) Partnership Mgt Fee <sup>4</sup>	(71,290)	(73,429)	(75,632)	(77,901)	(80,238)	(82,645)	(85,124)	(87,678)	(90,308)	(93,018)	(95,808)
(Less) Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0
<b>V. <u>Cash Flow after Contingent Payments</u></b>	<b>\$1,036,140</b>	<b>\$1,047,748</b>	<b>\$1,059,136</b>	<b>\$1,070,278</b>	<b>\$1,081,152</b>	<b>\$1,091,730</b>	<b>\$1,101,987</b>	<b>\$1,111,893</b>	<b>\$1,121,418</b>	<b>\$1,130,531</b>	<b>\$1,139,199</b>
Nominal Dollars											
<b>VI. <u>Residual Receipt Payments to LBCIC</u></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Nominal Dollars											
<b>VII. <u>Net Cash Flow to Developer</u></b>	<b>\$1,036,140</b>	<b>\$1,047,748</b>	<b>\$1,059,136</b>	<b>\$1,070,278</b>	<b>\$1,081,152</b>	<b>\$1,091,730</b>	<b>\$1,101,987</b>	<b>\$1,111,893</b>	<b>\$1,121,418</b>	<b>\$1,130,531</b>	<b>\$1,139,199</b>
Nominal Dollars											

<sup>1</sup> The affordable rents and miscellaneous income are assumed to increase by 102.5%/year. Assumes Year 1 is at stabilization.

<sup>2</sup> General operating expenses are assumed to increase by 103.5%/year, property taxes at 102.0%/year and replacement and operating reserves remain constant.

<sup>3</sup> SEE TABLE 3

<sup>4</sup> Assumes fees increase at 103.0%/year.

TABLE 4  
CASH FLOW ANALYSIS  
WOODBIDGE APARTMENTS  
LONG BEACH, CALIFORNIA

	Year 55
<b>I. Gross Residential Income<sup>1</sup></b>	
Gross Rent Income	\$3,517,727
Laundry/Miscellaneous Income	7,967
(Less) Vacancy & Collection Allowance	(176,286)
Effective Gross Rent Income	<b>\$3,349,408</b>
<b>II. Operating Expenses<sup>2</sup></b>	
General Operating Expenses	\$1,963,025
Property Taxes	-
Social Services	76,906
City Monitoring Fee	48,707
Replacement Reserve	14,700
<b>Total Operating Expenses</b>	<b>\$2,103,338</b>
<b>III. Net Operating Income</b>	<b>\$1,246,070</b>
(Less) Perm Loan Debt Service <sup>3</sup>	0
<b>Net Income After Debt Service</b>	<b>\$1,246,070</b>
<b>IV. Cash Flow Available for Contingent Payments</b>	<b>\$1,246,070</b>
(Less) Limited Partner Asset Mgt Fee <sup>4</sup>	-
(Less) Partnership Mgt Fee <sup>4</sup>	(98,682)
(Less) Deferred Developer Fee	0
<b>Cash Flow after Contingent Payments</b>	<b>\$1,147,387</b>
Nominal Dollars	
<b>VI. Residual Receipt Payments to LBCIC</b>	<b>\$0</b>
Nominal Dollars	
<b>VII. Net Cash Flow to Developer</b>	<b>\$1,147,387</b>
Nominal Dollars	

<sup>1</sup> The affordable rents and miscellaneous income are assumed to increase by 102.5%/year. Assumes Year 1 is at stabilization.

<sup>2</sup> General operating expenses are assumed to increase by 103.5%/year, property taxes at 102.0%/year and replacement and operating reserves remain constant.

<sup>3</sup> SEE TABLE 3

<sup>4</sup> Assumes fees increase at 103.0%/year.



TABLE 5A  
HOME COST ALLOCATION WORKSHEET - STANDARD MODEL  
WOODBIDGE APARTMENTS  
LONG BEACH, CALIFORNIA

Step 1: Determine Comparability, Select Method of Cost Allocation

Standard Method	
Net Residential SF	41,880

Step 2: Proposed HOME Investment

\$1,100,000

Step 3: Calculate Actual Cost of HOME Units

Total Development Costs		\$14,062,036
Ineligible Development Costs	See Table 2	(308,290)
Unit-Specific Upgrades		0
Relocation Costs		200,000
Assign Relocation Exclusively to HOME Units?		NO

Base Project Cost

\$328 /Sf Gross Residential SF

\$13,753,746

Assign Units	# of Bdrms	Unit Size	Cost/Unit
1	2	800	\$262,727
2	2	800	\$262,727
3	3	980	\$321,840
4	3	980	\$321,840
5	3	980	\$321,840

Subtotal HOME Unit Costs

\$1,490,974

Add: Relocation Costs Allocated Exclusively to HOME Units (if applicable)

\$0

Actual Cost of HOME Units

\$1,490,974

Step 4: Calculate Maximum Project Subsidy

Unit Size	# of Units	Max Subsidy/Unit	Maximum Subsidy
1 Bedroom	0	\$168,600	\$0
2 Bedroom	2	\$205,502	411,004
3 Bedroom	3	\$265,229	795,687
Maximum Project Subsidy	5		\$1,206,691

Step 5: Maximum HOME Investment, Lesser of

Proposed Investment (Step 2)	\$1,100,000
Actual Cost of HOME Units (Step 3)	\$1,490,974
Maximum Project Subsidy (Step 4)	\$1,206,691

Maximum HOME Investment	5 HOME Units	\$1,100,000
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TABLE 5B  
INELIGIBLE HOME DEVELOPMENT COST BREAKDOWN  
WOODBIDGE APARTMENTS  
LONG BEACH, CALIFORNIA

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I.	<u>Ineligible HOME Development Costs</u>	
	Furnishings, Fixtures and Equipment	\$50,000
	Syndication Consultant Costs	65,000
	Operating Reserve	193,290
		<hr/>
II.	Total Ineligible HOME Development Costs	\$308,290