The Long Beach COMMUNITY INVESTMENT Company 333 W. Ocean Blvd., 3rd Floor • Long Beach, CA 90802 • 562.570.6949 • lbcic.org

MEMORANDUM

DATE: December 17, 2014

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Amy J. Bodek, President

SUBJECT: **Approval of a Loan to Century Villages at Cabrillo for the development of Anchor Place Apartments at Villages at Cabrillo, 2000 River Avenue (CD 7)**

RECOMMENDATION:

1. Approve a loan of up to $4,000,000 in HOME funds to Century Villages at Cabrillo for the development of Anchor Place Apartments at Villages at Cabrillo, with conditions; and,

2. Authorize the President to execute any and all documents necessary to provide the loan.

DISCUSSION

Century Villages at Cabrillo (Century), which is an affiliate of Century Housing, is the nonprofit community development organization that owns, develops, and manages the 27 acre Villages at Cabrillo campus. Villages at Cabrillo is located at 2000 River Avenue in West Long Beach, and was formerly a naval housing campus serving the Long Beach Naval Ship Yards. The site was transferred from the City to the Developer in 1997 after being transferred from the U.S government to the City during the Base Realignment and Closure Act of 1991. A campus map is attached (Attachment A).

Villages at Cabrillo has been transformed from an abandoned military housing site into a vibrant supportive housing community, and is home to more than 1000 residents, including veterans, homeless individuals and families. Close to 20 nonprofit and government agencies collectively provide residents with safe affordable housing and access to the skills, tools, and services needed to establish self-sufficiency. A summary of the various programs provided at the campus is attached (Attachment B).

The LBCIC previously provided a loan of $11,775,000 for the development of the 81-unit Family Commons at Cabrillo, which was completed in 2009. Century is currently proposing to construct a 120-unit affordable apartment project (Project) on a 130,500 square foot site located in the southeast quadrant of the campus. A site plan and rendering are attached (Attachment C). The Project will include 95 one-bedroom units, 20 two-bedroom units and 5 three-bedroom units. One hundred and eleven (111) units will be restricted to very low-income households, 8 to low-income households, and one unrestricted unit will be reserved for an on-site manager. Further, 75 units will be reserved for veterans and 18 units will be reserved for tenants that exhibit mental health issues as defined by the Mental Health Services Act (MHSA). The Project will include 90 podium parking spaces, a courtyard, space for supportive service delivery, and a 12,000 square foot park-like area fronting the Project. The on-site supportive services will include case management, physical and mental health services, employment/vocational services, life skills classes, benefits counseling, and general linkages to other community-based services, both on and off-site.

Century submitted a request for LBCIC financial assistance for the proposed Project. Staff requested Keyser Marston Associates (KMA) to review Century's proforma. KMA's analysis indicates that the total project development cost is estimated at $42, 530,000, potential available funding sources at $38,581,000 and financial gap at $4,000,000, or $33,300 per unit. The KMA analysis is attached for your information (Attachment D). The LBCIC has HOME funds available for the proposed project.

The Project has been awarded $1,710,000 in MHSA funds and 75 Veterans Affairs Supportive Housing (VASH) Vouchers, which fund the difference between the 75 tenants' rent payments, based on 30% of their income, and the fair market rents as published by HUD. Century intends to apply for 9% Federal Low income Housing Tax Credits (9% Tax Credits), State Low Income Housing Tax Credits (State Tax Credits), and Veterans Housing and Homeless Prevention (VHPP) funds from the California Department of Housing and Community Development (HCD) in the Spring of 2015. The award processes are competitive and it is necessary for Century to show a committed source of funding from the LBCIC to score well on the applications.

It should be noted that HCD is still in the process of finalizing the VHPP funding regulations and the financial analysis may need to be revised if the final VHHP regulations impact Century's request for LBCIC financial assistance.

Based on KMA's analysis, staff recommends approval of a HOME loan of up to $4,000,000, contingent upon the competitively awarded 9% Tax Credits, State tax Credits, and VHPP funds. In addition, the proposed Project supports the implementation of the City's Certified Housing Element Program 4.1 (Affordable Housing Development Assistance), and is therefore supported by staff. If approved, the loan will be structured as a residual receipts note with a 1% interest rate a 55-year term.

SUGGESTED ACTION:

Approve Recommendations.

AJB:PU:MS

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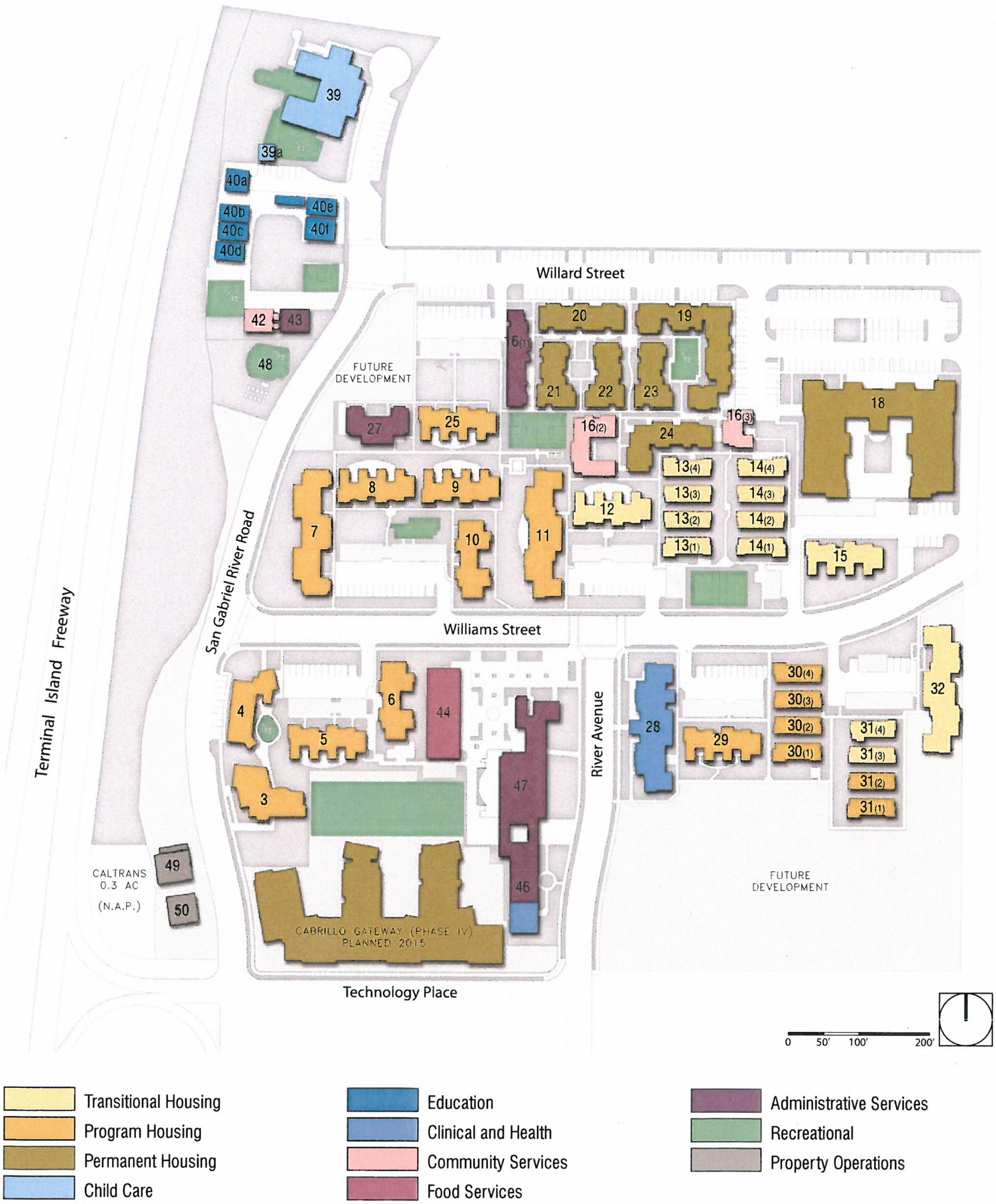
Attachments:

A. Campus Map
B. Summary of Campus Programs
C. Site Plan and Renderings
D. KMA Analysis

Attachment A

Figure 5. **Campus Use**



Century Villages at Cabrillo

Century Villages at Cabrillo ~ SUPPORTIVE HOUSING CONTIN

Attachment B

EMERGENCY SHELTER

Length of stay: 30 to 90 days

Emergency shelter and treatment programs provide basic shelter and care to individuals or families in crisis. Short term in nature, shelter programs seek to stabilize clients and prepare them for more independent living arrangements.

A. Catholic Charities Elizabeth Ann Seton Residence (EASR)
Operating since 1983, EASR provides up to 45 days of emergency shelter for up to of 44 individuals at any one time. The shelter opens its doors to families of all kinds and serves children, single men, pregnant women, people with disabilities and senior citizens in need of refuge while they rebuild their lives.
(562) 388-7670

B. Veterans Village Recovery Center (VVRC)
The VVRC is a 38 bed, 30 to 90 day intensive substance abuse treatment program for veterans, operated by the Long Beach VA HCS with housing supported by the United States Veterans Initiative. (562) 826-8460

C. U.S. VETS Veterans In Progress (VIP)
VIP is a 70 bed 90 day work re-entry program for unemployed, homeless veterans that have a minimum of 60 days clean and sober if referred from a substance abuse treatment program and 90 days clean and sober if self-referred.
(562) 200-7310

D. Hacienda of Hope/HopeWell
HopeWell is a peer run program that provides walk-in community resources for adults recovering from mental illness. Hacienda of Hope is a respite care program providing a short-term alternative to hospitalization for adults experiencing a temporary crisis. It is run by peers who provide perspective, support, and a caring environment with specific tools for managing recovery. (562) 388-8177

TRANSITIONAL HOUSING

Length of stay: Up to 2 years +

Transitional housing programs foster independent living skills and self-sufficiency, helping to prepare residents for permanent, autonomous living.

E. New Image Emergency Shelter for the Homeless (Project Stepping Stone)
Provides extensive and comprehensive case management services and unmatched permanent housing placement and retention for every client served, with a two year follow-up. Contact the Long Beach Multi-Service Center (MSC).
(562) 733-1147 ex. 109

F. PATH Ventures: Transitional Living Center (TLC)
TLC offers 16 homeless families interim housing with support services for up to 6 months, and helps families with budgeting, parenting, and other life skills while preparing for economic and housing stability. It is our goal that each family will transition into permanent housing. Contact the Long Beach Multi-Service Center (MSC). (562) 733-1147.

G. American Indian Changing Spirits
Changing Spirits is a 26 bed substance abuse treatment facility for Native American men. (562) 388-8118

H. U.S. VETS ADVANCE Women's Program
A U.S VETS residential program designed to assist unemployed, homeless women in obtaining employment and permanent housing. A special component of this program provides comprehensive services to women who have experienced sexual trauma. (562) 200-7316

I. U.S. VETS Veteran Re-Entry Program (VRP)
A 23 bed program providing comprehensive services to recently separated Afghanistan and Iraq veterans. Administered by U.S. VETS, the VRP program assists recently separated veterans in the transition from military to civilian life.
(562) 200-7336

J. U.S. VETS Social Independent Living Skills (SILS)
The Social Independent Living Skills Program (SILS) is a 32 bed residential program administered by U.S.VETS. (562) 200-7344

PERMANENT HOUSING

Length of stay: Indefinite

A permanent housing facility, for both families and veterans, is the final step in the housing continuum. Our permanent housing is enriched with supportive services, ensuring that individuals, families, and children have critical resources at their disposal to facilitate continued growth.

K. Long Beach Savannah Housing (In conjunction with U.S.VETS)
Long Beach Savannah Housing (LBSH) provides affordable permanent and transitional housing to individuals who have been clean and sober for a minimum of 90 days, can pay rent, and abide by program regulations. LBSH can house a total of 120 veterans. (562) 388-8000

L. Cabrillo Plaza (Casa de Cabrillo)
Casa de Cabrillo provides 200 efficiency apartments for single veterans. 130 apartments are equipped with private bathroom and kitchen areas while 70 apartments utilize shared baths, kitchens, and common areas within a suite setting. Rental support is available for disabled and homeless veterans through the Shelter plus Care and PHD programs. U.S.VETS provides on-site supportive services to residents. (562) 388-8000

M. Family Commons at Cabrillo
Family Commons at Cabrillo provides 80 apartment homes for large families. PATH Ventures provides on-site supportive services to residents, including case management, and employment assistance. Additionally, 40 apartments are subsidized through PATH Ventures for qualifying families with physical and/or mental disabilities and who were previously homeless. (562) 388-8000

N. Cabrillo Gateway (Coming in 2015)
Cabrillo Gateway will provide 80 apartment homes for small families. Century Villages will administer onsite supportive services to residents including case management, employment assistance and resource referral. Additional support services will be offered by Mental Health America of Los Angeles and a Federally Qualified Health Center to be operated by The Children's Clinic.

SUPPORTIVE SERVICES

Residents within any stage of our continuum are supported by an array of nurturing programs and services. These services are geared around increasing independence and self-sufficiency.

O. CVC's Oasis Community Center
Offers programs for adults and children to achieve self-sufficiency and stability. The Center offers daily adult skill-building classes in five key areas: Career Planning, Parenting, Personal Growth, Financial Literacy, and Computer Competency. It also offers individualized help by assessing the client's needs, aiding in the development of goals, and hands-on assistance in achieving these goals. The Oasis Center is at the heart of CVC's larger Community Development plan that includes community events to increase resident engagement, provide healthy activities, and promote family and community connectedness.
(562) 388-8080

P. Los Angeles Habilitation House (LAHH)
Offers transitional and permanent employment, training and career opportunities in green janitorial services, record and document management, and administrative services to persons with mental and physical disabilities, including veterans. (562) 388-8073

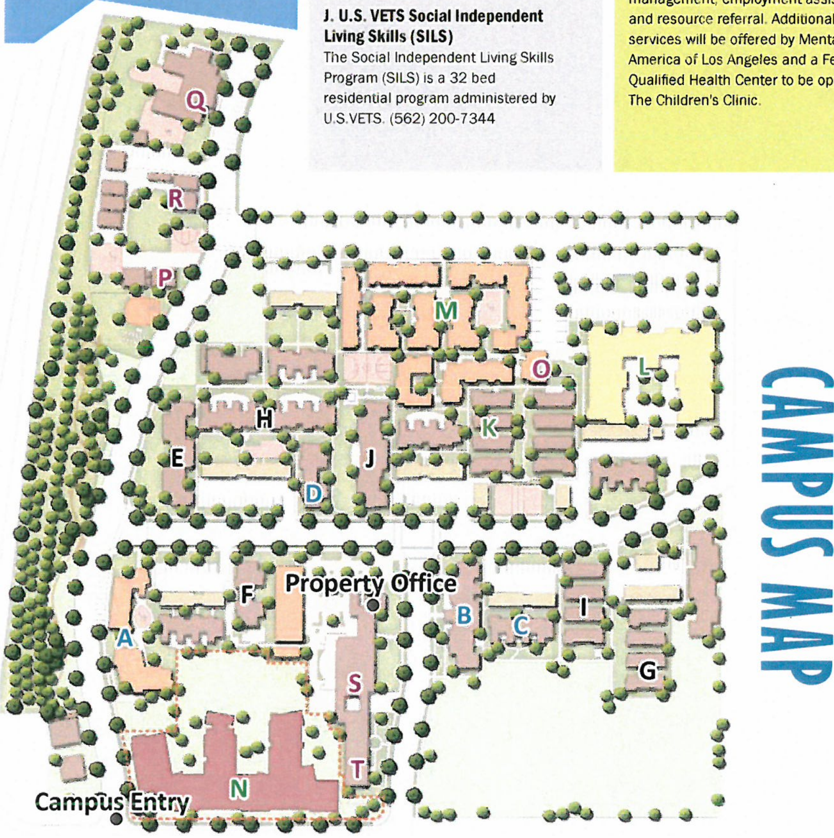
Q. Comprehensive Child Development (CCD)
Offers child care and a quality early childhood education curriculum for children whose parents work, are in job training, and/or are seeking permanent housing.
(562) 388-8160

R. The Bethune Transitional Center
The hub for the coordination of services for all homeless students in the Long Beach Unified School District. Bethune works with school counselors and administrators to identify homeless students and provide services to enable their academic success. Students receive school supplies as well as help with placement and transportation. (562) 435-2050

S. U.S. VETS Work Re-entry Programs
Designed to help veterans obtain and maintain employment. The programs address a variety of employment related barriers, including lack of job and life skills, mental health and substance abuse issues. U.S.VETS has both residential back-to-work programs and Career Centers that offer employment assistance to all veterans. (562) 200-7330

T. V.A. Community Based Outpatient Clinic (CBOC)
Satellite outpatient clinic located at the Villages at Cabrillo for veterans. The clinic is managed by the Veterans Administration. (562) 826-8415

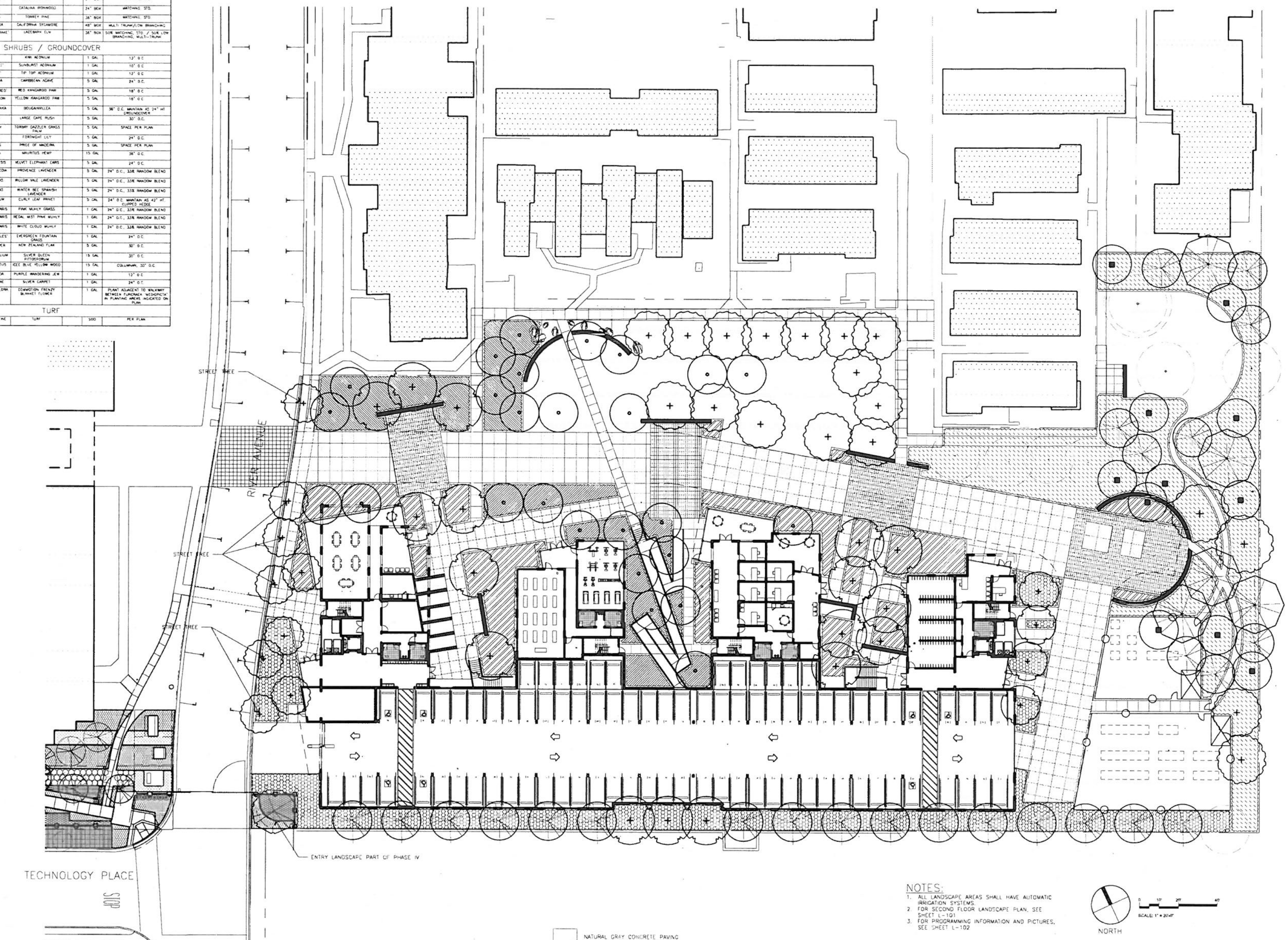
Off-site. Long Beach Multi-Service Center (MSC)
The off-site multi-service access center operated by the City of Long Beach provides support services for homeless persons in Long Beach. Services include referrals to CVC, if appropriate, and case management, where access to basic amenities of shower, a mail and message center, shuttle transportation, employment services, medical and mental health services, substance abuse treatment, and shelter referral are provided.
(562)733-1147 (Service/Intake)
Located off-site at:
1301 W. 12th Street Long Beach, California 90813



Attachment C

PRELIMINARY PLANT LEGEND

ABBREV.	BOTANICAL NAME	COMMON NAME	QUANTITY	SIZE	REMARKS
TREES					
EXS TRE	EXISTING TREE TO REMAIN	EXISTING TREE TO REMAIN		N/A	PROTECT IN PLACE PER DETAILS AND SPECIFICATIONS
CAL DEC	CALOCEDRUS DECURRENS	CALIFORNIA INCENSE-CEDAR		36" BOX	MATCHING, STD.
JAC MIM	JACARANDA MIMOSIFOLIA	JACARANDA		36" BOX	MATCHING, STD.
LAG IND	LAGERSTROEMIA INDICA 'MUSKOGEE'	CRAPE MYRTLE		24" BOX	MATCHING, STD.
LYO FLOR	LYONOTHAMNUS FLORIBUNDUS	CATALINA IRONWOOD		24" BOX	MATCHING, STD.
PIN TOR	PINUS TORREYANA	TORREY PINE		36" BOX	MATCHING, STD.
PLA RAC	PLATANUS RACEMOSA	CALIFORNIA SYCAMORE		48" BOX	MULTI TRUNK/LOW BRANCHING
ULM PAR	ULMUS PARVIFOLIA 'DRAKE'	LACEBARK ELM		36" BOX	50% MATCHING, STD. / 50% LOW BRANCHING, MULTI-TRUNK
SHRUBS / GROUNDCOVER					
AEO KIW	AEONIUM 'KIWI'	KIWI AEONIUM		1 GAL	12" O.C.
AEO SUN	AEONIUM 'SUNBURST'	SUNBURST AEONIUM		1 GAL	10" O.C.
AEO TIP	AEONIUM 'TIP TOP'	TIP TOP AEONIUM		1 GAL	12" O.C.
AGA ANG	AGAVE ANGUSTIFOLIA	CARIBBEAN AGAVE		5 GAL	24" O.C.
ANI BIG	ANIGOZANTHOS 'BIG RED'	RED KANGAROO PAW		5 GAL	18" O.C.
ANI YEL	ANIGOZANTHOS 'YELLOW GEM'	YELLOW KANGAROO PAW		5 GAL	18" O.C.
BOU ROS	BOUGAINVILLEA ROSENKA	BOUGAINVILLEA		5 GAL	36" O.C. MAINTAIN AS 24" HT GROUNDCOVER
CHO ELE	CHONDROPETALUM ELEPHANTINUM	LARGE CAPE RUSH		5 GAL	30" O.C.
COR TOR	CORDYLINE 'TORBAY DAZZLER'	TORBAY DAZZLER GRASS PALM		5 GAL	SPACE PER PLAN
DIE BIC	DIETES BICOLOR	FORTNIGHT LILY		5 GAL	24" O.C.
ECH CAN	ECHIUM CANDICANS	PRIDE OF MADEIRA		5 GAL	SPACE PER PLAN
FUR MED	FURCRAEA FOETIDA 'MEDIOPICTA'	MAURITIUS HEMP		15 GAL	36" O.C.
KAL BEH	KALANCHOE BEHARENSIS	VELVET ELEPHANT EARS		5 GAL	24" O.C.
LAV INT	LAVANDULA X INTERMEDIA 'PROVENCE'	PROVENCE LAVENDER		5 GAL	24" O.C., 33% RANDOM BLEND
LAV WIL	LAVANDULA STOECHAS 'WILLOW VALE'	WILLOW VALE LAVENDER		5 GAL	24" O.C., 33% RANDOM BLEND
LAV WIN	LAVANDULA STOECHAS 'WINTER BEE'	WINTER BEE SPANISH LAVENDER		5 GAL	24" O.C., 33% RANDOM BLEND
LIG ROT	LIGUSTRUM JAPONICUM 'ROTUNDIFOLIUM'	CURLY LEAF PRIVET		5 GAL	24" O.C. MAINTAIN AS 42" HT. CLIPPED HEDGE
MUH CAP	MUHLENBERGIA CAPILLARIS	PINK MUHLY GRASS		1 GAL	24" O.C., 33% RANDOM BLEND
MUH REG	MUHLENBERGIA CAPILLARIS 'REGAL MIST'	REGAL MIST PINK MUHLY		1 GAL	24" O.C., 33% RANDOM BLEND
MUH WHI	MUHLENBERGIA CAPILLARIS 'WHITE CLOUD'	WHITE CLOUD MUHLY		1 GAL	24" O.C., 33% RANDOM BLEND
PEN FAI	PENNISETUM 'FAIRY TALES'	EVERGREEN FOUNTAIN GRASS		1 GAL	24" O.C.
PHO TEN	PHORMIUM TENAX 'EVER RED'	NEW ZEALAND FLAX		5 GAL	30" O.C.
PIT TEN	PITTOSPORUM TENUIFOLIUM 'SILVER SHEEN'	SILVER QUEEN PITTOSPORUM		15 GAL	30" O.C.
POD ELO	PODOCARPUS ELONGATUS 'MONMAL'	ICEE BLUE YELLOW WOOD		15 GAL	COLUMNAR, 30" O.C.
TRA PAL	TRADESCANTIA PALLIDA	PURPLE WANDERING JEW		1 GAL	12" O.C.
DYM MAR	DYMONDIA MARGARETAE	SILVER CARPET		1 GAL	24" O.C.
GAI GRA	GAILLARDIA X GRANDIFLORA 'FRENZY'	COMMOTION FRENZY BLANKET FLOWER		1 GAL	PLANT ADJACENT TO WALKWAY BETWEEN FURCRAEA 'MEDIOPICTA' IN PLANTING AREAS INDICATED ON PLAN
TURF					
TURF	PALMETTO ST. AUGUSTINE	TURF		SOD	PER PLAN



NOTES:
1. ALL LANDSCAPE AREAS SHALL HAVE AUTOMATIC IRRIGATION SYSTEMS.
2. FOR SECOND FLOOR LANDSCAPE PLAN, SEE SHEET L-101
3. FOR PROGRAMMING INFORMATION AND PICTURES, SEE SHEET L-102

NORTH

SCALE: 1" = 20'-0"

LEGEND:

- GROUND COVER ONLY
- TURF
- 50% SHRUBS / 50% GROUND COVER NATIVE PLANTING
- 25% SHRUBS / 75% GROUND COVER DROUGHT TOLERANT PLANTING
- 50% SHRUBS / 50% GROUND COVER HYBRID ORNAMENTAL PLANTING
- 25% LARGE SHRUBS / 25% SMALL SHRUBS / 50% GROUND COVER NATIVE PLANTING
- 50% SHRUBS / 50% GROUND COVER XERIC PLANTING
- 3/8" MINUS CRUSHED STONE
- NATURAL GRAY CONCRETE PAVING WITH SEEDED AGGREGATE FINISH
- NATURAL GRAY CONCRETE PAVING
- CONCRETE PLANTER WALL
- NATURAL GRAY CONCRETE PAVING WITH ENHANCED FINISH
- EXISTING TREE
- CALOCEDRUS DECURRENS CALIFORNIA INCENSE CEDAR
- JACARANDA MIMOSIFOLIA JACARANDA
- LAGERSTROEMIA INDICA CREPE MYRTLE
- LYONOTHAMNUS FLORIBUNDUS CATALINA IRONWOOD
- PINUS TORREYANA TORREY PINE
- PLATANUS RACEMOSA CALIFORNIA SYCAMORE
- ULMUS PARVIFOLIA LACEBARK ELM

PSL ARCHITECTS
1657 abbra street second floor los angeles, ca 90035
tel. 323.954.9550 323.954.9557 fax.

PROJECT:
ANCHOR PLACE
CVC PHASE V PARCEL X
2000 RIVER AVE.
LONG BEACH, CA 90810

OWNER:
Century Villages at Cabrillo
1000 CORPORATE POINTE
CULVER CITY, CA 90230
(T) 310.642.2059 (F) 310.258.0701

MELÉNDREZ
James Oviatt Building, 11th Floor
617 South Olive Street
Los Angeles, California 90014
(213)673-4460
f(213)673-4413
www.melendrez.com

STAMP:
SITE PLAN APPLICATION SUBMITTAL
10/01/2014
NOT FOR CONSTRUCTION

ISSUE NO.	DOCUMENT PACKAGE	ISSUE DATE

KEY PLAN
RIVER AVENUE

SHEET TITLE
GROUND FLOO AN

SHEET NO.
L

CAD REF.

ANCHOR PLACE VIEW INTO SOCIAL COURT

Century Villages at Cabrillo

P/L ARCHITECTS

ANCHOR PLACE VIEW INTO PASSIVE COURT

Century Villages at Cabrillo

PSL ARCHITECTS

ANCHOR PLACE VIEW SOUTHEAST FROM RIVER AVE

Century Villages at Cabrillo

PSL ARCHITECTS

ANCHOR PLACE VIEW FROM RIVER AVE

Century Villages at Cabrillo

PSL ARCHITECTS

ANCHOR PLACE VIEW TOWARD COMMUNITY GARDENS

Century Villages at Cabrillo

PSL ARCHITECTS

ANCHOR PLACE VIEW ALONG PEDESTRIAN AXIS

Century Villages at Cabrillo

PSL ARCHITECTS

ANCHOR PLACE VIEW OF RIVER AVENUE GATE

Century Villages at Cabrillo

PSL ARCHITECTS

Attachment D

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

To: Patrick Ure, Housing Development Officer
City of Long Beach

From: Julie Romey
Tim Bretz

Date: December 3, 2014

Subject: Anchor Place Apartments: Subsidy Layering Review

At your request, Keyser Marston Associates, Inc. (KMA) prepared a subsidy layering review for the Anchor Place Apartments being proposed by Century Villages at Cabrillo (Developer). The primary purpose of the KMA analysis is to quantify the maximum amount of HOME Program funds that are necessary to provide the proposed affordable housing units as set forth by the United States Department of Housing and Urban Development (HUD). The HOME Program funds are awarded to the Housing and Community Improvement Bureau (HCIB) of the City of Long Beach (City).

EXECUTIVE SUMMARY

The Developer is proposing to construct a 120-unit apartment project (Project) on a 130,500 square foot site located at 2000 River Avenue (Site). The proposed Project will be the most recent development phase of The Villages at Cabrillo (Villages) master plan area. One-hundred nineteen (119) of the units will be subject to long-term income and affordability covenants, which includes 75 permanent supportive housing units for veterans and 18 units set aside for tenants that exhibit mental health issues as defined by the Mental Health Services Act (MHSA). One un-restricted unit will be reserved for an on-site manager.

The KMA pro forma analysis estimates the Project costs at $42.53 million. Based on the available information, KMA estimates that the following outside funding sources for the Project can be obtained:

1. The Project's net operating income supports approximately $1.38 million in conventional permanent financing.

2. The Developer is proposing to apply for 9% Federal Low Income Housing Tax Credits (Federal Tax Credits) that are competitively awarded by the California Tax Credit Allocation Committee (TCAC). The net Federal Tax Credit proceeds are estimated at $25.25 million. The Developer anticipates that the Project will obtain a 55.6% tiebreaker score.

3. The Developer is proposing to apply for State Low Income Housing Tax Credits (State Tax Credits) that are competitively awarded by TCAC. The net State Tax Credit Proceeds are estimated at $5.57 million.

4. The Developer has secured $1.71 million in MHSA funds that are underwritten by the California Housing Finance Agency (CalHFA) and allocated by the Los Angeles County Department of Mental Health (LACDMH).

5. The City will waive $672,000 in public fees, which are waived for all affordable housing projects.

6. The Developer anticipates receiving an award of $4.0 million of Veterans Housing and Homeless Prevention (VHPP) funds from the California Department of Housing and Community Development (HCD). However, HCD is in the process of finalizing the regulations of this funding source at the time of the KMA analysis. It is possible that the KMA analysis will need to be revised to reflect any changes to the VHHP funding commitment.

KMA estimates that the available outside funding sources total $38.58 million, and the Project costs total $42.53 million. This leaves an approximately $3.94 million unfunded financial gap. Comparatively, the Developer is requesting $4.0 million in HOME Program assistance from the City. This equates to a $56,000, or approximately 1% differential, which can be considered inconsequential for a project of this magnitude.

The results of the subsidy layering analysis can be described as follows:

1. The analysis demonstrates that the proposed $4.0 million in HOME Program assistance is necessary to provide the proposed affordable housing units. However, the analysis will need to be revised if any of the funding sources change.

2. Based on the provision of $4.0 million in HOME funds assistance, at least 26 units in the Project must be designated as HOME units.

3. The HOME Program regulations impose Davis Bacon wage requirements on projects that include 12 or more designated HOME units. Given that 26 units must be restricted as HOME units, the Project is subject to Davis Bacon wage standards.

4. The Project fulfills the HOME Program requirement that at least 20% of the units assisted with HOME funds be affordable to very-low income households.

5. The Project will be subject to the City's $125 per unit annual affordable housing monitoring fee.

BACKGROUND

The Villages is a residential community designed to alleviate homelessness. The project is situated on a former military housing site serving the Long Beach Naval Shipyards. Century Housing (formerly a State program within HCD named the Century Freeway Housing Corporation) was initially charged with redeveloping The Villages master plan area. However, in 1997 Century Housing conveyed the master plan area to the Developer, a 501(c)(3) affiliate of Century Housing, under the McKinney Act for the purpose of reducing homelessness.

Over the past 17 years, The Villages has grown to house more than 1,000 residents, which includes more than 550 veterans and an increasing number of families and children. The proposed Project will be the most recent phase to be developed at The Villages.

PROJECT DESCRIPTION

The proposed scope of development can be described as follows:

1. The Site is comprised of approximately 3 acres, or 130,497 square feet of land area.

2. The 120-unit Project equates to a density of 40 units per acre.

3. The Project's unit mix is as follows:

	Number of Units	Unit Size (SF)
One-Bedroom Units	95	550
Two-Bedroom Units	20	875
Three-Bedroom Units	5	1,150
Total/Average	120	629

4. The Project's gross building area (GBA) is estimated at 114,959 square feet, and is comprised of the following:

   a. The residential GBA is estimated at 75,500 square feet;

   b. The supportive service area space is estimated at 8,800 square feet;

   c. The common area space is estimated at 7,700 square feet and

   d. The circulation and service area space is estimated at 23,750 square feet.

5. The Project will include 90 podium parking spaces, which equates to 0.75 parking spaces per unit.

6. The Project's affordability mix is as follows:

Low HOME / Tax Credit @ 30% Median / MHSA[1]	49
Low HOME / Tax Credit @ 40% Median	30
Low HOME / Tax Credit @ 50% Median	32
High HOME / Tax Credit @ 60% Median	8
Unrestricted Manager's Unit	1
Total Units	120

7. The Project will receive 75 Veterans Affairs Supportive Housing (VASH) vouchers which will be utilized for units reserved for veterans.

8. The Project will include courtyard space, an extended fire lane, and 12,000 square foot park-like area fronting the Project.

9. The social services which will be provided on-site include: case management, employment/vocational services, life skills classes, benefits counseling, physical health services, mental health services, and general linkages to other community-based services, both on-site and off-site.

FINANCIAL GAP ANALYSIS

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

[1] The Project includes 18 MHSA units, which consist of 10 one-bedroom units and eight two-bedroom units.

Table 1:	Estimated Construction Costs
Table 2:	Stabilized Net Operating Costs
Table 3:	Financial Gap Calculation

Estimated Construction Costs (Table 1)

KMA reviewed the Developer's construction cost estimate, and then independently prepared a pro forma analysis for the Project. The resulting development costs are estimated as follows:

Direct Costs

The direct cost estimates assume that the Project will be subject to Federal Davis Bacon wage requirements. The direct costs applied in the analysis can be summarized as follows:

1. The Developer estimates the off-site improvement costs at $239,000. City staff should verify the accuracy of this estimate.

2. The Site includes a collection of naval buildings and adjacent carports that will need to be demolished and may require abatement. The Developer included a $1.60 million allowance for demolition and abatement costs.

3. The on-site improvements are estimated at $3.92 million, or $30 per square foot of land area.

4. The parking costs are estimated at $23,000 per parking space, or $2.07 million.

5. The building costs are estimated at $17.24 million, or $150 per square foot of GBA.

6. The Developer included a $360,000 allowance for furnishings, fixtures and equipment.

7. A 14% allowance for contractor fees and general requirements is included.

8. An allowance for general liability insurance and construction bonds at 2% of construction costs is provided.

9. A direct cost contingency allowance equal to 7% of other direct costs is provided.

KMA estimates the total direct costs at $31.50 million. This equates to $274 per square foot of GBA. In comparison, the Developer estimates the total direct costs at $31.88 million, or $277 per square foot of GBA. This is approximately $386,000 higher than the KMA estimate.

Indirect Costs

KMA utilized the following assumptions for the indirect costs:

1. The architecture, engineering and consulting costs are estimated at 6% of direct costs.

2. The Developer estimated the public permits and fees costs at $2.20 million, or $18,337 per unit. City staff should verify the accuracy of this estimate.

3. When the Developer took title to the master plan area in 1997, extensive redevelopment was required, including investment in campus-wide infrastructure and common areas. Century Housing invested more than $13 million of capital in the form of a subsidized construction/permanent loan to assist in the redevelopment of the campus. The loan funded the infrastructure improvements noted above, and remains outstanding and is secured against the remaining non-tax credit parcels at the Villages. To this end, $1.33 million reflects the Project's proportionate share and responsibility of Century Housing's original loan. KMA denotes the $1.33 million as campus amenity and common area reimbursements; however, they are not included in the Project's eligible Tax Credit basis.

4. The taxes, insurance, legal and accounting costs are estimated at 2% of direct costs.

5. A $250 per unit allowance for marketing and leasing costs is provided.

6. The Developer Fee is set at $2.0 million, which is the maximum amount allowed for the Project by TCAC.

7. An indirect cost contingency allowance equal to 5% of other indirect costs is provided.

KMA estimates the total indirect costs at $8.48 million, while the Developer estimates the total indirect costs at $8.14 million. This equates to a $337,000 differential.

Financing Costs

The financing costs for the Project are estimated as follows:

1. The construction period and absorption period interest costs are estimated at $1.02 million. These costs are based on the following assumptions:

    a. The construction loan is estimated at approximately $23 million;

    b. The construction period interest costs are based on a 3.6% interest rate, an 18-month construction period, and a 60% average outstanding balance.

    c. The absorption period interest costs are based on a four-month absorption period with a 100% average outstanding balance.

2. The financing fees are estimated at $379,000, and are based on the following assumptions:

    a. The construction and permanent loan origination fees are estimated at 1.50 points.

    b. The MHSA fee is set at $14,000.

3. The capitalized operating reserve is set at $600,000, which equates to six months of debt service payments and operating expenses.

4. It is likely that that the VASH vouchers will not be extended throughout the Project's entire 55-year affordability period. To that end, the Developer included a $400,000 transition reserve, which is anticipated to be required by the Project's lenders for the purposes of maintaining positive cash flow if the VASH vouchers are not extended.

5. The Tax Credit fees are estimated at $151,000 based on the following assumptions:

    a. A $2,000 application fee;

    b. A $410 per unit monitoring fee; and

    c. Four percent (4%) of gross Tax Credit proceeds for one year.

KMA estimates the total financing costs at $2.55 million, while the Developer estimates the total financing costs at $2.62 million. This equates to a $75,000 differential.

Total Construction Costs

As shown in Table 1, KMA estimates the total construction costs at $42.53 million, which equates to $354,400 per unit. In comparison, the Developer estimates the total construction costs at $42.65 million, or $355,400 per unit. This equates to a $124,000, or less than 1% differential, which can be considered inconsequential for a project of this magnitude.

Stabilized Net Operating Income (Table 2)

The Project's funding sources include Federal Tax Credits, State Tax Credits, MHSA funds, VHHP funds, HOME Program funds, and VASH vouchers. Income limits are published for households that are qualified to reside in units that have received assistance from these sources.

The Tax Credit Program and HOME Program publish rent standards for projects receiving assistance from these sources. LACDMS establishes the rent limits for the 18 MHSA units. The Developer will be required to adhere to the strictest of the standards imposed by the funding sources.

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 2014 income and rent information published by TCAC and the HOME Program, and the MHSA rents established by LACDMS as provided by the Developer. The maximum allowable rents, net of the appropriate utility allowances, are estimated as follows:[2]

[2] The monthly utility allowances are estimated at: $27 for a one-bedroom unit; $36 for a two-bedroom unit; and $39 for a three-bedroom unit.

Rent Restriction	One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units
Low HOME / TC @ 30% Median / MHSA			
MHSA Rents	$236	$327	NA
HOME Rents	$764	$912	NA
TCAC Rents	$431	$514	NA
Applicable Rents	**$236**	**$327**	**NA**
Low HOME / TC @ 30% Median			
HOME Rents	$764	NA	$1,057
TCAC Rents	$431	NA	$597
Applicable Rents	**$431**	**NA**	**$597**
Low HOME / TC @ 40% Median			
HOME Rents	$764	NA	NA
TCAC Rents	$584	NA	NA
Applicable Rents	**$584**	**NA**	**NA**
Low HOME / TC @ 50% Median			
HOME Rents	$764	$912	$1,057
TCAC Rents	$737	$881	$1,021
Applicable Rents	**$737**	**$881**	**$1,021**
Low HOME / TC @ 60% Median			
HOME Rents	NA	$1,176	$1,352
TCAC Rents	NA	$1,065	$1,233
Applicable Rents	**NA**	**$1,065**	**$1,233**

The Developer also proposes that 75 income-restricted units will be awarded VASH vouchers. The VASH payments are estimated based on the difference between the tenants' rent payments and the fair market rents (FMRs) approved by HUD. The 2014 FMRs for the VASH units are as follows:

One-Bedroom Units	$910
Two-Bedroom Units	$1,180

Estimated Effective Gross Income (EGI)

KMA estimates the Project's EGI at approximately $1.24 million based on the following assumptions:

1. The base rental income is estimated at $837,100.

2. The VASH Voucher income is estimated at $452,600.

3. Laundry and miscellaneous income is estimated to average $10 per unit per month for a total of $14,000 per year.

4. A vacancy and collection allowance equal to 5% of gross income is provided. This equates to $65,200.

The residential operating expenses are estimated at $1.05 million based on the following assumptions:

1. The general operating expenses are estimated at $5,410 per unit per year. The TCAC operating expense minimum is $5,000 per unit per year for elevator-serviced buildings in Los Angeles County.

2. KMA assumes the Developer will apply for the property tax abatement that is accorded to non-profit housing organizations that own income-restricted apartments. The Developer estimated the property tax assessment overrides at $5,000 per year.

3. The Project will be subject to common area maintenance (CAM) charges as it is a part of The Villages master plan area. The CAM charges are estimated at $729 per unit per year, or $87,500, which represents the Project's proportionate share of total CAM charges.

4. The Developer estimates the social service expenses at $225,000 per year. The City should require the Developer to provide a detailed description of the services to be provided to the Project.

5. The MHSA program requires the payment of an asset management fee, which is estimated at $7,200 for the 18 MHSA units included in the Project.

6. The City requires the payment of an annual affordable housing monitoring fee equal to $125 per unit.

7. The annual capital replacement reserve deposits are estimated at $500 per unit per year, which is the amount required by CalHFA in the MHSA underwriting process.

The Project's EGI is estimated at $1.24 million, and the operating expenses are estimated at $1.05 million. This results in an estimated stabilized net operating income (NOI) of $189,600.

Financial Gap Calculation

The financial gap is estimated by deducting the available outside funding sources from the Project's total construction costs. The outside funding sources anticipated to be received by the Project are described in the following sections of this analysis:

Available Outside Funding Sources

Permanent Loan

To estimate the maximum permanent loan that can be supported by the Project's NOI, KMA assumed that the loan would be underwritten at a 125% debt service coverage ratio, a 7.28% interest rate, and a 15-year amortization period. Based on these assumptions, KMA estimates that the $189,600 in NOI can support a $1.38 million permanent loan.

Tax Credit Proceeds

Tax Credit Basis

It can be assumed that the Project's eligible Tax Credit basis is equal to the lesser of the depreciable costs for the 120 Tax Credit units, or the basis limits established by TCAC. KMA calculated the eligible Tax Credit basis as follows:

1. The Project's depreciable costs are estimated at $37.52 million, and the threshold basis limits applied by TCAC equal $34.21 million.

2. The threshold basis limits are less than the depreciable costs. As such, the Project's eligible basis applied by TCAC is set at $34.21 million.

3. To increase the competitiveness of the Project's Tax Credit application in the TCAC tiebreaker process, the Developer voluntarily reduced the Project's requested eligible Tax Credit basis to $25.44 million. This represents a 26% decrease.

Federal Tax Credit Proceeds

KMA estimates the net Federal Tax Credit proceeds as follows:

1. KMA calculated the gross Federal Tax Credit amount for the Project at $25 million based on the following assumptions:[3]

    a. The Project is located in a designated "Difficult to Develop" census tract. This allows the requested eligible Tax Credit basis to be increased by 30%.

    b. The Developer set the annual Tax Credit rate at 7.56%. This rate is applied over the 10-year Tax Credit period.[4]

    c. 100% of the Project's building are is located in units that qualify for Federal Tax Credits.

2. The net syndication value supported by the Federal Tax Credit is ultimately determined based on competitive market conditions and on the timing of the disbursements. Based on currently available information, KMA and the Developer estimate the proceeds at $1.01 per gross Federal Tax Credit dollar.

Based on the preceding calculations, KMA estimates the net Federal Tax Credit equity at $25.25 million.

The Developer anticipates that the Project will be able to obtain a 55.6% tiebreaker score, which is similar to that estimated by KMA. The tiebreaker scores in the second round of 2014 were 59%, 41% and 27% for the three projects which were awarded Tax Credits. Thus, the Developer's proposed tiebreaker score of 56% would make the Project competitive in the next TCAC round.

State Tax Credits

KMA estimates the net State Tax Credit proceeds as follows:

1. KMA calculated the gross State Tax Credit amount for the Project at $7.63 million based on the following assumptions:

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[3] The Project is requesting $25 million in gross Federal Tax Credits, which is the maximum allowable request per TCAC's 9% Tax Credit application.

[4] The most recent 9% TCAC application sets the Federal Tax Credit rate at 7.70%. However, the Developer is currently requesting the maximum amount of gross Federal Tax Credits. Thus, increasing the Tax Credit rate would not have an effect on the Federal Tax Credit equity generated by the Project.

a. The Project is allowed to receive 30% of the requested eligible Tax Credit basis.

b. 100% of Project's building is located in units that qualify for State Tax Credits.

2. The net syndication value supported by the State Tax Credit is ultimately determined based on competitive market conditions and on the timing of the disbursements. Based on currently available information, KMA and the Developer estimate the proceeds at $0.73 per gross State Tax Credit dollar.

Based on the preceding calculations, KMA estimates the net State Tax Credit equity at $5.57 million.

MHSA Loan

The Developer has secured a $1.71 million loan from the MHSA Program.

City of Long Beach Fee Waiver

The Developer anticipates receiving $672,000 in fee waivers issued by the City.

VHHP Funds

The Developer estimates that the Project will receive a $4.0 million loan of VHHP funds issued by HCD.

Total Available Outside Funding Sources

As shown in Table 3, KMA estimates the total outside funding sources at $38.58 million. However, it is important to understand that the volatility in the financial markets makes it difficult to predict the underwriting standards that will ultimately be applied to the permanent loan and the Tax Credits. It is possible that the proceeds will vary form the amounts estimated in this analysis.

Financial Gap Calculation

Based on the assumptions outlined in this analysis, KMA calculates the financial gap as follows:

Total Construction Costs	$42,525,000
(Less) Total Available Funding Sources	(38,581,000)
Financial Gap	$3,944,000
Per Unit	$32,900

In comparison, the Developer is requesting $4.0 million in financial assistance from the City. This represents a $56,000, or less than 1% differential, which can be considered inconsequential for a Project of this magnitude. As such, KMA concludes that the Developer's request for $4.0 million in HOME funds is warranted by the Project's economics.

HOME PROGRAM REQUIREMENTS (TABLE 4)

The City must comply with the following HOME Program requirements:

Layering Requirements

HOME Program 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 analysis, it is the KMA conclusion that the Developer's request for $4.0 million in HOME funds is warranted by the Project economics. Thus, it can be concluded that the assistance package complies with the HOME layering requirement.

HOME Unit Designation

HUD establishes two tests for quantifying the number of units in the Project that must be designated as HOME units. One test is referred to as the Development Cost Test, and the other test is called the Subsidy Limit Test. These tests can be described as follows:

Development Cost Test

The Development Cost Test calculates the minimum number of HOME units based on the percentage of the Project's total costs that are funded with the HOME Program assistance. The calculation for the Project is:

1. $4.0 million in HOME Program assistance is assumed to be provided.

2. The Developer estimates the Project costs at $42.65 million.

3. Based on the preceding assumptions, the HOME Program assistance is equal to 9.4% of the Project costs.

4. Under the Development Cost Test, 9.4% of the 120 units must be designated as HOME units. This equates to 11.25 units, which is rounded up to 12 units.

Subsidy Limit Test

HUD establishes the subsidy limits based on the number of bedrooms included in the HOME-assisted units. The Subsidy Limit Test for the Project can be described as follows:

1. Unit Distribution:

   a. The Project consists of 95 one-bedroom units, 20 two-bedroom units, and five three-bedroom units.

   b. KMA allocated the HOME Program assistance across the unit mix on a pro rata basis.

   c. The resulting mix is:

      i. 79% one-bedroom units;

      ii. 17% two-bedroom units; and

      iii. 4% three-bedroom units.

2. The 2014 HOME Subsidy Limits for Los Angeles County are as follows:[5]

One-Bedroom Units	$152,251
Two-Bedroom Units	$185,136
Three-Bedroom Units	$239,506

3. The allocation of HOME Program assistance by unit type is:[6]

   a. $3.17 million for one-bedroom units;

   b. $666,667 for two-bedroom units; and

[5] The HOME Subsidy Limits are based on the 221(d)(3) limits published by HUD in 2012. HUD stopped updating these subsidy limits after that year, but requires projects to continue utilizing them for HOME layering analyses.

[6] The HOME Program funds were allocated proportionally based on the number of one-bedroom, two-bedroom and three-bedroom units included in the Project.

   c. $166,667 for three-bedroom units.

4. Based on the subsidy limits and the identified allocation of HOME funds, at least 26 HOME units must be designated. These units should be allocated as follows:

   a. Twenty-one (21) one-bedroom units;

   b. Four (4) two-bedroom units; and

   c. One (1) three-bedroom unit.

Designated HOME Units

The Development Cost Test results in a 12-unit requirement, and the Subsidy Limit Test results in a 26-unit requirement. Thus, at least 26 units in the Project must be designated as HOME units.

The HOME Program also requires at least 20% of the units assisted with HOME funds be affordable to very-low income households, and the balance of the units to be reserved for low income households. Out of the 120 units in the Project, 111 units meet the very-low income standard imposed by HUD. This represents 93% of the units in the Project, and thus, this requirement is met by the proposed Project.

Analysis of Market Conditions

The HOME Program requires Participating Jurisdictions to verify that the affordable rents for the Project will be sufficiently lower than the market rents in the Project's market area to generate sufficient demand for the affordable units. As part of the TCAC application process, the Developer is required to submit a market study, which the HOME Program accepts as validation that the neighborhood market conditions ensure adequate need for the proposed affordable housing projects. TCAC requires the proposed affordable rents to be at least 10% less than the prevailing market rents.

At the time of this analysis, the market study for the Project was not completed. However, the Developer submitted a market study prepared by Novogradac & Company LLP in December 2012 for Cabrillo Gateway, a development phase currently under construction at The Villages. Given that average market rents in Long Beach have increased approximately 5.7% in the past year, it is acceptable to utilize the market rents from the 2012 market study in this analysis.[7]

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[7] Per Zillow, Inc, Real Estate Research – Market Overview: Rentals – October 2014.

The following table summarizes the rent differentials between the 2012 market rents and the highest affordable rent for each bedroom type for the Project:

	2012 Market Rent	Highest Affordable Rent	Percent Below Market Rent
One-Bedroom Units	$1,060	$737	30%
Two-Bedroom Units	$1,250	$1,065	15%
Three-Bedroom Units	$1,650	$1,233	25%

Based on the information outlined above, the highest affordable rents for the Project range from 15% to 30% below the achievable 2012 market rents. Given that these rent differentials are above the TCAC requirement of 10%, it can be concluded that there is adequate demand for affordable housing to support the Project.

Developer's Financial Capacity

The HOME Program regulations require Participating Jurisdictions to assess the development capacity and fiscal soundness of developer's requesting HOME Program assistance. 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.

Century Housing is a mission driven 501(c)3 nonprofit organization that engages in the financing of affordable housing. Century Housing provides loan and financial products for the development of apartment homes throughout California. Since 1995, Century Housing has provided more than $650 million in financing that has resulting in the creation of 21,000 new affordable homes.

Century Housing develops and preserves affordable housing through its 501(c)3 affiliates, Century Villages at Cabrillo (the development entity for the proposed Project), and Century Affordable Development, Inc. (CADI).

Audited financial statements were submitted for 2012 and 2013 for both Century Housing and the Developer that comply with the generally accepted accounting principles of the United States. Both Century Housing and the Developer have sufficient cash-on-hand and financial strength to complete the Project.

SUMMARY OF FINDINGS

1. It is the KMA conclusion that the proposed $4.0 million in HOME Program assistance is necessary to provide the proposed affordable housing units.

2. At least 26 units must be designated as HOME units based on the following unit mix:

    a. Twenty-one (21) one-bedroom units;

    b. Four (4) two-bedroom units; and

    c. One (1) three-bedroom unit.

3. At least 20%, or six of the designated HOME units, must be restricted to Low HOME households.

4. The Project is required to comply with Davis Bacon wage standards as more than 11 HOME-designated units are required.

5. A market study has not been prepared for the Project; however, KMA determined that the proposed affordable rents are below the market rents in the area and will generate sufficient demand.

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

7. The Developer anticipates receiving an award of VHHP funds from HCD. At the time of this analysis, the final regulations for the VHHP funds had not been released. This analysis will need to be revised if the final VHHP regulations impact the Developer's financial assistance request. Furthermore, the City should require the Developer to apply for the maximum amount of VHHP funds allowable.

8. The City will impose a $125 per unit affordable housing monitoring fee. This fee is reflected in the KMA analysis, but it does not appear that it is included in the Developer's pro forma. City staff should discuss this issue with the Developer.

9. The City should require the Developer to submit a detailed social services plan.

10. The City will need to confirm with the Developer and the other soft lenders the residual receipts split that will be applicable to the Project.

11. The Developer should provide information regarding the length of the VASH vouchers contract term and the potential for extending the term in the future.

12. The Project's cash flow is estimated to become negative in Year 33.

TABLE 1

ESTIMATED CONSTRUCTION COSTS
FINANCIAL GAP ANALYSIS
ANCHOR PLACE
LONG BEACH, CALIFORNIA

I.	**Direct Costs**	1						
	Off-site Improvements	2					$239,000	
	Demolition & Abatement	2					1,600,000	
	On-site Improvements	2	130,497	Sf Land	$30	/Sf Land	3,915,000	
	Podium Parking Costs		90	Spaces	$23,000	/Space	2,070,000	
	Residential Building Costs		114,950	Sf GBA	$150	/Sf GBA	17,243,000	
	Furnishings, Fixtures & Equipment	2					360,000	
	Contractor Fees / General Requirements		14%	Construction Costs			3,509,000	
	Construction Bonds/Insurance		2%	Construction Costs			501,000	
	Contingency Allowance		7%	Other Direct Costs			2,061,000	
	Total Direct Costs		**114,950**	**Sf GBA**	**$274**	**/Sf GBA**		**$31,498,000**
II.	**Indirect Costs**							
	Arch, Eng, Consulting & Construction Mgt		6%	Direct Costs			$1,890,000	
	Public Permits & Fees	3	120	Units	$18,337	/Unit	2,200,000	
	Campus Amenity & Common Area Reimb.	4					1,325,000	
	Taxes, Insurance, Legal & Accounting		2%	Direct Costs			630,000	
	Marketing & Leasing	2	120	Units	$250	/Unit	30,000	
	Developer Fee	5	6%	Eligible Basis			2,000,000	
	Contingency Allowance		5%	Other Indirect Costs			404,000	
	Total Indirect Costs							**$8,479,000**
III.	**Financing Costs**							
	Interest During Construction	6	$22,929,000	Loan Amount	3.60%	Interest	$1,018,000	
	Financing Fees							
	Construction Loan		$22,929,000	Loan Amount	1.50	Points	344,000	
	Permanent Loan		$1,382,000	Loan Amount	1.50	Points	21,000	
	MHSA Fee	7	0.8%	MHSA Loan Amount			14,000	
	Operating Reserve		6	Months Operating Expenses / Debt Service			600,000	
	Transition Reserve	2					400,000	
	TCAC Fees	8					151,000	
	Total Financing Costs							**$2,548,000**
IV.	**Total Development Costs**		**120**	**Units**	**$354,400**	**/Sf GBA**		**$42,525,000**

1 Estimates assume Davis Bacon wage requirements will be imposed on the Project.
2 Based on Developer estimate.
3 Based on Developer estimate. This estimate should be verified by City staff.
4 Based on Developer estimate. These are the Project's proportional share of reimbursements for the original infrastructure and site improvements made at The Villages.
5 Based on Developer estimate. This amount is the maximum allowed by TCAC.
6 Includes debt on the 69% of the Tax Credit Equity which will not be funded during construction. Assumes an 18-month construction period with a 60% average outstanding balance and a 4-month absorption period with a 100% average outstanding balance.
7 Based on the requirements of the MHSA Program.
8 Includes a $2,000 application fee; $410/unit monitoring fee; and 4% of the gross Tax Credit proceeds for one year.

Prepared by: Keyser Marston Associates, Inc.
Filename: Anchor Place_12 3 14; PF; trb

TABLE 2

STABILIZED NET OPERATING INCOME
FINANCIAL GAP ANALYSIS
ANCHOR PLACE
LONG BEACH, CALIFORNIA

I.	**Gross Residential Income** [1]						
	Manager's Unit	1	Unit	$0	/Unit/Month	$0	
	MHSA/Low HOME/TC @ 30% Median						
	1-Bedroom Units (VASH)	30	Units	$431	/Unit/Month	155,200	
	1-Bedroom Units (MHSA)	10	Units	$236	/Unit/Month	28,300	
	2-Bedroom Units (MHSA)	8	Units	$327	/Unit/Month	31,400	
	3-Bedroom Units	1	Unit	$597	/Unit/Month	7,200	
	Low HOME/TC @ 40% Median						
	1-Bedroom Units (VASH)	30	Units	$584	/Unit/Month	210,200	
	Low HOME/TC @ 50% Median						
	1-Bedroom Units (VASH)	15	Units	$737	/Unit/Month	132,700	
	1-Bedroom Units	10	Units	$737	/Unit/Month	88,400	
	2-Bedroom Units	5	Units	$881	/Unit/Month	52,900	
	3-Bedroom Units	2	Units	$1,021	/Unit/Month	24,500	
	High HOME/TC @ 60% Median						
	2-Bedroom Units	6	Units	$1,065	/Unit/Month	76,700	
	3-Bedroom Units	2	Units	$1,233	/Unit/Month	29,600	
	VASH Voucher Supplement						
	MHSA/Low HOME/TC @ 30% Median						
	1-Bedroom Units (VASH)	30	Units	$452	/Unit/Month	162,700	
	1-Bedroom Units (MHSA)	10	Units	$647	/Unit/Month	77,600	
	2-Bedroom Units (MHSA)	8	Units	$817	/Unit/Month	78,400	
	Low HOME/TC @ 40% Median						
	1-Bedroom Units (VASH)	30	Units	$299	/Unit/Month	107,600	
	Low HOME/TC @ 50% Median						
	1-Bedroom Units (VASH)	15	Units	$146	/Unit/Month	26,300	
	Laundry/Miscellaneous Income	120	Units	$10	/Unit/Month	14,000	
	Gross Income					$1,303,700	
	(Less) Vacancy & Collection Allowance	5%	Gross Base Income			(65,200)	
	Effective Gross Income						**$1,238,500**
II.	**Operating Expenses**						
	General Operating Expenses	120	Units	$5,410	/Unit	$649,200	
	Property Taxes [2]	120	Units	$42	/Unit	5,000	
	CAM Charges	120	Units	$729	/Unit	87,500	
	Services	120	Units	$1,875	/Unit	225,000	
	MHSA Servicing Fee	0.42%	MHSA Loan Amount			7,200	
	City Monitoring Fee	120	Units	$125	/Unit	15,000	
	Replacement Reserve	120	Units	$500	/Unit	60,000	
	Total Operating Expenses	120	Units	$8,741	/Unit		**$1,048,900**
III.	**Net Operating Income**						**$189,600**

[1] Based on LA County Incomes distributed by HUD/MHSA. As pertinent, the rents are based on those published in 2014 by TCAC, the HOME Program and MHSA. Utility Allowances per the Developer: $27 for 1-Bdrm units; $36 for 2-Bdrm units; and $39 for 3-Bdrm units.

[2] Based on Developer estimate. Assumes that the Developer will receive the property tax exemption available to non-profit housing organizations that own very-low and low income apartment units.

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TABLE 3

FINANCIAL GAP CALCULATION
FINANCIAL GAP ANALYSIS
ANCHOR PLACE
LONG BEACH, CALIFORNIA

I. **Available Funding Sources**							
Permanent Loan	1						
Net Operating Income		$189,600	NOI (See Table 2)				
Income Available for Mortgage		1.25	DCR	$151,680	Debt Service		
Interest Rate		7.28%	Interest Rate	10.97%	Mortgage Constant		
Total Permanent Loan						**$1,382,000**	
Federal Tax Credit Equity	2						
Gross Tax Credit Value		$25,000,000					
Syndication Rate		$1.01	/Tax Credit Dollar				
Net Federal Tax Credit Equity						**$25,247,000**	
State Tax Credit Equity	3	$7,631,000					
Gross Tax Credit Value		$0.73	/Tax Credit Dollar				
Syndication Rate						**$5,570,000**	
Net State Tax Credit Equity							
MHSA Loan	4	**18**	**Units**	**$95,000**	**/Unit**	**$1,710,000**	
City of Long Beach Fee Waivers	4					**$672,000**	
VHHP Funds	4	**120**	**Units**	**$33,300**	**/Unit**	**$4,000,000**	
Total Available Funding Sources							**$38,581,000**
II. **Financial Gap Calculation**							
Total Construction Costs						$42,525,000	
(Less) Total Available Funding Sources						(38,581,000)	
Total Financial Gap		**120**	**Units**	**$32,900**	**/Unit**		**$3,944,000**
III. **Tiebreaker Score**							**55.3%**

[1] Assumes a 15-year amortization period.
[2] Assumes a $25.4 million requested unadjusted eligible basis, which includes an $8.8 million voluntary basis reduction, a 130% difficult-to-develop premium, a 7.6% Tax Credit rate and an applicable fraction of 100%.
[3] Assumes a $25.4 million requested unadjusted eligible basis, which includes an $8.8 milion voluntary basis reduction, and that 30% of the requested eligible basis is utilized to calculate the amount of gross State Tax Credits.
[4] Based on Developer estimate.

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TABLE 4

HOME UNIT DESIGNATION
HOME LAYERING ANALYSIS
ANCHOR PLACE
LONG BEACH, CALIFORNIA

I. Development Cost Test

HOME Funds Requested	$4,000,000
Total Construction Costs [1]	$42,650,000
HOME Funds as a % of Total Development Costs	9.4%
HOME Unit Requirement	**12**

II. Subsidy Limit Test

HOME Funds Requested $4,000,000

	% of HOME Funds	Distribution of HOME Funds Requested	Subsidy Limit / Unit	Number of HOME Units
One-Bedroom Units	79%	$3,166,667	$152,251	21
Two-Bedroom Units	17%	$666,667	$185,136	4
Three-Bedroom Units	4%	$166,667	$239,506	1
HOME Unit Requirement	**100%**	**$4,000,000**		**26**

III. Minimum Number of HOME Designated Units **26 Units**

[1] KMA assumes that the Site will be donated to the Project at no cost.

Prepared by: Keyser Marston Associates, Inc.
Filename: Anchor Place_12 3 14; HOME; trb

TABLE 5

CASH FLOW ANALYSIS
CITY RESIDUAL RECEIPTS LOAN @ 3% INTEREST
ANCHOR PLACE
LONG BEACH, CALIFORNIA

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
I.	**Gross Residential Income** [1]								
	Gross Income		$837,100	$858,028	$879,478	$901,465	$924,002	$947,102	$970,779
	Section 8 Subsidy Income		452,600	463,915	475,513	487,401	499,586	512,075	524,877
	Laundry/Miscellaneous Income		14,000	14,350	14,709	15,076	15,453	15,840	16,236
	(Less) Vacancy & Collection Allowance		(65,200)	(66,830)	(68,501)	(70,213)	(71,969)	(73,768)	(75,612)
	Effective Gross Base Income		**$1,238,500**	**$1,269,463**	**$1,301,199**	**$1,333,729**	**$1,367,072**	**$1,401,249**	**$1,436,280**
II.	**Operating Expenses** [2]								
	General Operating Expenses		$649,200	$671,922	$695,439	$719,780	$744,972	$771,046	$798,033
	Property Taxes		5,000	5,100	5,202	5,306	5,412	5,520	5,631
	CAM Charges		87,500	90,563	93,732	97,013	100,408	103,923	107,560
	Services		225,000	229,500	234,090	238,772	243,547	248,418	253,387
	MHSA Servicing Fee		7,200	7,200	7,200	7,200	7,200	7,200	7,200
	City Monitoring Fee		15,000	15,000	15,000	15,000	15,000	15,000	15,000
	Replacement Reserve		60,000	60,000	60,000	60,000	60,000	60,000	60,000
	Total Operating Expenses		**$1,048,900**	**$1,079,285**	**$1,110,663**	**$1,143,070**	**$1,176,540**	**$1,211,107**	**$1,246,810**
III.	**Net Operating Income**		**$189,600**	**$190,178**	**$190,536**	**$190,659**	**$190,533**	**$190,142**	**$189,471**
	(Less) Debt Service [3]		(151,670)	(151,670)	(151,670)	(151,670)	(151,670)	(151,670)	(151,670)
	Net Income After Debt Service		**$37,930**	**$38,508**	**$38,866**	**$38,989**	**$38,863**	**$38,472**	**$37,801**
IV.	**Cash Flow Available for Contingent Payments**		**$37,930**	**$38,508**	**$38,866**	**$38,989**	**$38,863**	**$38,472**	**$37,801**
	(Less) Asset and Partnership Fees [4]		(33,000)	(33,990)	(35,010)	(36,060)	(37,142)	(38,256)	(37,801)
V.	**Cash Flow after Contingent Payments**		**$4,930**	**$4,518**	**$3,856**	**$2,929**	**$1,721**	**$216**	**$0**
	Nominal Dollars	**($6,451,329)**		**$52,000**	NPV @ 10% Discount Rate				
VI.	**Residual Receipts Payments to City @ 21% CF**		**$1,015**	**$931**	**$794**	**$603**	**$355**	**$45**	**$0**
	Nominal Dollars	**$164,265**		**$27,000**	NPV @ 10% Discount Rate				
VII.	**Residual Receipts Payments to VHHP @ 21% CF**		**$1,015**	**$931**	**$794**	**$603**	**$355**	**$45**	**$0**
	Nominal Dollars	**$164,265**		**$27,000**	NPV @ 10% Discount Rate				
VIII.	**Residual Receipts Payments to MHSA @ 9% CF**		**$434**	**$398**	**$340**	**$258**	**$152**	**$19**	**$0**
	Nominal Dollars	**$70,223**		**$12,000**	NPV @ 10% Discount Rate				
IX.	**Net Cash Flow to Developer @ 50% CF**		**$3,481**	**$3,190**	**$2,722**	**$2,068**	**$1,215**	**$153**	**$0**
	Nominal Dollars	**$563,017**		**$92,000**	NPV @ 10% Discount Rate				

1 See TABLE 2 for Base Year. The affordable rents and miscellaneous income are assumed to increase by 102.5%/year.

2 See TABLE 2 for Base Year. General operating expenses are assumed to increase by 103.5%/year, property taxes and social services at 102.0%/year and replacement and operating reserves remain constant.

3 See TABLE 3.

4 Assumes fees increase at 103.0%/year.

Prepared by: Keyser Marston Associates, Inc.
Filename: Anchor Place_12 3 14; CF; trb

TABLE 5

CASH FLOW ANALYSIS
CITY RESIDUAL RECEIPTS LOAN @ 3% INTEREST
ANCHOR PLACE
LONG BEACH, CALIFORNIA

		Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
I.	**Gross Residential Income** [1]									
	Gross Income	$995,049	$1,019,925	$1,045,423	$1,071,559	$1,098,348	$1,125,806	$1,153,952	$1,182,800	$1,212,370
	Section 8 Subsidy Income	537,999	551,449	565,235	579,366	593,850	608,697	623,914	639,512	655,500
	Laundry/Miscellaneous Income	16,642	17,058	17,484	17,921	18,369	18,828	19,299	19,782	20,276
	(Less) Vacancy & Collection Allowance	(77,502)	(79,440)	(81,426)	(83,462)	(85,548)	(87,687)	(89,879)	(92,126)	(94,429)
	Effective Gross Base Income	**$1,472,187**	**$1,508,992**	**$1,546,717**	**$1,585,385**	**$1,625,019**	**$1,665,645**	**$1,707,286**	**$1,749,968**	**$1,793,717**
II.	**Operating Expenses** [2]									
	General Operating Expenses	$825,964	$854,872	$884,793	$915,761	$947,812	$980,986	$1,015,320	$1,050,856	$1,087,636
	Property Taxes	5,743	5,858	5,975	6,095	6,217	6,341	6,468	6,597	6,729
	CAM Charges	111,324	115,221	119,254	123,427	127,747	132,219	136,846	141,636	146,593
	Services	258,454	263,623	268,896	274,274	279,759	285,354	291,061	296,883	302,820
	MHSA Servicing Fee	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
	City Monitoring Fee	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	Replacement Reserve	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
	Total Operating Expenses	**$1,283,686**	**$1,321,775**	**$1,361,118**	**$1,401,757**	**$1,443,736**	**$1,487,100**	**1,531,896**	**$1,578,172**	**$1,625,979**
III.	**Net Operating Income**	**$188,501**	**$187,217**	**$185,599**	**$183,628**	**$181,284**	**$178,545**	**$175,390**	**$171,796**	**$167,738**
	(Less) Debt Service [3]	(151,670)	(151,670)	(151,670)	(151,670)	(151,670)	(151,670)	(151,670)	(151,670)	(76,054)
	Net Income After Debt Service	**$36,832**	**$35,547**	**$33,929**	**$31,958**	**$29,614**	**$26,875**	**$23,720**	**$20,126**	**$91,685**
IV.	**Cash Flow Available for Contingent Payments**	**$36,832**	**$35,547**	**$33,929**	**$31,958**	**$29,614**	**$26,875**	**$23,720**	**$20,126**	**$91,685**
	(Less) Asset and Partnership Fees [4]	(36,832)	(35,547)	(33,929)	(31,958)	(29,614)	(26,875)	(23,720)	(20,126)	(51,413)
V.	**Cash Flow after Contingent Payments**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$40,272**
	Nominal Dollars									
VI.	**Residual Receipts Payments to City @ 21% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$8,295**
	Nominal Dollars									
VII.	**Residual Receipts Payments to VHHP @ 21% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$8,295**
	Nominal Dollars									
VIII.	**Residual Receipts Payments to MHSA @ 9% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,546**
	Nominal Dollars									
IX.	**Net Cash Flow to Developer @ 50% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$28,431**
	Nominal Dollars									

1 See TABLE 2 for Base Year. The affordable rents and miscellaneous income are assumed to increase by 102.5%/year.

2 See TABLE 2 for Base Year. General operating expenses are assumed to increase by 103.5%/year, property taxes and social services at 102.0%/year and replacement and operating reserves remain constant.

3 See TABLE 3.

4 Assumes fees increase at 103.0%/year.

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Filename: Anchor Place_12 3 14; CF; trb

TABLE 5

CASH FLOW ANALYSIS
CITY RESIDUAL RECEIPTS LOAN @ 3% INTEREST
ANCHOR PLACE
LONG BEACH, CALIFORNIA

		Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
I.	**Gross Residential Income** [1]									
	Gross Income	$1,242,680	$1,273,747	$1,305,590	$1,338,230	$1,371,686	$1,405,978	$1,441,127	$1,477,156	$1,514,084
	Section 8 Subsidy Income	671,887	688,684	705,902	723,549	741,638	760,179	779,183	798,663	818,629
	Laundry/Miscellaneous Income	20,783	21,303	21,835	22,381	22,941	23,514	24,102	24,705	25,322
	(Less) Vacancy & Collection Allowance	(96,790)	(99,210)	(101,690)	(104,232)	(106,838)	(109,509)	(112,246)	(115,053)	(117,929)
	Effective Gross Base Income	**$1,838,560**	**$1,884,524**	**$1,931,637**	**$1,979,928**	**$2,029,426**	**$2,080,162**	**$2,132,166**	**$2,185,470**	**$2,240,107**
II.	**Operating Expenses** [2]									
	General Operating Expenses	$1,125,704	$1,165,103	$1,205,882	$1,248,088	$1,291,771	$1,336,983	$1,383,777	$1,432,210	$1,482,337
	Property Taxes	6,864	7,001	7,141	7,284	7,430	7,578	7,730	7,884	8,042
	CAM Charges	151,724	157,034	162,530	168,219	174,107	180,200	186,507	193,035	199,791
	Services	308,877	315,054	321,355	327,783	334,338	341,025	347,845	354,802	361,898
	MHSA Servicing Fee	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
	City Monitoring Fee	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	Replacement Reserve	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
	Total Operating Expenses	**$1,675,368**	**$1,726,393**	**$1,779,109**	**$1,833,573**	**$1,889,845**	**$1,947,986**	**$2,008,060**	**$2,070,131**	**$2,134,269**
III.	**Net Operating Income**	**$163,192**	**$158,131**	**$152,528**	**$146,355**	**$139,581**	**$132,176**	**$124,106**	**$115,339**	**$105,838**
	(Less) Debt Service [3]	-	-	-	-	-	-	-	-	-
	Net Income After Debt Service	**$163,192**	**$158,131**	**$152,528**	**$146,355**	**$139,581**	**$132,176**	**$124,106**	**$115,339**	**$105,838**
IV.	**Cash Flow Available for Contingent Payments**	**$163,192**	**$158,131**	**$152,528**	**$146,355**	**$139,581**	**$132,176**	**$124,106**	**$115,339**	**$105,838**
	(Less) Asset and Partnership Fees [4]	(52,955)	(54,544)	(56,180)	(57,866)	(59,602)	(61,390)	(63,231)	(65,128)	(67,082)
V.	**Cash Flow after Contingent Payments**	**$110,237**	**$103,587**	**$96,348**	**$88,489**	**$79,979**	**$70,786**	**$60,875**	**$50,211**	**$38,756**
	Nominal Dollars									
VI.	**Residual Receipts Payments to City @ 21% CF**	**$22,706**	**$21,336**	**$19,845**	**$18,226**	**$16,474**	**$14,580**	**$12,539**	**$10,342**	**$7,983**
	Nominal Dollars									
VII.	**Residual Receipts Payments to VHHP @ 21% CF**	**$22,706**	**$21,336**	**$19,845**	**$18,226**	**$16,474**	**$14,580**	**$12,539**	**$10,342**	**$7,983**
	Nominal Dollars									
VIII.	**Residual Receipts Payments to MHSA @ 9% CF**	**$9,707**	**$9,121**	**$8,484**	**$7,792**	**$7,042**	**$6,233**	**$5,360**	**$4,421**	**$3,413**
	Nominal Dollars									
IX.	**Net Cash Flow to Developer @ 50% CF**	**$77,824**	**$73,130**	**$68,019**	**$62,471**	**$56,463**	**$49,973**	**$42,976**	**$35,447**	**$27,361**
	Nominal Dollars									

1 See TABLE 2 for Base Year. The affordable rents and miscellaneous income are assumed to increase by 102.5%/year.

2 See TABLE 2 for Base Year. General operating expenses are assumed to increase by 103.5%/year, property taxes and social services at 102.0%/year and replacement and operating reserves remain constant.

3 See TABLE 3.

4 Assumes fees increase at 103.0%/year.

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TABLE 5

CASH FLOW ANALYSIS
CITY RESIDUAL RECEIPTS LOAN @ 3% INTEREST
ANCHOR PLACE
LONG BEACH, CALIFORNIA

		Year 26	Year 27	Year 28	Year 29	Year 30	Year 31	Year 32	Year 33	Year 34
I.	**Gross Residential Income** [1]									
	Gross Income	$1,551,937	$1,590,735	$1,630,503	$1,671,266	$1,713,048	$1,755,874	$1,799,771	$1,844,765	$1,890,884
	Section 8 Subsidy Income	839,095	860,072	881,574	903,614	926,204	949,359	973,093	997,420	1,022,356
	Laundry/Miscellaneous Income	25,955	26,604	27,269	27,951	28,650	29,366	30,100	30,853	31,624
	(Less) Vacancy & Collection Allowance	(120,877)	(123,899)	(126,997)	(130,171)	(133,426)	(136,761)	(140,180)	(143,685)	(147,277)
	Effective Gross Base Income	**$2,296,110**	**$2,353,513**	**$2,412,350**	**$2,472,659**	**$2,534,476**	**$2,597,837**	**$2,662,783**	**$2,729,353**	**$2,797,587**
II.	**Operating Expenses** [2]									
	General Operating Expenses	$1,534,219	$1,587,916	$1,643,493	$1,701,016	$1,760,551	$1,822,170	$1,885,946	$1,951,955	$2,020,273
	Property Taxes	8,203	8,367	8,534	8,705	8,879	9,057	9,238	9,423	9,611
	CAM Charges	206,784	214,021	221,512	229,265	237,289	245,594	254,190	263,087	272,295
	Services	369,136	376,519	384,049	391,730	399,565	407,556	415,707	424,022	432,502
	MHSA Servicing Fee	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
	City Monitoring Fee	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	Replacement Reserve	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
	Total Operating Expenses	**$2,200,542**	**$2,269,024**	**$2,339,789**	**$2,412,916**	**$2,488,485**	**$2,566,578**	**$2,647,282**	**$2,730,686**	**$2,816,881**
III.	**Net Operating Income**	**$95,568**	**$84,489**	**$72,561**	**$59,743**	**$45,991**	**$31,259**	**$15,501**	**($1,333)**	**($19,294)**
	(Less) Debt Service [3]	-	-	-	-	-	-	-	-	-
	Net Income After Debt Service	**$95,568**	**$84,489**	**$72,561**	**$59,743**	**$45,991**	**$31,259**	**$15,501**	**($1,333)**	**($19,294)**
IV.	**Cash Flow Available for Contingent Payments**	**$95,568**	**$84,489**	**$72,561**	**$59,743**	**$45,991**	**$31,259**	**$15,501**	**($1,333)**	**($19,294)**
	(Less) Asset and Partnership Fees [4]	(69,095)	(71,168)	(72,561)	(59,743)	(45,991)	(31,259)	(15,501)	-	-
V.	**Cash Flow after Contingent Payments**	**$26,473**	**$13,321**	**$0**	**$0**	**$0**	**$0**	**$0**	**($1,333)**	**($19,294)**
	Nominal Dollars									
VI.	**Residual Receipts Payments to City @ 21% CF**	**$5,453**	**$2,744**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									
VII.	**Residual Receipts Payments to VHHP @ 21% CF**	**$5,453**	**$2,744**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									
VIII.	**Residual Receipts Payments to MHSA @ 9% CF**	**$2,331**	**$1,173**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									
IX.	**Net Cash Flow to Developer @ 50% CF**	**$18,689**	**$9,404**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									

1 See TABLE 2 for Base Year. The affordable rents and miscellaneous income are assumed to increase by 102.5%/year.

2 See TABLE 2 for Base Year. General operating expenses are assumed to increase by 103.5%/year, property taxes and social services at 102.0%/year and replacement and operating reserves remain constant.

3 See TABLE 3.

4 Assumes fees increase at 103.0%/year.

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TABLE 5

CASH FLOW ANALYSIS
CITY RESIDUAL RECEIPTS LOAN @ 3% INTEREST
ANCHOR PLACE
LONG BEACH, CALIFORNIA

		Year 35	Year 36	Year 37	Year 38	Year 39	Year 40	Year 41	Year 42	Year 43
I.	**Gross Residential Income** [1]									
	Gross Income	$1,938,156	$1,986,610	$2,036,275	$2,087,182	$2,139,362	$2,192,846	$2,247,667	$2,303,859	$2,361,455
	Section 8 Subsidy Income	1,047,915	1,074,113	1,100,965	1,128,490	1,156,702	1,185,619	1,215,260	1,245,641	1,276,782
	Laundry/Miscellaneous Income	32,415	33,225	34,055	34,907	35,780	36,674	37,591	38,531	39,494
	(Less) Vacancy & Collection Allowance	(150,959)	(154,733)	(158,601)	(162,566)	(166,630)	(170,796)	(175,066)	(179,443)	(183,929)
	Effective Gross Base Income	**$2,867,526**	**$2,939,215**	**$3,012,695**	**$3,088,012**	**$3,165,213**	**$3,244,343**	**$3,325,452**	**$3,408,588**	**$3,493,803**
II.	**Operating Expenses** [2]									
	General Operating Expenses	$2,090,983	$2,164,167	$2,239,913	$2,318,310	$2,399,451	$2,483,431	$2,570,351	$2,660,314	$2,753,425
	Property Taxes	9,803	9,999	10,199	10,403	10,611	10,824	11,040	11,261	11,486
	CAM Charges	281,825	291,689	301,898	312,465	323,401	334,720	346,435	358,560	371,110
	Services	441,152	449,975	458,975	468,154	477,517	487,068	496,809	506,745	516,880
	MHSA Servicing Fee	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
	City Monitoring Fee	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	Replacement Reserve	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
	Total Operating Expenses	**$2,905,963**	**$2,998,031**	**$3,093,185**	**$3,191,532**	**$3,293,180**	**$3,398,243**	**$3,506,836**	**$3,619,080**	**$3,735,101**
III.	**Net Operating Income**	**($38,437)**	**($58,816)**	**($80,490)**	**($103,520)**	**($127,968)**	**($153,900)**	**($181,384)**	**($210,492)**	**($241,298)**
	(Less) Debt Service [3]	-	-	-	-	-	-	-	-	-
	Net Income After Debt Service	**($38,437)**	**($58,816)**	**($80,490)**	**($103,520)**	**($127,968)**	**($153,900)**	**($181,384)**	**($210,492)**	**($241,298)**
IV.	**Cash Flow Available for Contingent Payments**	**($38,437)**	**($58,816)**	**($80,490)**	**($103,520)**	**($127,968)**	**($153,900)**	**($181,384)**	**($210,492)**	**($241,298)**
	(Less) Asset and Partnership Fees [4]	-	-	-	-	-	-	-	-	-
V.	**Cash Flow after Contingent Payments**	**($38,437)**	**($58,816)**	**($80,490)**	**($103,520)**	**($127,968)**	**($153,900)**	**($181,384)**	**($210,492)**	**($241,298)**
	Nominal Dollars									
VI.	**Residual Receipts Payments to City @ 21% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									
VII.	**Residual Receipts Payments to VHHP @ 21% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									
VIII.	**Residual Receipts Payments to MHSA @ 9% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									
IX.	**Net Cash Flow to Developer @ 50% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									

1 See TABLE 2 for Base Year. The affordable rents and miscellaneous income are assumed to increase by 102.5%/year.

2 See TABLE 2 for Base Year. General operating expenses are assumed to increase by 103.5%/year, property taxes and social services at 102.0%/year and replacement and operating reserves remain constant.

3 See TABLE 3.

4 Assumes fees increase at 103.0%/year.

Prepared by: Keyser Marston Associates, Inc.
Filename: Anchor Place_12 3 14; CF; trb

TABLE 5

CASH FLOW ANALYSIS
CITY RESIDUAL RECEIPTS LOAN @ 3% INTEREST
ANCHOR PLACE
LONG BEACH, CALIFORNIA

		Year 44	Year 45	Year 46	Year 47	Year 48	Year 49	Year 50	Year 51	Year 52
I.	Gross Residential Income [1]									
	Gross Income	$2,420,491	$2,481,004	$2,543,029	$2,606,605	$2,671,770	$2,738,564	$2,807,028	$2,877,204	$2,949,134
	Section 8 Subsidy Income	1,308,702	1,341,420	1,374,955	1,409,329	1,444,562	1,480,676	1,517,693	1,555,635	1,594,526
	Laundry/Miscellaneous Income	40,481	41,493	42,531	43,594	44,684	45,801	46,946	48,120	49,323
	(Less) Vacancy & Collection Allowance	(188,527)	(193,240)	(198,071)	(203,023)	(208,099)	(213,301)	(218,634)	(224,099)	(229,702)
	Effective Gross Base Income	**$3,581,148**	**$3,670,676**	**$3,762,443**	**$3,856,504**	**$3,952,917**	**$4,051,740**	**$4,153,033**	**$4,256,859**	**$4,363,281**
II.	Operating Expenses [2]									
	General Operating Expenses	$2,849,795	$2,949,537	$3,052,771	$3,159,618	$3,270,205	$3,384,662	$3,503,125	$3,625,735	$3,752,635
	Property Taxes	11,716	11,950	12,189	12,433	12,682	12,935	13,194	13,458	13,727
	CAM Charges	384,099	397,542	411,456	425,857	440,762	456,189	472,156	488,681	505,785
	Services	527,218	537,762	548,517	559,488	570,677	582,091	593,733	605,607	617,719
	MHSA Servicing Fee	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
	City Monitoring Fee	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	Replacement Reserve	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
	Total Operating Expenses	**$3,855,027**	**$3,978,992**	**$4,107,134**	**$4,239,596**	**$4,376,526**	**$4,518,077**	**$4,664,407**	**$4,815,681**	**$4,972,067**
III.	**Net Operating Income**	**($273,879)**	**($308,316)**	**($344,691)**	**($383,092)**	**($423,609)**	**($466,337)**	**($511,374)**	**($558,822)**	**($608,786)**
	(Less) Debt Service [3]	-	-	-	-	-	-	-	-	-
	Net Income After Debt Service	**($273,879)**	**($308,316)**	**($344,691)**	**($383,092)**	**($423,609)**	**($466,337)**	**($511,374)**	**($558,822)**	**($608,786)**
IV.	**Cash Flow Available for Contingent Payments**	**($273,879)**	**($308,316)**	**($344,691)**	**($383,092)**	**($423,609)**	**($466,337)**	**($511,374)**	**($558,822)**	**($608,786)**
	(Less) Asset and Partnership Fees [4]	-	-	-	-	-	-	-	-	-
V.	**Cash Flow after Contingent Payments**	**($273,879)**	**($308,316)**	**($344,691)**	**($383,092)**	**($423,609)**	**($466,337)**	**($511,374)**	**($558,822)**	**($608,786)**
	Nominal Dollars									
VI.	**Residual Receipts Payments to City @ 21% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									
VII.	**Residual Receipts Payments to VHHP @ 21% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									
VIII.	**Residual Receipts Payments to MHSA @ 9% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									
IX.	**Net Cash Flow to Developer @ 50% CF**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Nominal Dollars									

1 See TABLE 2 for Base Year. The affordable rents and miscellaneous income are assumed to increase by 102.5%/year.

2 See TABLE 2 for Base Year. General operating expenses are assumed to increase by 103.5%/year, property taxes and social services at 102.0%/year and replacement and operating reserves remain constant.

3 See TABLE 3.

4 Assumes fees increase at 103.0%/year.

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TABLE 5

CASH FLOW ANALYSIS
CITY RESIDUAL RECEIPTS LOAN @ 3% INTEREST
ANCHOR PLACE
LONG BEACH, CALIFORNIA

		Year 53	Year 54	Year 55
I.	**Gross Residential Income** [1]			
	Gross Income	$3,022,862	$3,098,434	$3,175,895
	Section 8 Subsidy Income	1,634,389	1,675,249	1,717,130
	Laundry/Miscellaneous Income	50,556	51,819	53,115
	(Less) Vacancy & Collection Allowance	(235,445)	(241,331)	(247,364)
	Effective Gross Base Income	**$4,472,363**	**$4,584,172**	**$4,698,776**
II.	**Operating Expenses** [2]			
	General Operating Expenses	$3,883,977	$4,019,917	$4,160,614
	Property Taxes	14,002	14,282	14,567
	CAM Charges	523,487	541,809	560,773
	Services	630,074	642,675	655,529
	MHSA Servicing Fee	7,200	7,200	7,200
	City Monitoring Fee	15,000	15,000	15,000
	Replacement Reserve	60,000	60,000	60,000
	Total Operating Expenses	**$5,133,740**	**$5,300,883**	**$5,473,683**
III.	**Net Operating Income**	**($661,378)**	**($716,711)**	**($774,907)**
	(Less) Debt Service [3]	-	-	-
	Net Income After Debt Service	**($661,378)**	**($716,711)**	**($774,907)**
IV.	**Cash Flow Available for Contingent Payments**	**($661,378)**	**($716,711)**	**($774,907)**
	(Less) Asset and Partnership Fees [4]	-	-	-
V.	**Cash Flow after Contingent Payments**	**($661,378)**	**($716,711)**	**($774,907)**
	Nominal Dollars			
VI.	**Residual Receipts Payments to City @ 21% CF**	**$0**	**$0**	**$0**
	Nominal Dollars			
VII.	**Residual Receipts Payments to VHHP @ 21% CF**	**$0**	**$0**	**$0**
	Nominal Dollars			
VIII.	**Residual Receipts Payments to MHSA @ 9% CF**	**$0**	**$0**	**$0**
	Nominal Dollars			
IX.	**Net Cash Flow to Developer @ 50% CF**	**$0**	**$0**	**$0**
	Nominal Dollars			

1 See TABLE 2 for Base Year. The affordable rents and miscellaneous income are assumed to increase by 102.5%/year.

2 See TABLE 2 for Base Year. General operating expenses are assumed to increase by 103.5%/year, property taxes and social services at 102.0%/year and replacement and operating reserves remain constant.

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